

STATE OF MINNESOTA

870148

PROPOSED BIENNIAL BUDGET

1987-89

FOR

STATE DEPARTMENTS VOLUME 1



PRESENTED BY GOVERNOR RUDY PERPICH
TO THE SEVENTY-FIFTH LEGISLATURE

LEGISLATIVE REFERENCE LIBRARY
645 State Office Building
Saint Paul, Minnesota 55155

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1987-89 BIENNIAL BUDGET
PROGRAM STRUCTURE

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PROGRAM

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AGENCY: LEGISLATURE

1987-89 Biennial Budget

DESCRIPTION:

The Legislature is 1 of 3 branches (the others are the executive and judicial branches), created by the Constitution of the State of Minnesota. The Legislature consists of the HOUSE OF THE REPRESENTATIVES and the SENATE. In addition, the House and Senate have jointly created various commissions and joint agencies that serve specific purposes described more fully below:

LEGISLATIVE REFERENCE LIBRARY - The Legislative Reference Library (LRL) collects, indexes and makes available information relative to governmental and legislative subjects, which aid members of the Legislature in the performance of their duties in an efficient and economical manner. The library serves executive agencies, staff and citizens directly in the library or indirectly through interlibrary loan. State law requires deposit of 10 copies of all publications of state agencies, boards, commissions, etc. and 1 copy of all consultants reports in the LRL and that the library publish at least monthly a listing of items received. Rules of both houses assign the director a custodial role with respect to the floor and committee recordings and accompanying minutes and logs. These materials are required by rule to be available to citizens during regular business hours. The library also is directed by state law to maintain a directory of manual and computerized information systems located within the state government.

LEGISLATIVE COMMISSION ON THE ECONOMIC STATUS OF WOMEN - Established in 1976, the purpose is the study of all matters relating to the economic status of women in Minnesota. This includes such matters as credit, family support and inheritance laws relating to the economic security of the homemaker, educational opportunities, career counseling, contribution of women to Minnesota's per capita and family income and state revenues, job and promotion opportunities and laws, and business practices constituting barriers to the full participation by women in the economy.

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT - The commission was established in 1955 to continually study and investigate public retirement systems applicable to non-federal government employees in the state and to make recommendations to establish and maintain sound public employee pension legislation.

MISSISSIPPI RIVER PARKWAY COMMISSION - The commission was established in 1963 and exists to maintain and improve a parkway system known as the Great River Road, which follows the path of the Mississippi River from Minnesota to Louisiana. The commission also promotes tourism and economic development opportunities in the River corridor. This commission's appropriation has been from the Trunk Highway Fund.

LEGISLATIVE COMMISSION TO REVIEW ADMINISTRATIVE RULES (LCRAR) - The commission promotes adequate and proper rules by agencies and an understanding up on the part of the public respecting them. It may hold public hearings to investigate complaints with respect to rules if it considers the complaints meritorious and worthy of attention and may, on the basis of testimony received at the public hearings, suspend any rule complained of by the affirmative vote of at least 6 of its members subject to an advisory opinion of the appropriate standing committee.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

The LCRAR also is required pursuant to M.S. 14.15, subd. 4, to provide advice and comment to an agency when the agency elects not to follow the recommendations of the Chief Administrative Law Judge to correct the defects in a rule found not to be needed or reasonable.

LEGISLATIVE COMMISSION ON EMPLOYEE RELATIONS - The commission was established in 1979 and assists the legislature by monitoring the collective bargaining process between the state and its employees, and ratifying negotiated agreements and arbitrated awards pursuant to statutory law. The commission also reviews the Commissioner's and Management Pay Plans for unrepresented employees of the state who are not covered by statutory law or collective bargaining units. In addition, the Governor's salary proposal for agency heads is reviewed for ratification in the same manner as the Commissioner's and Management Plan. Other duties include the recommendation to the legislature of a list of state classifications eligible for comparable worth adjustments and a specific amount to be appropriated for those adjustments; the continual monitoring of the State Civil Service System; and performing such other related functions as are delegated by the legislature.

LEGISLATIVE COMMISSION ON ENERGY - The commission was established in 1980 to make a continuing study of matters relating to energy supply and use in the state:

- 1) identify the potential for enhanced economic growth and job creation from increased energy efficiency and the production and utilization of renewable energy systems;
- 2) identify ways to assure the provision of necessary energy supplies to all Minnesotans;
- 3) coordinate resources and programs on energy conservation;
- 4) review overall legislative policy concerning energy; and
- 5) review and comment on receipt and expenditure of money received by the state under federal law for energy programs.

GREAT LAKES COMMISSION - The commission promotes the orderly, integrated and comprehensive development, use and conservation of the water resources of the Great Lakes Basin, which consists of the 8 Great Lakes states, Canada, and all water interconnections between them.

LEGISLATIVE COMMISSION ON WASTE MANAGEMENT - The commission, established in 1980, makes recommendations to the Legislature in formulating waste management legislation; oversees the waste management activities of the Waste Management Board, the Pollution Control Agency and the Metropolitan Council; does research and prepares mandated reports; makes legislative recommendations to the Legislature; makes recommendations on the use of several landfill abatement and cleanup funds.

LEGISLATIVE COORDINATING COMMISSION - GENERAL SUPPORT - The commission is designated to coordinate certain activities of the Senate and House of Representatives. It determines the benefits for all employees and health and hospital benefits for legislators. The commission reviews the budgets of legislative commissions and joint agencies and establishes the compensation for all employees under its jurisdiction. The president of the Senate and the speaker of the House alternate annually as chairperson of the commission.

LEGISLATIVE COMMISSION ON PUBLIC EDUCATION - The commission was established in 1983 to study issues relating to elementary education, including at least the following:

- 1) education policy development and planning and recommendations for change to make education more effective;
- 2) current and alternative financing formulas for education and recommendations for changes in the use of public money to fund education;
- 3) current school district organization and administration and recommendations for more efficient use of available resources;
- 4) current technology and alternative education delivery systems for Minnesota;
- 5) teacher preparation, certification, salaries, employment policies, and retention; and
- 6) additional legislation passed in 1985 encourages the commission to study school district foundation and retirement revenue.

LEGISLATIVE COMMISSION OF LONG-TERM HEALTH CARE - The commission was established in 1983 to study the following long-term health issues:

- 1) to monitor the inspection and regulation activities, including rule developments, of the departments of health and public welfare with the goal of improving quality of care;
- 2) to study and report on alternative long-term care services, including respite care services, day care services, and hospice services; and
- 3) to study and report on alternatives to medical assistance funding for providing longterm health care services to the citizens of Minnesota.

The study commission shall consider the use of such alternatives as private insurance, private annuities, health maintenance organizations, preferred provider organizations, medicare and such other alternatives as the commission may deem worthy of study.

LEGISLATIVE AUDIT COMMISSION - The Legislative Audit Commission is made up of 16 legislative leaders, 8 from the Senate and 8 from the House of Representatives. The commission appoints a legislative auditor, who serves as executive secretary of the commission and who supervises a staff that includes divisions of financial audits, program evaluation and investigations. The Office of Legislative Auditor is responsible for auditing all financial matters of state government, for reviewing and evaluating state government programs and for determining compliance with state laws in the use of public funds.

LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES - (LCMR) - The commission was established in 1963 to advise the Legislature on programs relating to Minnesota's land and water resources (M.S. 86). The commission provides the background and anticipated future needs necessary to evaluate programs proposed to preserve, develop and maintain the natural resources of the state; i.e., forests, parks, historic sites, wildlife areas, access to and improvement of lakes, rivers, streams, scenic areas and camping grounds. The commission consists of 7 members of the Senate and 7 members of the House, traditionally appointed to provide bipartisan representation. The LCMR recommends appropriations to the Senate Finance and House Appropriations Committees for inclusion in the state department bills as appropriations from the Minnesota Resources Fund. The LCMR requires detailed work programs from agencies receiving the appropriations prior to expenditure and monitors the progress through semi-annual status reports. The LCMR periodically recommends changes in state programs based on its findings and its review of various natural resource issue areas.

LEGISLATIVE COMMISSION ON ECONOMIC DEVELOPMENT STRATEGY - The commission was created to review state economic development efforts and recommend a strategy for state economic development activities.

REVISOR OF STATUTES - A nonpartisan professional joint legislative agency providing drafting, publication, and miscellaneous other services to the Legislature, executive departments, and to the Governor. Drafting services consist primarily of bills and administrative rules. Publications consist of Laws of Minnesota, Minnesota Statutes, Minnesota Rules, and miscellaneous minor publications. Other services include computer and administrative support for the Legislature.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Minnesota Senate and House of Representatives to directly present and evaluate their budgetary needs and hereby transmits this budget summary document to the Legislature for consideration.

AGENCY FISCAL SUMMARY - BIENNIAL BUDGET

AGENCY: LEGISLATURE

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY PROGRAM:											
HOUSE OF REPRESENTATIVES	14,125.7	15,251.8	15,949.3	15,258.8		15,258.8	15,258.8	15,258.8		15,258.8	15,258.8
SENATE	9,797.7	10,028.3	11,041.3	10,926.9		10,926.9	10,926.9	10,926.9		10,926.9	10,926.9
LEGISLATIVE COORD CMSN	1,785.6	1,661.6	2,431.2	2,221.6		2,221.6	2,221.6	2,295.9		2,295.9	2,295.9
LEGISLATIVE AUDIT COMM	2,916.5	2,750.6	2,986.8	3,011.5		3,011.5	3,011.5	3,011.5		3,011.5	3,011.5
TOTAL	28,625.5	29,692.3	32,408.6	31,418.8		31,418.8	31,418.8	31,493.1		31,493.1	31,493.1
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	28,619.0	29,692.3	32,408.6	31,418.8		31,418.8	31,418.8	31,493.1		31,493.1	31,493.1
LOCAL ASSISTANCE	6.5										
AIDS TO INDS.											
TOTAL EXPENDITURES	28,625.5	29,692.3	32,408.6	31,418.8		31,418.8	31,418.8	31,493.1		31,493.1	31,493.1
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	28,605.4	29,664.2	32,379.1	31,389.3		31,389.3	31,389.3	31,463.6		31,463.6	31,463.6
TRUNK HIGHWAY	10.1	18.1	19.5	19.5		19.5	19.5	19.5		19.5	19.5
DEDICATED APPROPRIATIONS:											
FEDERAL	10.0	10.0	10.0	10.0		10.0	10.0	10.0		10.0	10.0
TOTAL FINANCING	28,625.5	29,692.3	32,408.6	31,418.8		31,418.8	31,418.8	31,493.1		31,493.1	31,493.1
POSITIONS BY FUND:											
GENERAL	70.5	72.0	72.0	72.0		72.0	72.0	72.0		72.0	72.0
TOTAL POSITIONS	70.5	72.0	72.0	72.0		72.0	72.0	72.0		72.0	72.0

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: HOUSE OF REPRESENTATIVES

PROGRAM: HOUSE OF REPRESENTATIVES

AGENCY: LEGISLATURE

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	14,125.7	15,251.8	15,949.3	15,258.8		15,258.8	15,258.8	15,258.8		15,258.8	15,258.8
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	14,125.7	15,251.8	15,949.3	15,258.8		15,258.8	15,258.8	15,258.8		15,258.8	15,258.8
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	10,021.6	10,513.0									
EXPENSES & CONTRAC. SERV	3,451.4	3,188.8									
SUPPLIES & MATERIALS	296.5	350.0									
EQUIPMENT	356.2	1,200.0									
OTHER EXPENSE ITEMS			15,949.3	15,258.8		15,258.8	15,258.8	15,258.8		15,258.8	15,258.8
TOTAL STATE OPERATIONS	14,125.7	15,251.8	15,949.3	15,258.8		15,258.8	15,258.8	15,258.8		15,258.8	15,258.8
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	14,125.7	15,251.8	15,949.3	15,258.8		15,258.8	15,258.8	15,258.8		15,258.8	15,258.8
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	14,125.7	15,251.8	15,949.3	15,258.8		15,258.8	15,258.8	15,258.8		15,258.8	15,258.8
POSITIONS BY FUND											
TOTAL POSITIONS											

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: SENATE

PROGRAM: SENATE

AGENCY: LEGISLATURE

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	9,797.7	10,028.3	11,041.3	10,926.9		10,926.9	10,926.9	10,926.9		10,926.9	10,926.9
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	9,797.7	10,028.3	11,041.3	10,926.9		10,926.9	10,926.9	10,926.9		10,926.9	10,926.9
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	7,232.9	7,740.8									
EXPENSES & CONTRAC. SERV	2,277.1	1,943.8									
SUPPLIES & MATERIALS	150.0	135.3									
EQUIPMENT	91.0	175.2									
OTHER EXPENSE ITEMS	46.7	33.2	11,041.3	10,926.9		10,926.9	10,926.9	10,926.9		10,926.9	10,926.9
TOTAL STATE OPERATIONS	9,797.7	10,028.3	11,041.3	10,926.9		10,926.9	10,926.9	10,926.9		10,926.9	10,926.9
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	9,797.7	10,028.3	11,041.3	10,926.9		10,926.9	10,926.9	10,926.9		10,926.9	10,926.9
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	9,797.7	10,028.3	11,041.3	10,926.9		10,926.9	10,926.9	10,926.9		10,926.9	10,926.9
POSITIONS BY FUND											
TOTAL POSITIONS											

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: LEGISLATIVE COORD CMSN

AGENCY: LEGISLATURE

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
LEG REFERENCE LIBRARY	695.1	600.9	890.7	814.7		814.7	814.7	848.3		848.3	848.3
LEG COORD CMSN CONTNGNT	97.3	1.8	80.3	50.0		50.0	50.0	50.0		50.0	50.0
LEG CMSN ECON STATUS WOMEN	115.8	111.4	125.8	132.4		132.4	132.4	137.8		137.8	137.8
LEG CMSN ON PENSION RETIRE	249.3	432.7	730.2	623.8		623.8	623.8	631.6		631.6	631.6
MISS RIVER PARKWAY CMSN	10.1	18.1	19.5	19.5		19.5	19.5	19.5		19.5	19.5
LEG CMSN REVIEW ADM RULES	80.4	84.7	108.0	116.2		116.2	116.2	122.3		122.3	122.3
LC EMPLOYEE RELATIONS CMSN	85.5	70.3	98.6	98.5		98.5	98.5	102.3		102.3	102.3
LEG CMSN ON ENERGY	20.0	17.9									
GREAT LAKES CMSN	28.2	33.1	23.0	38.6		38.6	38.6	38.6		38.6	38.6
LEG CMSN WASTE MGMT	118.5	86.4	120.7	116.8		116.8	116.8	122.0		122.0	122.0
INTERSTATE COOP CMSN	56.7										
LCC GENERAL SUPPORT	169.7	189.3	199.4	211.1		211.1	211.1	223.5		223.5	223.5
LEG CMSN PUBLIC EDUC	54.1	15.0	35.0								
LEG CMSN LT HTH CARE	4.9										
TOTAL	1,785.6	1,661.6	2,431.2	2,221.6		2,221.6	2,221.6	2,295.9		2,295.9	2,295.9
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,779.1	1,661.6	2,431.2	2,221.6		2,221.6	2,221.6	2,295.9		2,295.9	2,295.9
LOCAL ASSISTANCE	6.5										
AIDS TO INDS.											
TOTAL EXPENDITURES	1,785.6	1,661.6	2,431.2	2,221.6		2,221.6	2,221.6	2,295.9		2,295.9	2,295.9
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	1,765.5	1,633.5	2,401.7	2,192.1		2,192.1	2,192.1	2,266.4		2,266.4	2,266.4
TRUNK HIGHWAY	10.1	18.1	19.5	19.5		19.5	19.5	19.5		19.5	19.5
DEDICATED APPROPRIATIONS:											
FEDERAL	10.0	10.0	10.0	10.0		10.0	10.0	10.0		10.0	10.0
TOTAL FINANCING	1,785.6	1,661.6	2,431.2	2,221.6		2,221.6	2,221.6	2,295.9		2,295.9	2,295.9
POSITIONS BY FUND:											
TOTAL POSITIONS											

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: LEGISLATIVE AUDIT COMM

AGENCY: LEGISLATURE

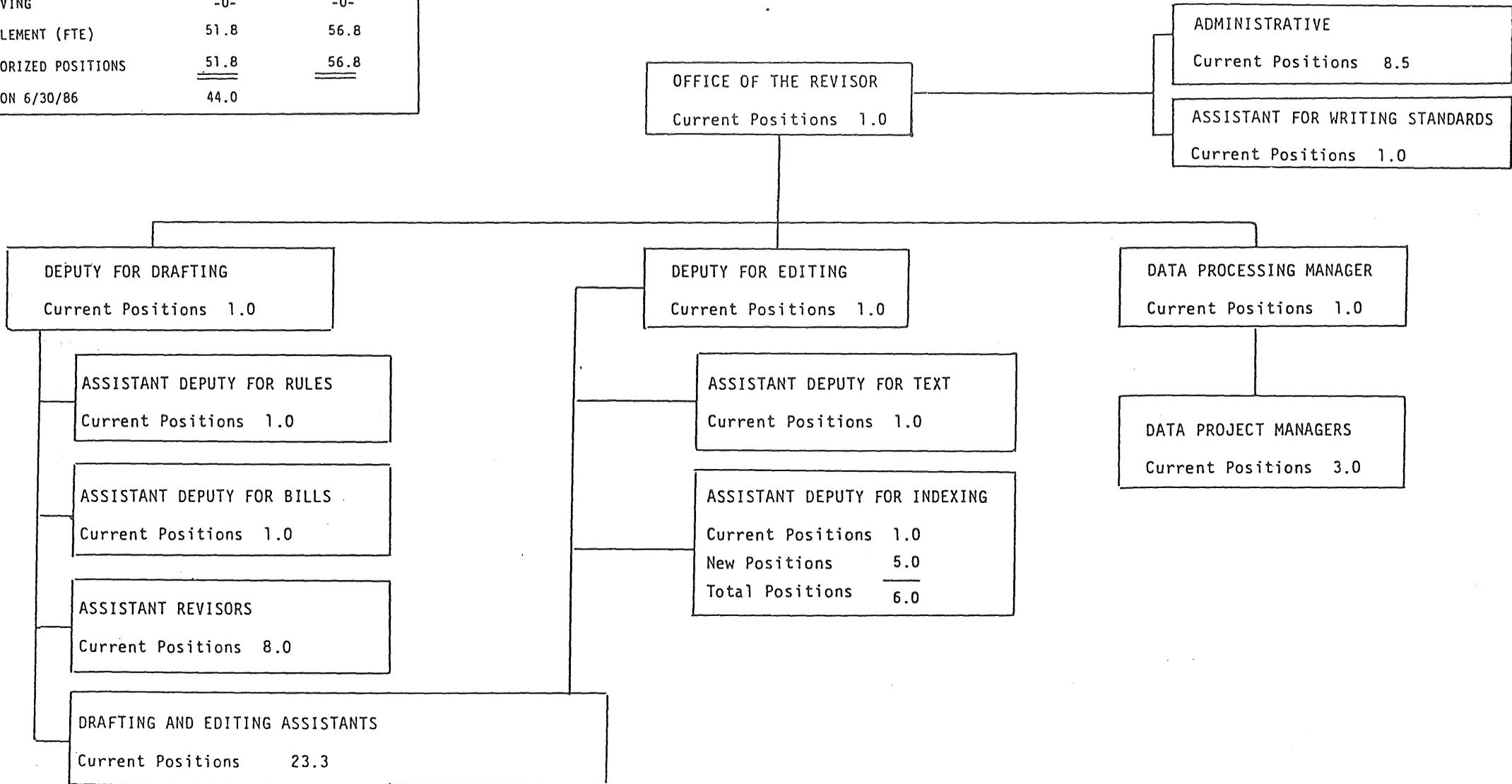
*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
LEGIS AUDIT COMM	1.2	1.0	23.8	22.6		22.6	22.6	22.6		22.6	22.6
LEGISLATIVE AUDITOR	2,915.3	2,749.6	2,963.0	2,988.9		2,988.9	2,988.9	2,988.9		2,988.9	2,988.9
TOTAL	2,916.5	2,750.6	2,986.8	3,011.5		3,011.5	3,011.5	3,011.5		3,011.5	3,011.5
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	2,916.5	2,750.6	2,986.8	3,011.5		3,011.5	3,011.5	3,011.5		3,011.5	3,011.5
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	2,916.5	2,750.6	2,986.8	3,011.5		3,011.5	3,011.5	3,011.5		3,011.5	3,011.5
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	2,916.5	2,750.6	2,986.8	3,011.5		3,011.5	3,011.5	3,011.5		3,011.5	3,011.5
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	2,916.5	2,750.6	2,986.8	3,011.5		3,011.5	3,011.5	3,011.5		3,011.5	3,011.5
POSITIONS BY FUND:											
GENERAL	70.5	72.0	72.0	72.0		72.0	72.0	72.0		72.0	72.0
TOTAL POSITIONS	70.5	72.0	72.0	72.0		72.0	72.0	72.0		72.0	72.0

OFFICE OF THE REVISOR

Organization Chart
Current as of 10-13-86

POSITION RECONCILIATION		
AUTHORITY:	Current F.Y. 87	Requested For 6/30/89
LEGISLATIVE AUTHORIZED GENERAL FUND REVOLVING	-0-	-0-
OTHER COMPLEMENT (FTE)	51.8	56.8
TOTAL AUTHORIZED POSITIONS	<u>51.8</u>	<u>56.8</u>
EMPLOYEES ON 6/30/86	44.0	



AGENCY: REVISOR OF STATUTES

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$239.3	\$ - 0 -	\$ - 0 -	\$ 157.2	\$ 357.1

AGENCY PURPOSE: The office of the Revisor of Statutes is a joint legislative service agency providing a broad range of staff services to the legislature, its members, and other legislative staff. The office also provides services to the executive and judicial branches of government. The services are imposed by law, legislative rule, or legislative custom. The office is organized into three divisions: Drafting Division; Publications Division; and Computer Services Division. The duties of the divisions are as follows:

Drafting Division

- bill drafting for legislators, executive departments, and the governor
- amendment drafting (including assistance on House floor)
- preparing House committee reports
- preparing conference committee reports
- preparing bill comparisons on substantive bills
- preparing language and dollar comparisons on appropriations bills
- drafting resolutions
- drafting Senate and House rule amendments
- drafting riders and substantive provisions on appropriations bills
- engrossing
- enrolling
- preparing bill and rule drafting manuals and holding seminars to train others on drafting (including House Research and Senate Counsel staff)
- drafting administrative rules for executive agencies (including preliminary drafts, proposed form, final adopted form)
- running computer key-word searches for legislative staff and others
- drafting revisor's bills (three types: correction of technical errors in earlier bills; conformance with court opinions; style and form)
- membership on Commission on Uniform Laws
- providing legal counsel to LCRAR
- special project to remove gender-specific references in statutes

Publication Division

- editing, indexing, and publishing Laws of Minnesota
- editing, indexing, and publishing Minnesota Statutes
- editing, indexing, and publishing Minnesota Statutes Supplement
- editing, indexing, and publishing Minnesota Rules
- editing, indexing, and publishing Minnesota Rules Supplement
- publishing Court Rules as part of Minnesota Statutes
- preparing printers' copy of extracts of statutes and rules
- preparing revisor's bill (correction of technical errors in publications)

Computer Services Division

- providing computer programs and equipment in support of the other two divisions
- providing computer programs and equipment in support of Senate journal, calendar, agenda, and index
- providing computer programs and equipment in support of House journal, calendar, agenda, and index (The journal support is scheduled for 1987 and index support shortly after that.)
- providing public access to publicly available documents in the computer database

EXPLANATION OF REQUEST LEVELS:

NOTE: At the time of printing, this request had not been reviewed by the Legislative Coordinating Commission as required by Minnesota Statutes, section 3.305.

SAME - The amount requested allows for continuation of all existing services at current levels.

CHANGE - The amount requested allows for the following:

- FY 1988 - \$69.3; FY 1989 - \$123.7; for a salary supplement to make general and performance adjustments in pay for staff. Unlike executive branch agencies, the Revisor receives no funds from the salary supplement fund. If funds are not included in the office's basic appropriation, then no funds are available to make these salary adjustments. The amount requested is a three percent adjustment in each fiscal year.
- FY 1988 - \$74.3; FY 1989 - \$139.1; for reindexing Minnesota Statutes. These amounts fund the first two years of a three-year project. The project was approved and funds appropriated for it in both FY 1981 and FY 1986 only to be canceled in later budget reductions.

OTHER FUNDING SOURCES: The Revisor receives funds from sales of publications and other sales (Minnesota Statutes, section 3C.12, subd. 7; 3C.057). It also receives transfers from agencies for the costs of furnishing drafting services (Minnesota Statutes, section 3C.035; 3C.056). This revenue is appropriated to the Revisor for expenditure in addition to appropriated general funds (Minnesota Statutes, section 3C.057). The requested appropriation amount if not reduced for this expected revenue. Expected revenue is:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Publication Sales	\$ 80.8	\$ 263.0
Other Sales	11.7	11.7
Drafting Services	64.7	82.4
Total	<u>\$ 157.2</u>	<u>\$ 357.1</u>

The requested appropriation should be reduced by those amounts if the legislature continues the practice of funding less than the Revisor's full budget.

DIVISION OF APPROPRIATIONS: Minnesota Statutes, section 3C.055, requires the Revisor to divide appropriations among the 3 branches of government. The percentage of allocation to each branch after the deduction of expected revenue from the total budget, following the statutory formula, is:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Legislative Coordinating Commission	73.6%	73.0%
Department of Administration	25.6%	25.2%
Supreme Court Administrator	.8%	1.8%

BUDGET ISSUES:

- 1) The requested appropriation funds 100% of office activities. For F.Y. 1986 and F.Y. 1987, the legislature appropriated less than 100% of the budget but allowed the office to spend the revenue generated from sales and drafting services provided to agencies on its operational costs. Before F.Y. 1986 the office was fully funded and revenue was paid to the General Fund. Legislative committees indicated that this funding system would be reviewed now.
- 2) For F.Y. 1986 and F.Y. 1987, the legislature appropriated funds for the Revisor's budget in appropriations to the Legislative Coordinating Commission, the Department of Administration, and the Supreme Court Administrator. This was done to reflect the Revisor's costs applicable to the legislative, executive, and judicial branches of government. Before F.Y. 1986, all of the Revisor's funds were appropriated directly to the Revisor. Legislative committees indicated that this funding system would be reviewed now.

- 3) Starting in F.Y. 1986, agencies were required to pay for the Revisor's drafting services. Legislative committees indicated that this system would be reviewed now.

Revisor's Recommendations:

- 1) The Revisor should be funded at 100% of whatever level the Senate and House believe proper, with revenue paid to the General Fund.
- 2) The Revisor's appropriation should not be divided as it is now but should be appropriated in an appropriations bill section as a separate agency.
- 3) The bill-back system should be continued but revenue paid to the General Fund as in recommendation 1.

TRANSFERS TO REVISOR'S REVOLVING ACCOUNT

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>
From Supreme Court Budget Reductions	\$ 196.0 -0-	\$ 183.6 (9.6)
From Dept. of Administration Budget Reductions	1,412.0 -0-	1,002.8 (85.0)
From Legislature Budget Reductions	1,208.2 (42.3)	1,566.1 (54.8)
TOTAL Transfers	<u>\$ 2,773.9</u>	<u>\$ 2,603.1</u>

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Office of the Revisor of Statutes to present its budgetary needs directly to the Legislature for consideration.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: REVISOR OF STATUTES

PROGRAM: REVISOR OF STATUTES

AGENCY: REVISOR OF STATUTES

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	2,660.7	2,688.9	3,310.2	3,083.5	143.6	3,227.1	3,083.5	3,277.0	262.8	3,539.8	3,277.0
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	2,660.7	2,688.9	3,310.2	3,083.5	143.6	3,227.1	3,083.5	3,277.0	262.8	3,539.8	3,277.0
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	1,518.2	1,567.0	1,797.6	1,772.9	112.7	1,885.6	1,772.9	1,772.9	249.3	2,022.2	1,772.9
EXPENSES & CONTRAC. SERV	831.2	748.6	836.6	662.5	2.4	664.9	662.5	856.0	9.5	865.5	856.0
SUPPLIES & MATERIALS	14.4	15.0	14.9	14.9		14.9	14.9	14.9		14.9	14.9
EQUIPMENT	296.9	358.3	661.1	633.2	28.5	661.7	633.2	633.2	4.0	637.2	633.2
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	2,660.7	2,688.9	3,310.2	3,083.5	143.6	3,227.1	3,083.5	3,277.0	262.8	3,539.8	3,277.0
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	2,660.7			3,083.5	143.6	3,227.1	3,083.5	3,277.0	262.8	3,539.8	3,277.0
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE		2,688.9	3,310.2								
TOTAL FINANCING	2,660.7	2,688.9	3,310.2	3,083.5	143.6	3,227.1	3,083.5	3,277.0	262.8	3,539.8	3,277.0
POSITIONS BY FUND											
TOTAL POSITIONS											

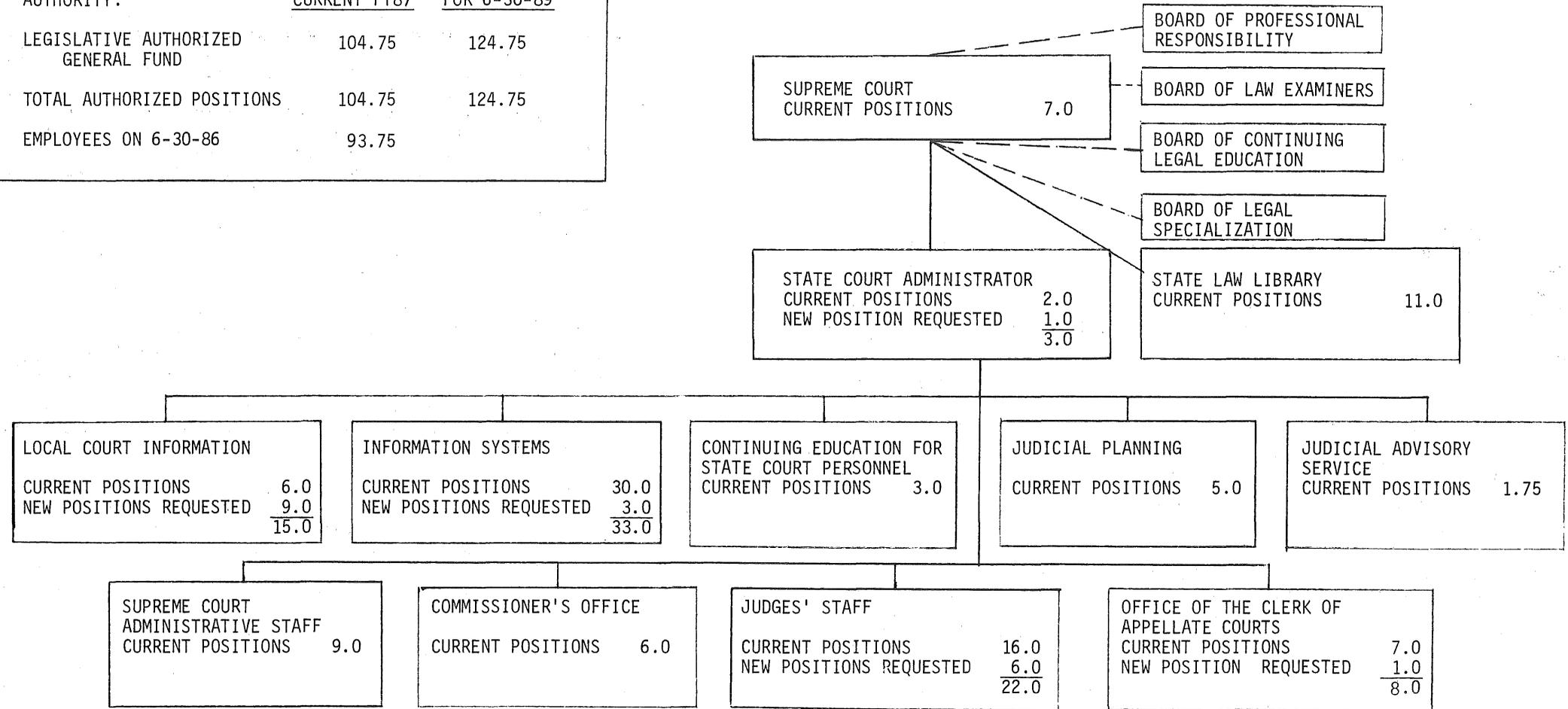
1987-89 BIENNIAL BUDGET
PROGRAM STRUCTURE

* AGENCY: <u>MINNESOTA SUPREME COURT</u>		<u>SECTION</u>	<u>PAGE</u>
<u>PROGRAMS</u>	<u>ACTIVITIES</u>		
* SUPREME COURT OPERATIONS	* Supreme Court Operations	3	7
* FAMILY FARM LEGAL ASSISTANCE	* Family Farm Legal Assistance		11
* LEGAL SERVICES SURCHARGE GRANTS	Legal Services Surcharge Grants		14
* STATE COURT ADMINISTRATOR	* State Court Administrator		16
* MINNESOTA STATE LAW LIBRARY	* Law Library Operations		24
	* Computerized Legal Research		31
	* Other Library Services		33

POSITION RECONCILIATION		
AUTHORITY:	CURRENT FY87	REQUESTED FOR 6-30-89
LEGISLATIVE AUTHORIZED GENERAL FUND	104.75	124.75
TOTAL AUTHORIZED POSITIONS	104.75	124.75
EMPLOYEES ON 6-30-86	93.75	

MINNESOTA SUPREME COURT

ORGANIZATION CHART
CURRENT AS OF 6-30-86



AGENCY PURPOSE: The Supreme Court, the highest court of the state, exercises supervisory and adjudicatory authority. It is responsible for adjudicating appeals brought throughout the state. The Supreme Court has original jurisdiction over cases appealed from the Workers Compensation Court of Appeals and the Tax Court and in first degree murder cases. It exercises discretionary review of cases heard by the Court of Appeals. The court also supervises the maintenance of the state law library which provides resources necessary for a clear understanding of the law to government personnel and citizens. (M. S. 480.09)

With the assistance of the State Court Administrator, the Chief Justice exercises general supervisory powers over the courts of the state and specific supervisory powers over the courts' financial affairs, programs of continuing legal education, and planning and research. (M. S. 2.724)

The primary aim of the court is to provide prompt access for litigants to well trained judges who are supported by a knowledgeable, efficient staff and modern management technology. This goal is based on the premises: that each citizen is entitled to have his dispute considered and resolved in a court of law; that litigants and society are best served by speedy, just resolution of disputes while the facts are still clear and evidence and witnesses are still available; that modern management techniques can make the court process more efficient and assist in achieving a speedy, just resolution of a case; and that planning for change in the courts, based on adequate, accurate information, will help achieve uniformity of procedure and an efficient, effective process.

OPERATION AND CLIENTELE: The Supreme Court establishes the rules and procedures which govern the courts in the 87 counties, the 244 judges, the approximately 1,500 judicial system personnel, and the 16,000 lawyers who appear in them. In 1986, an estimated 756 cases will be filed in the Supreme Court. Over 2,000,000 cases were filed in local courts in 1985.

The Supreme Court seeks to insure the efficiency and integrity of the judicial system through programs in three areas:

1. Supreme Court Operations: The Supreme Court has eliminated its pending backlog of cases. With the disposition of its backlog in 1985 the Supreme Court has concentrated on refining the discretionary review process, on screening and deciding petitions for accelerated and further review, on accepting and deciding the precedent setting cases which will shape Minnesota caselaw, and on disposing of the 210 original jurisdiction cases filed annually. It has continued to exercise extensive supervision of the legal process through promulgation of court rules and of the legal system through the regulatory boards monitoring the practice of law.

2. State Court Administration: Provides administrative support for the Supreme Court, the Court of Appeals and the trial courts. Conducts operations research to identify management and caseflow problems in trial and appellate courts and to recommend solutions. Provides data through a computerized management information system to support research and the operations of all courts. Plans and executes training programs for court personnel, plans for the development and use of judicial resources, promulgates and administers uniform requirements for court budget systems, and plans for the collection, storage and use of court records. Develops uniform policies and procedures for trial court management. Reports to the legislature about the operations of the judicial system. Conducts legal research for judges through the Judicial Advisory Service. Administers distribution of the legal services surcharge funds and the Family Farm Legal Assistance Program.
3. State Law Library: Provides the court, other state agencies and the general public with research resources without which legal research would be impossible. Provides technical assistance to county law libraries. Provides computer assisted research capabilities for the public and state agencies on a cost reimbursement basis.

INDEX	Agency Request 1987-89 Biennium All Funds	Governor's Recommendation 1987-89 Biennium All Funds	Page
Reconciliation to FY1987	\$ 16,320.1	\$ 16,320.1	
Change Requests:			
Supreme Court	525.1	-0-	9
Family Farm Legal Assistance	400.0	-0-	13
State Court Administrator	1,549.3	-0-	19 and 20
Law Library Operations	324.5	-0-	26,27,28,29, and 30
AGENCY TOTAL	\$ 19,119.0	\$ 16,320.1	

AGENCY FISCAL SUMMARY - BIENNIAL BUDGET

AGENCY: MINN SUPREME COURT

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY PROGRAM:											
SUPREME COURT	2,374.0	2,371.3	2,433.2	2,454.7	269.0	2,723.7	2,454.7	2,462.2	256.1	2,718.3	2,462.2
FAM FARM LEGAL ASSIST PROGR			650.0	650.0	200.0	850.0	650.0	650.0	200.0	850.0	650.0
LEGAL SERV SURCHARGE GRANT	1,099.7	1,171.3	1,209.2	1,276.4		1,276.4	1,276.4	1,347.8		1,347.8	1,347.8
STATE COURT ADMINISTRATORS	2,491.6	2,472.1	3,038.3	2,959.4	676.3	3,635.7	2,959.4	2,953.6	873.0	3,826.6	2,953.6
LAW LIB OPS	593.2	641.1	682.2	676.8	155.9	832.7	676.8	684.8	168.6	853.4	684.8
COMPUTERIZED LEGAL RESEARCH	9.8	8.2	11.0	11.0		11.0	11.0	11.0		11.0	11.0
OTHER LIBRARY SERVICES	22.6	33.4	78.4	88.2		88.2	88.2	94.2		94.2	94.2
TOTAL	6,590.9	6,697.4	8,102.3	8,116.5	1,301.2	9,417.7	8,116.5	8,203.6	1,497.7	9,701.3	8,203.6
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	5,479.1	5,534.9	6,258.2	6,205.2	1,101.2	7,306.4	6,205.2	6,220.9	1,297.7	7,518.6	6,220.9
LOCAL ASSISTANCE	150.1	151.6	1,844.1	1,911.3	200.0	2,111.3	1,911.3	1,982.7	200.0	2,182.7	1,982.7
AIDS TO INDS.	961.7	1,010.9									
TOTAL EXPENDITURES	6,590.9	6,697.4	8,102.3	8,116.5	1,301.2	9,417.7	8,116.5	8,203.6	1,497.7	9,701.3	8,203.6
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	5,427.2	5,424.7	6,773.0	6,732.2	1,301.2	8,033.4	6,732.2	6,741.9	1,497.7	8,239.6	6,741.9
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	1,132.1	1,209.5	1,296.1	1,375.6		1,375.6	1,375.6	1,453.0		1,453.0	1,453.0
GIFTS AND DEPOSITS	15.4	45.7	26.9	2.4		2.4	2.4	2.4		2.4	2.4
FEDERAL	16.2	17.5	6.3	6.3		6.3	6.3	6.3		6.3	6.3
TOTAL FINANCING	6,590.9	6,697.4	8,102.3	8,116.5	1,301.2	9,417.7	8,116.5	8,203.6	1,497.7	9,701.3	8,203.6
POSITIONS BY FUND:											
GENERAL	103.0	107.8	104.8	104.8	20.0	124.8	104.8	104.8	20.0	124.8	104.8
SPECIAL REVENUE		1.0	.1	.1		.1	.1	.1		.1	.1
GIFTS AND DEPOSITS		1.0	1.5	1.5		1.5	1.5	1.5		1.5	1.5
TOTAL POSITIONS	103.0	109.8	106.4	106.4	20.0	126.4	106.4	106.4	20.0	126.4	106.4

PROGRAM PURPOSE: The Minnesota Supreme Court is the final appellate court. Established by the constitution and operating pursuant to the statutory authority of M. S. Chapter 480, the court hears and resolves appellate questions of law and corrects trial court error. In addition the Supreme Court exercises general supervisory authority over the operation of the courts of the state and the operation of the legal system.

OPERATION: The Supreme Court supervises a legal research staff consisting of law clerks and commissioners; the Office of the Clerk of the Appellate Courts, the court unit responsible for creating, maintaining and processing court records; and the court system accounting unit, which provides budgeting and accounting services for the state trial courts, court of appeals, state law library, state court administration and legal regulatory boards. The court exercises supervisory authority throughout the state through its rule making process, admission of attorneys and disciplinary proceedings. In addition the Legislature in M. S. 480.241 directed the Supreme Court to supervise the distribution of civil filing surcharge funds to legal services and alternative dispute resolution programs for low income clients and in 1986 directed the Court to administer the Family Farm Legal Assistance program.

EXPLANATION OF BUDGET REQUEST: The Supreme Court requests an additional law clerk for each associate justice (6), and an additional position for the clerk's office, associated equipment, and \$35.0 to supplement National Center for State Court dues cut by the 1986-87 budget reduction. The court requests continuation of a small contingent fund for department head expenses.

GOVERNOR'S RECOMMENDATION: Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Minnesota Supreme Court to present its budgetary needs directly to the Legislature for consideration.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: SUPREME COURT

AGENCY: MINN SUPREME COURT

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY: SUPREME COURT	2,374.0	2,371.3	2,433.2	2,454.7	269.0	2,723.7	2,454.7	2,462.2	256.1	2,718.3	2,462.2
TOTAL	2,374.0	2,371.3	2,433.2	2,454.7	269.0	2,723.7	2,454.7	2,462.2	256.1	2,718.3	2,462.2
EXPENDITURES BY CATEGORY: STATE OPERATIONS LOCAL ASSISTANCE AIDS TO INDS.	2,374.0	2,371.3	2,433.2	2,454.7	269.0	2,723.7	2,454.7	2,462.2	256.1	2,718.3	2,462.2
TOTAL EXPENDITURES	2,374.0	2,371.3	2,433.2	2,454.7	269.0	2,723.7	2,454.7	2,462.2	256.1	2,718.3	2,462.2
SOURCES OF FINANCING: DIRECT APPROPRIATIONS: GENERAL	2,342.4	2,311.5	2,402.5	2,446.0	269.0	2,715.0	2,446.0	2,453.5	256.1	2,709.6	2,453.5
DEDICATED APPROPRIATIONS: GIFTS AND DEPOSITS	15.4	42.3	24.4	2.4		2.4	2.4	2.4		2.4	2.4
FEDERAL	16.2	17.5	6.3	6.3		6.3	6.3	6.3		6.3	6.3
TOTAL FINANCING	2,374.0	2,371.3	2,433.2	2,454.7	269.0	2,723.7	2,454.7	2,462.2	256.1	2,718.3	2,462.2
POSITIONS BY FUND: GENERAL	49.0	49.0	46.0	46.0	7.0	53.0	46.0	46.0	7.0	53.0	46.0
GIFTS AND DEPOSITS		1.0	1.5	1.5		1.5	1.5	1.5		1.5	1.5
TOTAL POSITIONS	49.0	50.0	47.5	47.5	7.0	54.5	47.5	47.5	7.0	54.5	47.5

ACTIVITY: SUPREME COURT OPERATIONS
 Program: SUPREME COURT OPERATIONS
 Agency: MINNESOTA SUPREME COURT

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$ 25.0	\$ 25.8	\$ 36.0	\$ 26.0	\$ 26.0

ACTIVITY DESCRIPTION: As the final appellate court, the Minnesota Supreme Court considers appeals from judgments of the Workers Compensation Court of Appeals and the Tax Court as well as the Court of Appeals. It continues to hear special term matters, motions and petitions for extraordinary relief. The volume of original case filings at the Supreme Court has remained relatively constant at approximately 210 cases each year since 1984. The volume of applications for writ of certiorari has increased to approximately 600 cases in 1985 and 1986. The volume of filings has now grown to nearly half its caseload prior to the establishment of the Court of Appeals. Yet, the Court is deciding petitions for writs of certiorari within the statutory 60 day period and has reduced the median disposition time to less than one year from date of filing.

In order to process the caseload the court employs a legal research staff. For each case the research staff screens the case to determine the nature, complexity and scope of the legal issues, performs legal research to resolve correctly the issues, and assists in opinion preparation to express succinctly the decisions of the court. In addition, research staff review opinions authored by other justices, perform further research and assist in preparing concurring and dissenting opinions at the justices' direction.

Special term matters directed to the Supreme Court by motion or petition for immediate or extraordinary relief are first reviewed and researched by the Commissioner. The Commissioner then meets with a three-judge panel composed of the Chief Justice and two Associate Justices. Each motion or petition is discussed, and a dispositional order is issued by the panel. The special term procedure allows the court to give prompt attention to those matters for which the normal appellate procedure is either inappropriate or unavailable.

An administrative staff monitors the progress of each case to insure timely disposition, schedules the case for hearing, oral argument or non oral consideration by the court, and maintains permanent, accurate records for all court actions. This staff also serves the same function for the Court of Appeals.

In addition to this appellate function, the Supreme Court supervises admission to the practice of law in the state and regulates legal practice. The court also promulgates rules governing practice and procedure in the courts through the state, a function which requires numerous hearings.

The court supervises the financial affairs of the courts as required by statute through an accounting staff which provides accounting services for the state trial court, appeals court, state law library, state court administration and legal regulatory boards.

The court has general supervisory responsibility for all other courts in the state. It exercises this authority through numerous standing and ad hoc conferences, committees and commissions. All justices participate by serving on, and guiding, the work of these various administrative organizations.

OBJECTIVES: The Supreme Court seeks to use its personnel:

1. To dispose of each appellate case in less than 12 months from date of filing.
2. To decide petitions for writs of certiorari within 60 days.
3. To manage its workload so that each case receives adequate attention as its importance demands.
4. To maintain an orderly and uniform legal process and procedure throughout the state through the promulgation of uniform rules.
5. To regulate the admission to and practice of law in Minnesota so that each citizen seeking legal counsel is assured of competent representation.
6. To insure the financial integrity of the court system in accordance with generally accepted accounting principals and to insure correct payment of invoices within the statutorily required 30 days.
7. To ensure the effective operation of the State Court System.

<u>EFFECTIVENESS MEASURES:</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>
CASE FILINGS	786	725	769	814
MEDIAN DAYS TO DISPOSITION	241	240	240	240
NUMBER OF ATTORNEYS ADMITTED	850	850	850	850
RATIO LEGAL STAFF TO FILINGS	1:66	1:65	1:70	1:74
RATIO CLERK'S STAFF TO FILINGS	1:295	1:274	1:290	1:308

Authority for this activity is found in M. S. Chapter 480.

EXPLANATION OF BUDGET REQUEST: Increased funding is requested for an additional law clerk for each associate justice, one position for the clerk's office, equipment associated with these positions, and \$35.0 to reinstate National Center dues.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: SUPREME COURT

PROGRAM: SUPREME COURT

AGENCY: MINN SUPREME COURT

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	2,374.0	2,371.3	2,433.2	2,454.7	269.0	2,723.7	2,454.7	2,462.2	256.1	2,718.3	2,462.2
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	2,374.0	2,371.3	2,433.2	2,454.7	269.0	2,723.7	2,454.7	2,462.2	256.1	2,718.3	2,462.2
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	1,864.7	1,851.3	1,967.5	2,015.7	207.1	2,222.8	2,015.7	2,010.9	207.1	2,218.0	2,010.9
EXPENSES & CONTRAC. SERV	420.2	437.2	396.4	383.7	44.0	427.7	383.7	396.0	44.0	440.0	396.0
SUPPLIES & MATERIALS	24.1	29.9	28.7	28.7		28.7	28.7	28.7		28.7	28.7
EQUIPMENT	65.0	52.9	40.6	26.6	17.9	44.5	26.6	26.6	5.0	31.6	26.6
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	2,374.0	2,371.3	2,433.2	2,454.7	269.0	2,723.7	2,454.7	2,462.2	256.1	2,718.3	2,462.2
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	2,342.4	2,311.5	2,402.5	2,446.0	269.0	2,715.0	2,446.0	2,453.5	256.1	2,709.6	2,453.5
DEDICATED APPROPRIATIONS:											
GIFTS AND DEPOSITS	15.4	42.3	24.4	2.4		2.4	2.4	2.4		2.4	2.4
FEDERAL	16.2	17.5	6.3	6.3		6.3	6.3	6.3		6.3	6.3
TOTAL FINANCING	2,374.0	2,371.3	2,433.2	2,454.7	269.0	2,723.7	2,454.7	2,462.2	256.1	2,718.3	2,462.2
POSITIONS BY FUND											
GENERAL	49.0	49.0	46.0	46.0	7.0	53.0	46.0	46.0	7.0	53.0	46.0
GIFTS AND DEPOSITS		1.0	1.5	1.5		1.5	1.5	1.5		1.5	1.5
TOTAL POSITIONS	49.0	50.0	47.5	47.5	7.0	54.5	47.5	47.5	7.0	54.5	47.5

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: SUPREME COURT OPERATIONS
 PROGRAM: SUPREME COURT OPERATIONS
 AGENCY: SUPREME COURT

Request Title: LAW CLERKS AND OPERATIONS SUPPORT				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
GENERAL FUND	\$269.0	7.0	\$256.1	7.0
Governor's Recommendation				
GENERAL FUND	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

EFFECTIVENESS MEASURES:	FY86	FY87	FY88	FY89
Number of Cases Processed by Clerk's Office	2955	2739	2904	3077
Number of Clerk's Office Staff	10	10	10	10
Clerk Staff to Case Ratio	1:295	1:274	1:290	1:308
Number of Supreme Court Cases	786	725	769	814
Number of Legal Staff	12	11	11	11
Legal Staff to Case Ratio	1:66	1:65	1:70	1:74

DESCRIPTION/BACKGROUND: The office of the appellate court clerk handles the records management function for the Supreme Court and Court of Appeals. Located in the Capitol, the clerk's office must create and maintain the records for two locations, the Capitol and Amhoist Tower in downtown St. Paul. The Legislature by statute set a processing goal of 60 days for disposition of petitions for discretionary review. The Supreme Court has met that goal and seeks to maintain it. The complexity of the cases which the court accepts for review has increased and additional research staff are needed to deal with these cases so that they may be disposed expeditiously. The entire court record and briefs are reviewed in every case the court considers. In addition each justice is assigned several administrative areas of the practice of law to oversee. This oversight function may involve drafting rules, preparation of legal memoranda, review of additional cases or procedures. 26 of the 33 Supreme Courts in states with intermediate appellate courts in 1984 had a ratio of 2 legal research staff to 1 judge.

RATIONALE: The Supreme Court has moved persistently to reduce its backlog and to adhere to the statutory goal of deciding whether to grant petitions for discretionary review within 60 days of filing. While it has maintained that processing goal during the eighteen months, sacrifices of vacation time and professional educational needs have been required.

Although the number of new cases filed with the Supreme Court declined in 1986, its workload is expected to grow again beginning in 1987. Court researchers have found a direct correlation between the increase in 1) a state's trial court civil filings, new judgeships and an upturn in real personal income and 2) appellate court workload. A delay of 1-2 years occurs between the first two indicators and an increase in appellate caseloads. A delay of four years between the third indicator and appellate workload has been found.

Trial court civil filings in Minnesota increased 6% in 1985 and three additional trial court judgeships were created. Thus, beginning in 1987, an increase in appellate caseload is anticipated. Real personal income in Minnesota has risen in every year since 1982, with a substantial rise in the rate of increase in 1984 and 1985. As a result, increased Supreme Court filings are expected in 1988 and 1989.

Only at great personal sacrifice has the Supreme Court judges and staff been able to deal expeditiously with the current caseload. Continued caseload growth only underscores the need for the requested additional judgeships.

STATEMENT OF REQUEST/OBJECTIVES: The agency requests the above dollar amounts and positions to provide more timely processing of appellate court cases. One position is requested for the clerk's office which processes appellate court documents, opinions, and judgments for both the Supreme Court and Court of Appeals. The additional position is needed to improve the timeliness of court records processing and maintain a ratio of staff to files necessary to insure prompt and thorough attention to critical court documents, procedural requirements and time frames.

The Supreme Court is also requesting 6 additional law clerks, one for each associate justice, to provide sufficient research assistance to research the critical legal and administrative issues which the court now considers and to maintain the ratio of legal staff to caseload necessary for that careful consideration.

The court also requests restoration of one half (\$35.0) of the National Center for State Court dues, the national court organization comparable to the National Conference of State Court Legislators. To meet the FY86 budget cuts the court had to conform its payment schedule to a fiscal year rather than a calendar year payment.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity
(Continuation)

ACTIVITY: SUPREME COURT OPERATIONS

PROGRAM: SUPREME COURT OPERATIONS

AGENCY: SUPREME COURT

GOVERNOR'S RECOMMENDATION: Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Minnesota Supreme Court to present its budgetary needs directly to the Legislature for consideration.

PROGRAM: FAMILY FARM LEGAL ASSISTANCE PROGRAM
 Agency: SUPREME COURT

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

PURPOSE: M.S. 480.250 - 480.256 directs the Supreme Court to contract with one or more non-profit corporations to provide legal advice and representation statewide to Minnesota family farmers in financial distress. The Family Farm Legal Assistance Act was enacted in 1986 in response to the unmet need for legal advice by Minnesota farmers facing serious financial trouble due to the worsening agricultural crisis. It is estimated that more than 30% of Minnesota's 100,000 farmers will face serious financial and legal problems in the next several years.

RECIPIENT IDENTIFICATION: The Supreme Court may contract with one or more established non-profit corporations, organized principally to provide legal assistance, with expertise in legal issues affecting financially distressed family farmers. The Court awarded three contracts, effective July 1, 1986, for the provision of legal services statewide, through three of Minnesota's established legal services programs.

OBJECTIVES AND SERVICES PROVIDED: The primary purpose of the program is to assist farmers with legal problems such as foreclosure, repossession of farm property, denial of credit and other loan problems, restructuring of farm debt, and so on, to help family farmers remain on their farms. To be eligible, a farmer must meet low-income standards, have a high debt to asset ratio, and be financially unable to retain counsel. The program also provides assistance and training for attorneys and others working with financially distressed farmers, as well as information and referral, education, and training in farm law matters for attorneys, farm advisors, farmers, officials and the general public. Approximately 200 farm cases were opened within the first 2 months of operation of the program, including a major statewide action affecting a large number of Minnesota farm borrowers. Over 200 information and advice calls were handled by the statewide toll-free line during the same period.

EXPLANATION OF BUDGET REQUEST: Funding is requested to support a statewide legal assistance program which meets the requirements mandated by the Legislature in M.S. 480.250 - M.S. 480.256. An additional \$200,000 cut from the original FY86 proposal is requested. The restored funds will help provide adequate attorney, paralegal and clerical support for the field projects, and sufficient staffing and funding for the statewide toll-free line, support, and training and education mandated by the statute.

GOVERNOR'S RECOMMENDATION: Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Minnesota Supreme Court to present its budgetary needs directly to the Legislature for consideration.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: FAM FARM LEGAL ASSIST PROGR

PROGRAM: FAM FARM LEGAL ASSIST PROGR

AGENCY: MINN SUPREME COURT

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS											
LOCAL ASSISTANCE			650.0	650.0	200.0	850.0	650.0	650.0	200.0	850.0	650.0
AIDS TO INDS.											
TOTAL EXPENDITURES			650.0	650.0	200.0	850.0	650.0	650.0	200.0	850.0	650.0
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES											
EXPENSES & CONTRAC. SERV											
SUPPLIES & MATERIALS											
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS											
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL			650.0	650.0	200.0	850.0	650.0	650.0	200.0	850.0	650.0
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING			650.0	650.0	200.0	850.0	650.0	650.0	200.0	850.0	650.0
POSITIONS BY FUND											
TOTAL POSITIONS											

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY:
PROGRAM: FAMILY FARM LEGAL ASSISTANCE
AGENCY: SUPREME COURT

Request Title: FAMILY FARM LEGAL ASSISTANCE PROGRAM				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
GENERAL FUND	\$200.0	-0-	\$200.0	-0-
Governor's Recommendation				
GENERAL FUND	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST: Funds are requested to provide a statewide Family Farm Legal Assistance program pursuant to M.S. 480.250 - 480.256. The additional amount requested restores \$200,000 cut from the 1986 request due to State fiscal constraints. The total amount requested reflects the minimum amount needed to adequately support a statewide legal assistance program for family farmers which fully meets the statutory mandate.

DESCRIPTION/BACKGROUND: M.S. 480.250 - 480.256, enacted in 1986 as part of the Farm Omnibus bill, provides for a statewide legal assistance program for Minnesota family farmers in financial distress. Under the statute, the Supreme Court shall contract with one or more non-profit corporations to provide legal advice and representation to eligible farmers, as well as information and referral, education and training, and backup and expert advice on farm law matters.

To be eligible for the program, a farmer must have a debt to asset ratio greater than 50% and a gross income of \$15,000 or less. An estimated 80,000 Minnesota farm families have incomes below the federal poverty level. Nearly 30,000 Minnesota farmers have debt to asset ratios of over 70%.

RATIONALE: The amount requested is the minimum amount necessary to support a Family Farm Legal Assistance program which meets fully the requirements of the statute.

At the current funding level, offices are inadequately staffed, and funding for litigation expenses, travel costs, and providing training and informational and educational materials is limited.

Changing needs for assistance have also increased the demands on the program. The need for bankruptcies, and thus additional attorneys (staff and private bar) is very high. The creation of the Farm Mediation program has also added to the demands on the program - both from farmers in mediation who need assistance or representation, and from mediators, financial advisors, extension agents, and other involved in the mediation process.

The restored funds will permit the addition of two full-time and one part-time attorneys, as well as currently needed paralegal and clerical support. Additional contracts with attorneys in private practice to represent farmers at reduced fees will also be made.

	<u>Attorney</u>	<u>Para-legal</u>	<u>Prvt. Bar Contracts</u>	<u>Other</u>	<u>Cases</u>
Current	7	5	55	2	1,000
Proposed	9.5	7	70	3	1,600

It is estimated that the current staff will represent 1000 farmers this year (plus 1,500 to 2,000 farmers needing information and one-time advice). The additional staff and contracts will enable the program to represent an additional 500 to 600 farmers.

The additional funds will also be used to increase access for farmers, attorneys, and others to expert advice, information, training, and farm law materials (such as booklets on farm lending law, FmHA and FDIC programs, and farm mediation) thus leveraging scarce resources.

The need for legal assistance for financially troubled farmers is unlikely to diminish in the near future.

GOVERNOR'S RECOMMENDATION: Recognizing the distinction between separate branches of the government, the Governor respectfully acknowledges the right of the Minnesota Supreme Court to present its budgetary needs directly to the Legislature for consideration.

PROGRAM: LEGAL SERVICES SURCHARGE GRANTS
 Agency: SUPREME COURT

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

PROGRAM PURPOSE: To provide support for legal services attorneys' advice, counsel and representation or alternative dispute resolution services to eligible low income clients.

OPERATION: The Legal Services Surcharge provides funding for legal services or alternative dispute resolution programs in two areas - mandatory and discretionary grants.

1.) MANDATORY GRANTS

M.S. 480.24-480.244 provide that the Supreme Court shall make grants to qualified non-profit corporations to enable them to provide legal services (attorneys' advice, counsel and representation) to low-income people with civil (non-criminal) legal problems. Funding for many such programs through the federal Legal Services Corporation was cut substantially, effective January 1, 1982, leaving many Minnesotans without access to legal assistance. The statute provides funding for the grants through a surcharge on the filing fee paid in most civil court cases in Minnesota, in the amount of \$10.00 per litigant. The surcharge collected by the local courts is transmitted to the Supreme Court for distribution by the Court (with the assistance of an Advisory Committee) to qualified recipient programs.

RECIPIENT IDENTIFICATION AND ELIGIBILITY CRITERIA: The grants are available to non-profit corporations which provide or propose to provide legal services, or alternative dispute resolution services, to eligible clients in civil matters. (An eligible client is defined, M.S. 480.24, Subd. 2, as an individual who is financially unable to afford legal assistance from private counsel, as determined by income guidelines promulgated for recipients by the Supreme Court.) To be eligible, non-profit corporations must also have boards of directors composed of attorneys-at-law and consumers of legal services. M.S. 480.242, Subd. 3, provides that 85 percent of the funds available for grants shall be distributed to those eligible legal services programs that had demonstrated an ability as of July 1, 1982 to provide legal services to persons unable to afford private counsel with funds provided by the federal Legal Services Corporation. There are six such programs, which provide services to low-income residents of every county in Minnesota, as well as to migrant worker and native Americans. Four of these programs provide services to their clients using full-time paid staff working in 19 local legal aid offices throughout the state. Also, these programs have organized and administer volunteer panels of local attorneys who donate some of their time to representing low-income persons. The other two programs use a "judicare" system for delivery, in which most cases are handled by local lawyers in their own offices, with attorneys' fees on a reduced basis paid by the program on a case-by-case basis.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y.1985</u>	<u>F.Y.1986</u>	<u>F.Y.1987</u>	<u>F.Y.1988</u>	<u>F.Y.1989</u>
No. of clients serviced by Legal Service Coalition Programs	33,072	33,400	33,700	33,700	33,800

CRITERIA AND FORMULAS DETERMINING AMOUNT OF PAYMENT TO RECIPIENT: Re statute (M.S. 480.242, Subd. 3), the 85 percent of the total funds distributed to the six Legal Services Corporation programs is allocated among those programs on the basis of the number of persons with incomes below the poverty level, established by the United States Census Bureau, who reside in the geographical area served by each program, as determined by the Supreme Court on the basis of the 1980 national census. Thus, for each Legal Services Corporation program in Minnesota, the formula for determining the program's funding from the filing fee surcharge would be: (number of below-poverty level residents of Minnesota) - (number of below-poverty level residents of area served by program.) The resulting ratio would be applied to the funds available to be divided among the programs. The statute requires that this distribution take place not less than twice per calendar year.

2.) DISCRETIONARY GRANTS

RECIPIENT IDENTIFICATION AND ELIGIBILITY CRITERIA: The Legal Services Advisory Committee solicits proposals from non-profit corporations seeking funding for legal services or alternative dispute resolution programs, screens applications for soundness of proposal, reasonableness of the budget and fulfillment of unmet needs in the legal services area and make recommendations to the court for funding of specific projects.

CRITERIA AND FORMULA DETERMINING AMOUNT OF PAYMENT TO RECIPIENT: M.S. 480.242 provides that 15 percent of the funds collected shall be distributed to non-profit corporations seeking to provide legal services or alternative dispute resolution projects. In the event that applications do not use the total amount available, the balance may be distributed among the six Legal Services Corporations.

<u>ACTIVITY STATISTICS:</u>	<u>F.Y.1985</u>	<u>F.Y.1986</u>	<u>F.Y.1987</u>	<u>F.Y.1988</u>	<u>F.Y.1989</u>
No. of Programs Supported	9	9	11	11	11

EXPLANATION OF BUDGET REQUEST: Appropriation of the estimated dedicated revenue generated by the civil surcharge program is requested for the biennium.

GOVERNOR'S RECOMMENDATION: Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Minnesota Supreme Court to present its budgetary needs directly to the Legislature for consideration.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: LEGAL SERV SURCHARGE GRANT

PROGRAM: LEGAL SERV SURCHARGE GRANT

AGENCY: MINN SUPREME COURT

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	2.2	8.8	15.1	15.1		15.1	15.1	15.1		15.1	15.1
LOCAL ASSISTANCE	135.8	151.6	1,194.1	1,261.3		1,261.3	1,261.3	1,332.7		1,332.7	1,332.7
AIDS TO INDS.	961.7	1,010.9									
TOTAL EXPENDITURES	1,099.7	1,171.3	1,209.2	1,276.4		1,276.4	1,276.4	1,347.8		1,347.8	1,347.8
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	.4	3.1	10.0	10.0		10.0	10.0	10.0		10.0	10.0
EXPENSES & CONTRAC. SERV	1.7	5.7	5.1	5.1		5.1	5.1	5.1		5.1	5.1
SUPPLIES & MATERIALS	.1										
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	2.2	8.8	15.1	15.1		15.1	15.1	15.1		15.1	15.1
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	1,099.7	1,171.3	1,209.2	1,276.4		1,276.4	1,276.4	1,347.8		1,347.8	1,347.8
TOTAL FINANCING	1,099.7	1,171.3	1,209.2	1,276.4		1,276.4	1,276.4	1,347.8		1,347.8	1,347.8
POSITIONS BY FUND											
SPECIAL REVENUE		1.0	.1	.1		.1	.1	.1		.1	.1
TOTAL POSITIONS		1.0	.1	.1		.1	.1	.1		.1	.1

PROGRAM: STATE COURT ADMINISTRATOR
 Agency: MINNESOTA SUPREME COURT

1987-89 Biennial Budget

PROGRAM PURPOSE: The office of the State Court Administrator was established to plan for and administer the courts of the state. Pursuant to M. S. 480.15, the State Court Administrator examines administrative methods and dockets of the local courts; collects and compiles statistical data relating to the business of the courts for submission to the legislature and the Supreme Court; prepares uniform personnel standards and procedures for the recruitment, evaluation, promotion, in-service training and discipline of all court personnel and promulgates uniform standards for court budgets, information systems and the collection, storage and use of court records. It develops uniform policies and procedures for trial court management. The office also provides direct administrative support to the Supreme Court and Court of Appeals.

OPERATION: State Court Administration operates in the following major program areas:

The State Court Administrator supervises the state court administrative staff and functions detailed below. She assists the chief justice in supervising the court operations of the state. For example, the office recommends the reassignment of judges to meet workload demands. Staff assist the judiciary in establishing policies and priorities and in developing a long-range plan for the improvement of the courts. It is responsible for promulgating budget and personnel standards and for informing the legislature and the public about the operations and needs of the state courts. The office provides technical assistance to trial courts in a broad range of administrative areas including personnel, financial, and caseload management and facilities design. The State Court Administrator is the coordinating link between the court administrative structure and the judiciary.

EDUCATION AND TRAINING: Develops programs to insure that court personnel stay abreast of new developments and meet mandatory education coursework requirements established by the Supreme Court. Judges must complete 45 hours of judicial education every three years. Court administrators and judicial district administrators must complete 45 hours of mandatory training every 3 years. Each new trial court employee must also complete an orientation seminar.

Provides basic and advanced training on a wide variety of legal and management subjects for court personnel including judges, district administrators, court administrators and their deputies, and court specialty groups such as probate registrars, court reporters, guardians ad litem, and bailiffs. Limited programming is also provided for prosecutors and public defenders. New legislation, caselaw and changes in court procedures and technological developments necessitate continuous update of the information and skills being used by members of the judicial branch. Publishes and updates benchbooks to provide operational reference materials for court personnel.

<u>EFFICIENCY MATTERS:</u>	<u>F.Y.85</u>	<u>F.Y.86</u>	<u>F.Y.87</u>	<u>F.Y.88</u>	<u>F.Y.89</u>
EDUCATION COURSE CO-SPONSORED	29	17	24	21	23
HOURS OF COURSE WORK PROVIDED	252	159	216	204	242
ATTENDANCE OF COURT PERSONNEL	1787	1063	1320	1302	1472
AVERAGE ATTENDANCE PER COURTS	62	63	55	62	64
AVERAGE HOURS PER COURSE	8.7	9.35	9.0	9.7	10.5
AVERAGE COST PER COURSE	\$5,743	\$9,641	\$6,829	\$9,380	\$8,565
AVERAGE COST PER PERSON PER COURSE	\$ 93	\$ 153	\$ 125	\$ 151	\$ 134
AVERAGE COST PER PERSON PER HOUR	\$10.65	\$16.36	\$13.88	\$15.56	\$12.76

RESEARCH AND PLANNING: Examines the structure and operation of the judicial system to identify court related problems and recommends organizational changes. Conducts research and makes recommendations for improvements in the areas of judicial resources, public defense, the appellate process, court management, redistricting, court reporting services, alternative dispute resolution processes, court processes, and court facilities. Conducts legal and management research required to draft statewide administrative policies and to respond to requests for legal and policy guidance on administrative procedures in appellate and trial courts. Conducts weighted caseload analysis, advises Supreme Court in the exercise of its sunset and transfer authority over trial court judgeships, presents statistical information on the work of the courts to the legislature, other governmental agencies and the public.

	<u>F.Y.85</u>	<u>F.Y.86</u>	<u>F.Y.87</u>	<u>F.Y.88</u>	<u>F.Y.89</u>
No. of Research Requests	250	332	340	348	350
No. of Major Projects	3	4	5	5	5
No. of Benchbooks Maintained	1	2	3	3	3

INFORMATION SYSTEMS: Designs, implements and operates automated trial and appellate court information systems, both for individual courts and judicial districts, to improve time payments revenue collection, efficiency of judicial and nonjudicial personnel, and accuracy of and access to court records. Collects and compiles milestone case information from all courts to monitor case flow, produces caseload statistics, supports evaluation of judicial resources and policy analysis. Analyzes and improves manual court administrative processes and procedures including office organization, financial management and records retention.

	<u>F.Y.85</u>	<u>F.Y.86</u>	<u>F.Y.87</u>	<u>F.Y.88</u>	<u>F.Y.89</u>
Cumulative No. Automated TCIS Courts	12	19	28	40	56
Cumulative No. Automated TCIS Judicial Districts	1	1.5	2	3	4

PROGRAM: STATE COURT ADMINISTRATOR
 (Continuation)
 Agency: MINNESOTA SUPREME COURT

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

JUDICIAL ADVISORY SERVICE: Provides legal research for judges through the state of Minnesota.

	<u>F.Y.86</u>	<u>F.Y.87</u>	<u>F.Y.88</u>	<u>F.Y.89</u>
Memos	215	215	215	215
Quick Memos	152	150	150	150
Materials Mailed	38	37	37	37
Association Mailings	8	8	8	8
Major Projects	2	3	2	2
District Administrator Memos	12	10	10	10

CLIENTELE: State Court Administration deals directly with the 227 judges and over 1,500 court support personnel in the state. The effects of the efforts have an impact on the citizens involved in the more than 2,000,000 cases filed in the courts of the state in a year.

EXPLANATION OF BUDGET REQUEST: An increase in the biennial appropriation of \$661.3 in F.Y. 1988 and \$862.0 in F.Y. 1989 is requested. This request includes funding for phased local court computer implementation in 4 judicial districts, 3 positions for the information systems office, 1 administrative assistant for the state court administrator, and inflationary increases for rent.

GOVERNOR'S RECOMMENDATION: Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Minnesota Supreme Court to present its budgetary needs directly to the Legislature for consideration.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: STATE COURT ADMINISTRATORS

PROGRAM: STATE COURT ADMINISTRATORS

AGENCY: MINN SUPREME COURT

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	2,477.3	2,472.1	3,038.3	2,959.4	676.3	3,635.7	2,959.4	2,953.6	873.0	3,826.6	2,953.6
LOCAL ASSISTANCE	14.3										
AIDS TO INDS.											
TOTAL EXPENDITURES	2,491.6	2,472.1	3,038.3	2,959.4	676.3	3,635.7	2,959.4	2,953.6	873.0	3,826.6	2,953.6
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	1,290.1	1,402.3	1,683.3	1,743.5	160.8	1,904.3	1,743.5	1,737.5	226.2	1,963.7	1,737.5
EXPENSES & CONTRAC. SERV	975.2	938.5	1,158.3	1,127.7	377.3	1,505.0	1,127.7	1,128.9	531.9	1,660.8	1,128.9
SUPPLIES & MATERIALS	54.4	56.9	58.4	67.0	2.3	69.3	67.0	67.0	2.3	69.3	67.0
EQUIPMENT	157.6	74.4	138.3	21.2	135.9	157.1	21.2	20.2	112.6	132.8	20.2
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	2,477.3	2,472.1	3,038.3	2,959.4	676.3	3,635.7	2,959.4	2,953.6	873.0	3,826.6	2,953.6
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	2,491.6	2,472.1	3,038.3	2,959.4	676.3	3,635.7	2,959.4	2,953.6	873.0	3,826.6	2,953.6
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	2,491.6	2,472.1	3,038.3	2,959.4	676.3	3,635.7	2,959.4	2,953.6	873.0	3,826.6	2,953.6
POSITIONS BY FUND											
GENERAL	44.0	47.8	47.8	47.8	13.0	60.8	47.8	47.8	13.0	60.8	47.8
TOTAL POSITIONS	44.0	47.8	47.8	47.8	13.0	60.8	47.8	47.8	13.0	60.8	47.8

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: STATE COURT ADMINISTRATOR

AGENCY: SUPREME COURT

Request Title: OPERATIONS SUPPORT				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
GENERAL FUND	\$ 66.6	1	\$ 44.6	1
Governor's Recommendation				
GENERAL FUND	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

RATIONALE: Funding for rent and communication increases are required to conduct business at the same level. One additional position, an administrative assistant to the State Court Administrator is requested to respond to correspondence, and telephone inquiries, compile administrative policy background information so that citizen, media, and other agency requests for information about the courts can be responded to promptly. The juror orientation video can be produced centrally at a small cost and distributed to each county. Jury management involves sums in excess of \$3000.0 annually in the trial courts. Citizen understanding and willingness to participate will be enhanced by a thorough explanation of the way the jury system functions and should save much of the time now spent by judges in orienting jurors.

GOVERNOR'S RECOMMENDATIONS: Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Minnesota Supreme Court to present its budgetary needs directly to the Legislature for consideration.

STATEMENT OF REQUEST/OBJECTIVE: This request will provide funding for anticipated increases in rent and communication costs, for equipment maintenance charges, for a videotape for juror orientation, and for an administrative assistant for the State Court Administrator.

DESCRIPTION/BACKGROUND: Most of the State Court Administrator's office is housed in private space. Rent increases are anticipated. It will be more costly to relocate than to pay the rental increase. Communications costs are anticipated to increase and were only minimally met in FY86-87. In an attempt to contain computer charges at outside agencies such as the University of Minnesota and IMB the court has purchased microcomputers. Funding for service and maintenance charges is requested. The processing capacity of these microcomputers can be enhanced with the addition of a Bernouli Box, a one time purchase of \$10.0.

A juror orientation film explains the scope and details of jury service to prospective jurors saving staff time for other court functions. Minnesota operates juries in each of the 87 counties. The benefits of one time development costs of \$12.0 would be shared by each of the counties who would be provided access to the tapes.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY:

PROGRAM: STATE COURT ADMINISTRATOR

AGENCY: SUPREME COURT

Request Title: INFORMATION SYSTEMS				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
GENERAL FUND	\$609.7	6.0	\$828.4	12.0
Governor's Recommendation				
GENERAL FUND	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

judicial district TCIS system in the Seventh Judicial, District which bisects the state from Moorhead to St. Cloud. By the end of FY87, TCIS will be implemented in 28 counties. In addition to the many operational benefits of TCIS to the local courts its automated records allow for extraction of comparable statistical data for state and local planning purposes and for the projection of judicial resource needs of the county, district and state through a weighted caseload analysis. The first weighted caseload study analyzing the need for judgeships was presented to the Legislature in 1981 and has provided the statistical basis for the creation of thirteen new judgeships and the transfer of three existing judgeships from districts having excess capacity to districts having a scarcity of judicial resources. The study is being updated in 1986 for presentation to the 1987 Legislature so that legislative and judicial policy makers will have current reliable information about judicial workload and judgeship needs.

RATIONALE: The implementation of the TCIS automated recordkeeping program in a variety of pilot counties and in the Seventh and Tenth Judicial Districts has proven that more efficient calendaring procedures result because TCIS tracks cases through their active phases and generates a variety of critical monitoring reports. In addition, its tracking capability also has resulted in significantly increased revenues for local courts since compliance with time payment schedules can be more carefully monitored without additional personnel. Stearns County, for example, has been able to increase its revenues by \$10,000 per month as a result of implementing the TCIS program. Because of these tangible benefits to the court system in terms of efficiency and effectiveness, the court seeks to proceed with its plan for implementation of TCIS in additional districts.

This biennium the court proposes to install a single computer center to support court operations in both the Fifth and Eighth Judicial Districts. The historic and geographic affinity of these districts permits their combination for purposes of implementing and administering the TCIS district program. By combining, the cost of one computer center and three positions are eliminated.

In addition, the court proposes to begin TCIS installation in two additional districts at the end of the FY88-89 biennium. Because of the substantial lead time involved in determining equipment needs, in planning communications networks, in facilities remodeling, and in advertising, screening, and hiring staff, actual implementation is delayed by as much as eight months after the beginning of the biennium. To avoid this unnecessary delay, funding for the initial costs of the installation of the computer centers and initial staff training in FY89 in the Third and the Ninth Judicial Districts is requested so that implementation in the various counties within these districts can begin immediately in FY90. The funding request for these two districts contemplates a staff of three in each district and full operational funding of approximately \$300.0 each annually in the FY90-91 biennium.

During the FY85-87 biennium, the information system office focused its attention on implementing the automated recordkeeping system in the Seventh Judicial District, improving operational efficiency to meet the system demands of an increased number of users, and overhauling the appellate courts recordkeeping and statistical system to improve its responsiveness to the management needs of the Supreme and Appeals

STATEMENT OF REQUEST/OBJECTIVE: This request will provide funding for 1) contract programming to enhance the responsiveness and efficiency of the existing information system by improving operating time and producing notices, reports, monitoring systems and statistical reports now produced manually; 2) a disaster recovery system to switch operations to alternative systems in the event of major system or computer malfunctions; 3) additional equipment for existing computerized Seventh and Tenth Districts to improve operational efficiency; 4) equipment and installation costs for the Fifth and Eighth Judicial Districts, which will share a computer center; 5) installation costs and partial equipment for the Third and Ninth Judicial Districts; and 6) twelve positions, three in the central information systems office and three in each of the implementation units, responsible for installing the equipment, training court personnel in its use, and operating the system once installed.

DESCRIPTION/BACKGROUND: In 1980, the Information System Office presented to the Legislature a plan to implement on a phase-in basis automated court recordkeeping in each judicial district throughout the state. The computerized program (TCIS) provides for on line automation of court records. This program expedites access to court information, automatically produces court notices and calendars, updates all necessary subsidiary records, improves employee productivity, eliminates the need for costly record books and storage space, avoids personnel increases and facilitates improved case and fiscal management. Funding was authorized for implementation of one judicial district in the FY81-83 biennium, but was later reallocated during the fiscal crisis. Nevertheless, several counties were implemented on a pilot basis during FY81-83. During the FY84-85 biennium, \$400,000 was appropriated to automate the Tenth Judicial District north of the Twin Cities. In FY86-87, \$563,000 was appropriated to install another

CHANGE REQUEST

1987-89 Biennial Budget

 Agency Program Activity

(Continuation)

ACTIVITY:

PROGRAM: STATE COURT ADMINISTRATOR

AGENCY: SUPREME COURT

Courts. As a result trial court enhancement projects, notice generation, docket indexing, automatic calculation of fines and fees which will save manual effort, improve employee productivity and avoid personnel increases have been significantly delayed. Contract programming would supplement staff efforts dedicated to system maintenance and conversion to higher level, more efficient operating systems and would allow completion of beneficial time saving improvements which would be shared by current and future system participants. Funding in the FY88-89 biennium would allow completion of these necessary enhancements before the disruption of reinstalling the computer center in the new judicial building, a task which will absorb significant staff resources.

As entire judicial districts depend on the automated system for data retrieval, record keeping, scheduling, and financial records, it is critical that alternative operating systems be available to support these critical daily activities in the event of system malfunctions. The activities of the automated courts will grind to a halt without the capacity to switch operations to an alternate computer. The maintenance cost of this safety measure is \$14.0 a year, less than 1% of the annual information system cost and less than the potential loss of one day's revenue from a judicial district.

Because TCIS will be implemented in such a large number of counties (28) this biennium and will include the set up of three district computer centers, an additional field engineer and two additional coordinators are requested for the central staff. In addition to initial implementation, the increased number of counties and users on the TCIS system require this modest increase in central staff to support ongoing operational needs. Over 70 counties will be on the TCIS network should the court's implementation plan be authorized.

GOVERNOR'S RECOMMENDATION: Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Minnesota Supreme Court to present its budgetary needs directly to the Legislature for consideration.

PROGRAM PURPOSE: This program provides research and information services on a statewide basis to users of legal data. A complete range of traditional and automated professional library functions are offered at two locations in the capitol complex; limited services are offered in a downtown location and at a crosstown storage facility. The program offers advisory services to all 87 county law libraries, manages a computerized legal data service and participates in interlibrary consortiums and mutual projects on a local, state and national level. The objectives of this program are to promote the administration of justice through the selection and organization of, and assured access to, the collection of authority (laws, statutes, government documents and regulations) and explanations of the authority (journals, law reviews and treatises) that controls the relationship between the citizen and society.

OPERATION: The following are the agency's principal activities and services.

1. The public services staff provides reference and circulation assistance so that users may fully utilize library resources. Their expertise is especially useful in suggesting research strategies to locate cases, statutes, regulations, and books on point.
2. The technical services staff handles the acquisitions, processing, cataloging, and conservation of the library's resources using the latest in automated technology. In addition, state government libraries, county and academic law libraries, benefit from three technical services programs: shared government documents, county law library cataloging, and briefs on microfiche.
3. The library, in cooperation with several other libraries, participates in the production and distribution of the records and briefs of cases argued before the Minnesota Supreme Court and the Court of Appeals. The microfiche format saves shelf space, binding costs, and staff time needed to process documents.
4. Under contract with the Department of Corrections, the library provides inmates in Minnesota's five adult correctional institutions with access to legal materials and information. Librarians assigned to the program make regular visits to the prisons supplementing the institutional core collections with materials and research results from the library's collection.
5. The library is required by law to advise and assist development of county law libraries throughout the state. The librarian assigned to coordinate the project makes on-site visits to the libraries and submits recommendations for solving problems or issues confronting the boards of trustees. The coordinator also provides training in law library management and develops cooperative programs.

6. The library operates the first computer-assisted legal research program available throughout the state. This service provides users with an economical way to utilize the most advanced legal research techniques.
7. The library's proposal for the development of an on-line data base composed of hard-to-access legal and corporate data under the name of the Minnesota Legal Information Network, (MinnLIN) was one of 33 projects out of over 800 submissions selected for recognition by the Governor's Strive Toward Excellence in Performance (STEP) program.

MAJOR POLICY ISSUES: Last winter, as part of the planning process for the proposed Minnesota Judicial Center, the library began efforts to draft a comprehensive long-range plan. In the past ten months, the staff has analyzed all activities, conducted a survey of the entire user population, engaged in a critical evaluation of all programs and made a complete review of the entire operation. Through this process, we uncovered several issues that have the potential of affecting the current and future needs of our users and the library as well. Appropriate action spread over the next two bienniums would substantially reduce the opportunities for these issues to cause problems. The budget request reflects the funding requirements needed to ensure the library has the means to meet the changing needs of users, to close existing gaps in its technological capacity and to address issues associated with the library's resource collection.

EXPLANATION OF BUDGET REQUEST: Funds are requested to rebuild and maintain the library's collection of resources of \$46.9 in F.Y. 1988 and \$63.9 in F.Y. 89. Three change requests are: 1) to preserve deteriorating historical resources on microfiche; 2) to automate the uncataloged collection; 3) to hire consultants to evaluate the collection and the library's automation capacity. The costs of these projects are \$96.5 in F.Y. 1988 and \$96.1 in F.Y. 89. A final Change Request is for funding only in the event that a separate request submitted by 14 state agencies is denied. This request is for \$13.0 in F.Y. 1988 and \$9.0 in F.Y. 89. Five Activities Descriptions are included requesting the continuation of Special Revenue ACcounts and no state funds are requested.

GOVERNOR'S RECOMMENDATION: Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Minnesota Supreme Court to present its budgetary needs directly to the Legislature for consideration.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: LAW LIB OPS

AGENCY: MINN SUPREME COURT

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY: LAW LIBRARY OPERAT'S	593.2	641.1	682.2	676.8	155.9	832.7	676.8	684.8	168.6	853.4	684.8
TOTAL	593.2	641.1	682.2	676.8	155.9	832.7	676.8	684.8	168.6	853.4	684.8
EXPENDITURES BY CATEGORY: STATE OPERATIONS LOCAL ASSISTANCE AIDS TO INDS.	593.2	641.1	682.2	676.8	155.9	832.7	676.8	684.8	168.6	853.4	684.8
TOTAL EXPENDITURES	593.2	641.1	682.2	676.8	155.9	832.7	676.8	684.8	168.6	853.4	684.8
SOURCES OF FINANCING: DIRECT APPROPRIATIONS: GENERAL	593.2	641.1	682.2	676.8	155.9	832.7	676.8	684.8	168.6	853.4	684.8
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	593.2	641.1	682.2	676.8	155.9	832.7	676.8	684.8	168.6	853.4	684.8
POSITIONS BY FUND: GENERAL	10.0	11.0	11.0	11.0		11.0	11.0	11.0		11.0	11.0
TOTAL POSITIONS	10.0	11.0	11.0	11.0		11.0	11.0	11.0		11.0	11.0

ACTIVITY: LAW LIBRARY OPERATIONS
 Program: MINNESOTA STATE LAW LIBRARY
 Agency: MINNESOTA SUPREME COURT

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

OBJECTIVE: To provide a reasonable, complete, up-to-date and accessible collection of well-selected legal materials for the use by all patrons; to advise and assist county law libraries; to promote the establishment of a retrievable body of Minnesota legal literature.

DESCRIPTION: The State Law Library is a legal resource center that enables its users to perform competent legal research and legal writing and obtain legal information in general American law and law-related subjects. The library serves the needs of (1) various units of the Judicial, Executive and Legislative branches (2) the legal profession (3) various units of local and metropolitan government (4) other law, public and academic libraries and (5) the general public. At two separate locations in the Capitol complex, the downtown location of the court of Appeals and at a crosstown storage site, the library offers a full range of professional library activities, including indepth research and reference help to users in the library as well as those who have telephoned for assistance. The library also operates an unautomated legal research service. In addition, the library circulates its material to and borrows material from libraries through the state and nation for its clientele.

<u>ACTIVITY STATISTICS:</u>	<u>F.Y. 86</u>	<u>F.Y. 87</u>	<u>F.Y. 88</u>	<u>F.Y. 89</u>
No. of Reference Requests	12,001	14,000	16,000	18,000
Circulation of Resources	4,652	5,500	5,700	5,900
Photocopy Requests	530	550	600	650
No. of Titles Cataloged	1,062	1,200	1,600	2,000
No. of Govt. Doc. Processed	7,120	8,240	8,500	9,000

<u>CHANGE REQUESTS:</u>	<u>F.Y. 88</u>	<u>F.Y. 89</u>	<u>TYPE</u>
Covers cost to rebuild resource, convert and automate library resources, obtain consulting services and alternate PALS options. See CHANGE REQUEST sheet following LAW LIBRARY OPERATIONS ACTIVITY JUSTIFICATION.	\$ 156.4	\$ 169.0	Activity

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: LAW LIBRARY OPERAT

PROGRAM: LAW LIB OPS

AGENCY: MINN SUPREME COURT

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	593.2	641.1	682.2	676.8	155.9	832.7	676.8	684.8	168.6	853.4	684.8
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	593.2	641.1	682.2	676.8	155.9	832.7	676.8	684.8	168.6	853.4	684.8
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	312.0	346.7	344.8	350.2		350.2	350.2	351.0		351.0	351.0
EXPENSES & CONTRAC. SERV	107.1	108.2	152.0	164.0	53.5	217.5	164.0	171.2	40.8	212.0	171.2
SUPPLIES & MATERIALS	174.1	186.2	185.4	162.6	99.4	262.0	162.6	162.6	127.8	290.4	162.6
EQUIPMENT					3.0	3.0					
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	593.2	641.1	682.2	676.8	155.9	832.7	676.8	684.8	168.6	853.4	684.8
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	593.2	641.1	682.2	676.8	155.9	832.7	676.8	684.8	168.6	853.4	684.8
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	593.2	641.1	682.2	676.8	155.9	832.7	676.8	684.8	168.6	853.4	684.8
POSITIONS BY FUND											
GENERAL	10.0	11.0	11.0	11.0		11.0	11.0	11.0		11.0	11.0
TOTAL POSITIONS	10.0	11.0	11.0	11.0		11.0	11.0	11.0		11.0	11.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: LAW LIBRARY OPERATIONS
 PROGRAM: MINNESOTA STATE LAW LIBRARY
 AGENCY: MINNESOTA SUPREME COURT

GOVERNOR'S RECOMMENDATION: .Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Minnesota Supreme Court to present its budgetary needs directly to the Legislature for consideration.

Request Title: ALTERNATE PALS OPTION				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
GENERAL FUND	\$ 13.0	-0-	\$ 9.0	-0-
Governor's Recommendation				
GENERAL FUND	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE: The agency requests funding only in the event that a separate request by 14 state agencies is not funded. The request is made to support the implementation and maintenance of an online catalog. This system will provide direct user access to the Project for Automated Library Systems (PALS) developed at Mankato State University. It will enable the law library to present its holdings to statewide users of PALS, and, vice versa, identify books owned by the Legislative Reference Library, state and community colleges.

DESCRIPTION/BACKGROUND: Under the leadership of the Department of Education, the State Government libraries submitted a report, "Improving Access to State Government Libraries: An Automation Plan", to the governor that recommends funding for the PALS online catalog system. The State Law Library is included in this plan. It is the intent of the law library to implement an online catalog system in F.Y. 88.

RATIONALE: This change request is a contingency option. The report of the state government libraries to the Governor recommends legislative funding in F.Y. 88 for full implementation of 14 libraries (including the State Law Library) on PALS. Should this proposal receive full or partial funding, the State Law Library's request can be accordingly adjusted. This will culminate efforts begun in 1978 to convert law library records to machine readable form.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: LAW LIBRARY OPERATIONS
 PROGRAM: MINNESOTA STATE
 AGENCY: MINNESOTA SUPREME COURT

RATIONALE: The Law Library has been fortunate to have knowledgeable people involved in automation and collection problem solving, making good recommendations under existing constraints. However, this is just one of many secondary responsibilities that might not get done due to fiscal constraints that have forced staff to deal with problems rarely encountered; solving them requires a great deal of time.

This request would provide the library with experts who would make critical and vital evaluations. The library cannot but benefit from having independent reviews of our current resource management policies and recommendations for meeting our short and long range automation needs.

GOVERNOR'S RECOMMENDATION: Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Minnesota Supreme Court to present its budgetary needs directly to the Legislature for consideration.

Request Title: CONSULTING SERVICES	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
GENERAL FUND	\$ 38.0	-0-	\$ 38.0	-0-
Governor's Recommendation				
GENERAL FUND	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: Yes No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE: The agency requests the above amount in order to increase the efficiency and quality of the Library's services. Two areas need expert and objective examination: (1) collection development and resource management, and (2) library automation and information technology. The goal is to amend and shape the Law Library's policies so that they reflect the perspective, flexibility and directional stability required of a state-of-the-art legal resource center.

DESCRIPTION/BACKGROUND: (1) One of the most fundamental, ongoing processes of the State Law Library is the selection and retention of resource materials. Yet, despite the importance of these functions, an assessment of the Law Library's practices and procedures for developing and managing its resources has not been critically or objectively reviewed for many years, if ever. (2) The Library has laid the foundation and taken a number of important and successful steps toward automating various library administrative and service functions. These have included the use of microcomputer applications to handle routine procedures, machine-readable cataloging in preparation for an on-line catalog, and, installation of a computer-assisted legal research service. Collection development and information technology issues have commingled in the past few years. The emphasis in libraries has begun to shift from collections to access. Users should not be limited to what the Library has, but to what it can provide. If the Library fails to keep pace with new information technology, its past investment in collections and services and its role as a legal information resource for the State will be seriously undermined.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: LAW LIBRARY OPERATIONS
 PROGRAM: MINNESOTA STATE LAW LIBRARY
 AGENCY: MINNESOTA SUPREME COURT

GOVERNOR'S RECOMMENDATION: Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Minnesota Supreme Court to present its budgetary needs directly to the Legislature for consideration.

Request Title: AUTOMATION OF RESOURCES				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
GENERAL FUND	\$ 3.0	-0-	\$ 2.6	-0-
Governor's Recommendation				
GENERAL FUND	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE: The agency requests funding for upgrading access to the uncataloged collection of the law library. Currently, approximately 11% of the library's collection is uncataloged.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 86</u>	<u>F.Y. 87</u>	<u>F.Y. 88</u>	<u>F.Y. 89</u>
Titles to be Cataloged	1,062	1,200	1,600	2,000

DESCRIPTION/BACKGROUND: The law library performs cataloging in an online environment. Automation has required the purchase of computer equipment and its maintenance. Conversion to an online catalog requires inputting of uncataloged records of books held at storage and inactive library collections. Equipment and cataloging are critical links to accessibility of materials at the law library.

RATIONALE: The request is made to cover the need to replace outmoded equipment as well as to purchase increased usage of an automated bibliographic utility (OCLC) which the library has utilized since 1978. When the project is completed, the library will provide standard patron access to nearly 100% of the materials in its collection.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: LAW LIBRARY OPERATIONS
 PROGRAM: MINNESOTA STATE LAW LIBRARY
 AGENCY: MINNESOTA SUPREME COURT

GOVERNOR'S RECOMMENDATION: Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Minnesota Supreme Court to present its budgetary needs directly to the Legislature for consideration.

Request Title: MICROCONVERSION OF HISTORICAL RESOURCES	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
GENERAL FUND	\$ 55.5	-0-	\$ 55.5	-0-
Governor's Recommendation				
GENERAL FUND	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: Yes No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE: The agency requests the above dollar amount to begin microconversion of historical legal material.

EFFECTIVENESS MEASURES: Deteriorated Volumes Converted to Microvolumes

F.Y. 88	F.Y. 89	F.Y. 90	F.Y. 91
4,000	4,000	2,000	2,000

DESCRIPTION/BACKGROUND: The State Law Library is an official depository of legal material for the State of Minnesota. The collection must include a copy of the laws, statutes, reports of every state. This is a standard recognized throughout the nation. Currently, a large percentage (over 30%) of the library's collection is in a severely deteriorated state. Even normal usage destroys the materials and it is doubtful whether they will survive another major move. The resources in the worst shape can be converted to a microfiche format. By purchasing these materials, the library can ensure it has full coverage in a format guaranteed to last over 100 years. The total amount needed to convert the historical resources is \$162.0. This is a one time cost to save the materials. Two vendors of the materials have agreed to accept payment over two bienniums. One vendor would like to be paid in two years.

RATIONALE: The State must have access to the constitutions, laws, statutes, etc. of every state. The law library's collection can be converted to microfiche thus ensuring permanent access and the ability to share these resources throughout the state. Microconversion will also dramatically decrease the storage requirements of the collection and could make the termination of the storage lease a reality.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: LAW LIBRARY OPERATIONS
 PROGRAM: MINNESOTA STATE LAW LIBRARY
 AGENCY: MINNESOTA SUPREME COURT

GOVERNOR'S RECOMMENDATION: Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Minnesota Supreme Court to present its budgetary needs directly to the Legislature for consideration.

Request Title: COLLECTION REBUILDING	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
GENERAL FUND	\$ 46.4	-0-	\$ 63.5	-0-
Governor's Recommendation				
GENERAL FUND	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: Yes No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE: The agency requests the above dollar amount to rebuild its collection of specialized resources and to acquire and maintain new materials.

RECENT BUDGET HISTORY: For the past several years, the costs for legal materials have been out of control. Although inflation is a factor, of equal importance are actions of producers of the specialized resources needed in a law library. Despite persistent and nearly unanimous buyer criticisms, publishers have consistently raised prices for updates or supplements, increased the volume of publications or revised material without advance notice, and engaged in practices that were finally controlled by guidelines promulgated by the Federal Trade Commission. The effect on libraries has been felt in the inability to observe acquisition and maintenance policies that enable balanced development of a collection. Instead, the library is compelled to reallocate funds budgeted for one resource type to another type to cover a shortfall in funds. In the past year, however, strong signs indicate the market has stabilized either because of the FTC guidelines, buyer awareness, or through a combination of both factors. With the return of the ability to plan and monitor costs, better budgetary control can be exercised; it would be appropriate to rebuild the collection at this time.

RATIONALE: This Change Request adjusts the resources budget for inflation rate and expansion of supplements and revisions by publishers. It reflects the library's plan to institute a rebuilding program for all library resources. The increase budget will also allow the library to equalize budget allocations for all materials and thereby develop collections in accordance with recognized law library standards.

ACTIVITY: COMPUTER ASSISTED LEGAL RESEARCH
 Program: MINNESOTA STATE LAW LIBRARY
 Agency: MINNESOTA SUPREME COURT

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

OBJECTIVE: To provide cost-effective computerized legal research and legal information searches to those patrons who do not have access to automated legal data.

EFFECTIVENESS MEASURES: Number of subscribers:

	<u>F.Y. 86</u>	<u>F.Y. 87</u>	<u>F.Y. 88</u>	<u>F.Y. 89</u>
(outstate/metro area)	55/42	85/70	110/95	140/115
TOTAL	97	155	205	255

DESCRIPTION: Under contract terms with a commercial publisher of legal information, the program provides access to electronically retrievable legal data through the Computer Assisted Legal Research Program (CALR). A specially trained operator formulates queries with the patron and inputs the search into the computer. The patron is billed for the time the agency is charged by the commercial publisher plus a small fee to cover administrative costs.

<u>ACTIVITY STATISTICS:</u>	<u>F.Y. 86</u>	<u>F.Y. 87</u>	<u>F.Y. 88</u>	<u>F.Y. 89</u>
Total searches	475	650	750	825
Average cost to patron of search	\$ 40.00	\$ 42.00	\$ 43.00	\$ 44.00

BUDGET REQUESTS: State funds are not requested for this activity. A Special Revenue Fund is requested to avoid cancellation of deposits at year end.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Minnesota Supreme Court to present its budgetary needs directly to the Legislature for consideration.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: COMPUTERIZED LEGAL RESEARCH

PROGRAM: COMPUTERIZED LEGAL RESEARCH

AGENCY: MINN SUPREME COURT

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	9.8	8.2	11.0	11.0		11.0	11.0	11.0		11.0	11.0
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	9.8	8.2	11.0	11.0		11.0	11.0	11.0		11.0	11.0
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	6.5										
EXPENSES & CONTRAC. SERV	7.8	8.0	10.9	10.9		10.9	10.9	10.9		10.9	10.9
SUPPLIES & MATERIALS	.1	.2	.1	.1		.1	.1	.1		.1	.1
EQUIPMENT											
OTHER EXPENSE ITEMS	4.6-										
TOTAL STATE OPERATIONS	9.8	8.2	11.0	11.0		11.0	11.0	11.0		11.0	11.0
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	9.8	8.2	11.0	11.0		11.0	11.0	11.0		11.0	11.0
TOTAL FINANCING	9.8	8.2	11.0	11.0		11.0	11.0	11.0		11.0	11.0
POSITIONS BY FUND											
TOTAL POSITIONS											

ACTIVITY: OTHER LIBRARY SERVICES
 Program: MINNESOTA STATE LAW LIBRARY
 Agency: MINNESOTA SUPREME COURT

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

OBJECTIVE: The objective of Other Library Services is to centralize the special purchasing and processing of law library materials among state agency and county law libraries in a cost effective, labor saving manner, to provide Minnesota prisoners with access to legal materials, and to ensure equal access to legal resources for all Minnesota citizens through the development of the county law library system.

EFFECTIVENESS MEASURES:	F.Y. 86	F.Y. 87	F.Y. 88	F.Y. 89
Number of libraries participating:				
County Cataloging	7	8	9	11
Briefs Subscription	10	10	11	12
Shared Documents	8	9	10	12
Titles cataloged for counties	570	700	900	1000
Briefs (sets) processed	1600	1700	1800	1900
Govt. Doc. (inc. Microfiche) processed	7100	8240	8400	8800

DESCRIPTIONS: COUNTY CATALOGING - County law libraries and other state agencies without the staff or expertise to catalog legal materials may contract with the State Law Library to provide the cataloging.

BRIEFS ON MICROFICHE - The library, in cooperation with several other libraries, participates in the preparation and distribution of the records and briefs of the Minnesota appellate courts. The microfiche format saves shelf space, binding costs, and staff time necessary to process documents.

SHARED GOVT. DOCUMENTS - Under this program, the library as a Federal government depository library, selects items on behalf of other Capitol area libraries unable to qualify as depository libraries. As documents are received free of charge, this program has resulted in considerable savings to participating libraries.

Under contract with the Department of Corrections, circuit-riding librarians provide legal information services to inmates in the five adult correctional institutions. This eliminates costly duplication of library materials.

Under the coordination of the State Law Library, a Book Purchasing Service permits county and government law libraries to acquire law books at the lowest possible prices by negotiating group discounts. The State Law Library becomes the central clearinghouse and billing agent. Purchase costs remain the obligation of the individual entities.

The State Law Library provides advice and assistance in all aspects of county law library operation and maintenance pursuant to Minn Stat. 140.47. Funding for such services as on-site consultation, training, and publication of a Bulletin is provided by county contribution.

BUDGET REQUEST: No general fund moneys are requested for these services which are supported by user fees or contributions. A separate account is maintained pursuant to M.S. 480.09.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Minnesota Supreme Court to present its budgetary needs directly to the Legislature for consideration.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: OTHER LIBRARY SERVICES

PROGRAM: OTHER LIBRARY SERVICES

AGENCY: MINN SUPREME COURT

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	22.6	33.4	78.4	88.2		88.2	88.2	94.2		94.2	94.2
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	22.6	33.4	78.4	88.2		88.2	88.2	94.2		94.2	94.2
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES			48.2	59.5		59.5	59.5	65.0		65.0	65.0
EXPENSES & CONTRAC. SERV	17.1	27.8	25.8	27.1		27.1	27.1	27.5		27.5	27.5
SUPPLIES & MATERIALS	.5	2.2	1.3	1.6		1.6	1.6	1.7		1.7	1.7
EQUIPMENT	.4	3.4	3.1								
OTHER EXPENSE ITEMS	4.6										
TOTAL STATE OPERATIONS	22.6	33.4	78.4	88.2		88.2	88.2	94.2		94.2	94.2
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	22.6	30.0	75.9	88.2		88.2	88.2	94.2		94.2	94.2
GIFTS AND DEPOSITS		3.4	2.5								
TOTAL FINANCING	22.6	33.4	78.4	88.2		88.2	88.2	94.2		94.2	94.2
POSITIONS BY FUND											
TOTAL POSITIONS											

1987-89 BIENNIAL BUDGET
PROGRAM STRUCTURE

AGENCY: COURT OF APPEALS

PROGRAM

COURT OF APPEALS

ACTIVITY

Court of Appeals

SECTION PAGE

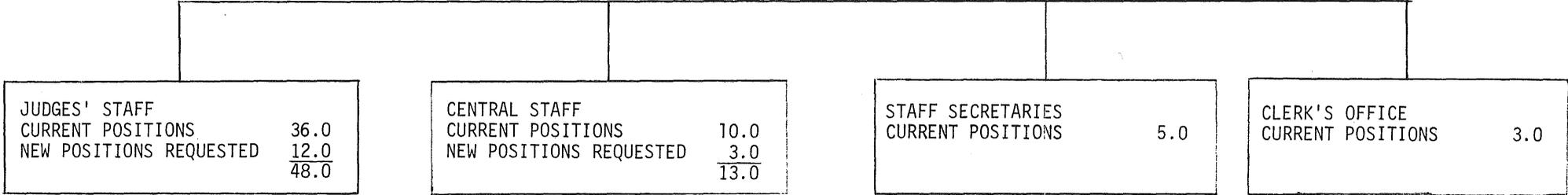
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<u>POSITION RECONCILIATION</u>		
AUTHORITY:	<u>CURRENT FY87</u>	<u>REQUESTED FOR 6-30-89</u>
LEGISLATIVE AUTHORIZED GENERAL FUND	66.0	82.0
TOTAL AUTHORIZED POSITIONS	66.0	82.0
EMPLOYEES ON 6-30-86	60.0	

COURT OF APPEALS

ORGANIZATION CHART
CURRENT AS OF 7-1-86

COURT OF APPEALS JUDGES	
CURRENT POSITIONS	12.0
NEW POSITIONS REQUESTED	4.0
	<u>16.0</u>



AGENCY: COURT OF APPEALS

1987-89 Biennial Budget

AGENCY PURPOSE: The Court of Appeals reviews all appeals from the trial courts, except first degree murder cases and legislative election contests, and from most administrative agency appeals. The court is charged with correcting error in those appealed decisions. The court hears cases at its chambers in the Amhoist Tower Building, downtown St. Paul and in each of the nine other judicial districts to provide convenient access to litigants. The court complies with the statutory mandate to dispose of cases within 90 days of hearing or submission on briefs. The court has achieved a median case processing time of 194 days from filing to dispositional order or opinion. The records of the Court of Appeals are maintained by the office of the Clerk of Appellate Courts in the State Capitol.

MAJOR POLICY ISSUES:

1. To obtain resources necessary to continue to dispose of cases within the statutorily mandated 90 days from hearing limit.
2. To develop a mechanism for identifying important cases to be expedited for identifying important cases to be expedited directly to the Supreme Court.
3. To provide an administrative structure which supports the efficient processing of cases.

EFFICIENCY MEASURES:

	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>
CASES FILED	2169	2014	2135	2263
MEDIAN TIME TO DISPOSITION	194 Days	190 Days	190 Days	190 Days

EXPLANATION OF BUDGET REQUESTS: New funding is requested to supplement the Court of Appeals research staff by 3 staff attorneys. Funding for rental increases is requested. Additional funding for four new judgeships, support staff and services is requested.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$ 70.4	\$ 73.6	\$ 64.0	\$ 74.0	\$ 74.0

<u>INDEX</u>	Agency Request 1987-89 Biennium All Funds	Governor's Recommendation 1987-89 Biennium All Funds	<u>Page</u>
Reconciliation to FY1987	\$ 6,333.3	\$ 6,333.3	
Change Requests	<u>1,783.8</u>	<u>-0-</u>	5 and 7
AGENCY TOTAL	<u>\$ 8,117.1</u>	<u>\$ 6,333.3</u>	

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Court of Appeals to present its budgetary needs directly to the Legislature for consideration.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: COURT OF APPEALS

PROGRAM: COURT OF APPEALS

AGENCY: COURT OF APPEALS

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	2,286.7	2,695.2	3,306.8	3,169.2	919.3	4,088.5	3,169.2	3,164.1	864.5	4,028.6	3,164.1
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	2,286.7	2,695.2	3,306.8	3,169.2	919.3	4,088.5	3,169.2	3,164.1	864.5	4,028.6	3,164.1
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	1,653.6	2,130.7	2,429.9	2,484.3	777.4	3,261.7	2,484.3	2,479.2	777.4	3,256.6	2,479.2
EXPENSES & CONTRAC. SERV	447.5	512.3	764.2	631.7	79.7	711.4	631.7	631.7	86.1	717.8	631.7
SUPPLIES & MATERIALS	80.3	51.0	49.5	50.0	12.8	62.8	50.0	50.0	1.0	51.0	50.0
EQUIPMENT	105.3	1.2	63.2	3.2	49.4	52.6	3.2	3.2		3.2	3.2
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	2,286.7	2,695.2	3,306.8	3,169.2	919.3	4,088.5	3,169.2	3,164.1	864.5	4,028.6	3,164.1
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	2,286.7	2,695.2	3,306.8	3,169.2	919.3	4,088.5	3,169.2	3,164.1	864.5	4,028.6	3,164.1
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	2,286.7	2,695.2	3,306.8	3,169.2	919.3	4,088.5	3,169.2	3,164.1	864.5	4,028.6	3,164.1
POSITIONS BY FUND											
GENERAL	48.0	66.0	66.0	66.0	19.0	85.0	66.0	66.0	19.0	85.0	66.0
TOTAL POSITIONS	48.0	66.0	66.0	66.0	19.0	85.0	66.0	66.0	19.0	85.0	66.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: COURT OF APPEALS
 PROGRAM: COURT OF APPEALS
 AGENCY: COURT OF APPEALS

	1985 13-State Median	1985 Minn	1985 Minn + 4 New Judges
Opinions/Judge	81	108	81
Filings/Judge	181	181	136
Dispositions/Judge	192	180	135

This chart indicates that given the preference of the legislature and the bar for written reasons for the court's decisions, additional judgeships are required to place Minnesota at the median of similarly constituted systems. The opinion writing responsibility coupled with extensive travel requirements necessitates the addition of at least four judgeships to continue to cope with its heavy workload.

RATIONALE: As noted above, appellate court judges are foregoing vacations and professional educational needs to cope with the caseload of the court. The court has stringently adhered to the goals underlying the creation of the court - to give reasons for the decision in all cases M.S. 480A.08, to hear cases in local judicial districts M.S. 480A.09 and to dispose of cases within 90 days of hearing or submission M.S. 480.A08. The burden of 100+ opinions per judge per years results in a more onerous workload than that imposed by all other similar states. The request for four additional judges and support staff places Minnesota in the middle of similar states.

Although the number of new cases filed with the Court of Appeals declined in 1986, its workload is expected to grow again beginning in 1987. Court researchers have found a direct correlation between the increase in 1) a state's trial court civil filings, new judgeships and an upturn in real personal income and 2) appellate court workload. A delay of 1-2 years occurs between the first two indicators and an increase in appellate caseloads. A delay of four years between the third indicator and appellate workload has been found.

Trial court civil filings in Minnesota increased 6% in 1985 and three additional trial court judgeships were created. Thus, beginning in 1987, an increase in appellate caseload is anticipated. Real personal income in Minnesota has risen in every year since 1982, with a substantial rise in the rate of increase in 1984 and 1985. As a result, increased Court of Appeals filings are expected in 1988 and 1989.

Only at great personal sacrifice have the Court of Appeals judges been able to deal expeditiously with the current caseload. Continued caseload growth only underscores the need for the requested additional judgeships.

The court hears cases in panels of 3 judges. In order to ease the travel schedule and hearing burden (each judge hears roughly 3 times the number of cases for which opinions are written) a panel of three judges plus a rotating backup for vacations and sick leave and to relieve the burden on the chief judge who currently carries a full caseload in addition to his extensive administrative responsibilities is requested.

Request Title:	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Request Title: ADDITIONAL JUDGESHIPS & SUPPORT				
Agency Request				
GENERAL FUND	\$770.6	16.0	\$709.4	16.0
Governor's Recommendation				
GENERAL FUND	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE: Funding is requested for four additional judgeships, support positions for each of two law clerks and a secretary, necessary space, equipment and supplies.

DESCRIPTION/BACKGROUND: M.S.480A.01 provides that "the normal number of judges of the Court of Appeals shall be one judge for every 100 cases" By statute the state court administrator is required to certify an average number of cases in January 1987. That number is estimated to be 2000+ cases, or a total of 20 judgeships. The Court of Appeals presently operates with 12 judges.

Thus far, the Court of Appeals has been able to avoid significant backlogs and to issue decisions within the statutory time limit only by maintaining a work pace that cannot be sustained. Judges have consistently worked 60-70 hour weeks. Vacations have been severely limited. When taken, judge's vacations are illusory, since the judge's panel continues to work in his or her absence and the vacationing judge remains responsible for all cases considered during the period of absence. Thus, for example, upon return from a two week vacation, a judge is faced with 1) authoring eight cases assigned in his or her absence 2) reading, conferring, and researching on sixteen further cases assigned for opinion to his or her co-panelists during his or her absence; and 3) reading and researching twelve additional cases to be considered the week of his or her return. To keep one's head "above water", the judges have given up needed continuing educational programs.

In examining the practice in 13 other states with intermediate appellate courts exercising similar jurisdiction and reporting caseload in a similar manner the following statistics are helpful.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

(Continuation)

ACTIVITY: COURT OF APPEALS

PROGRAM: COURT OF APPEALS

AGENCY: COURT OF APPEALS

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Court of Appeals to present its budgetary needs directly to the Legislature for consideration.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: COURT OF APPEALS
 PROGRAM: COURT OF APPEALS
 AGENCY: COURT OF APPEALS

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Court of Appeals to present its budgetary needs directly to the Legislature for consideration.

Request Title: STAFF ATTORNEYS/RENT				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
GENERAL FUND	\$148.7	3.0	\$155.1	3.0
Governor's Recommendation				
GENERAL FUND	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE: This request will provide funding for three additional staff attorney positions and private lease rent increases.

DESCRIPTION/BACKGROUND: The Court of Appeals has been in operation since November 1983 and has achieved a notable record for prompt disposition of cases within 190 days of filing, for issuing written opinions in argued cases, and for holding hearings in each judicial district throughout the state. The timeliness of the dispositions has required personal time sacrifices from judges and court personnel. Vacation leave and educational opportunities are sacrificed to conclude the business of the court.

RATIONALE: The research staff to filings ratio in 1985 is 1:68. That ratio imposes a research time, work required to prepare cases for interim consideration at special term and to keep track of prior court decisions. The additional of three staff attorneys would reduce the per capita research ratio to 1:56 or approximately 1.25 cases per week, approximating a more manageable workload.

AGENCY: CONTINUING LEGAL EDUCATION, BOARD OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

AGENCY PURPOSE:

Under the supervision and direction of the Supreme Court, the State Board of Continuing Legal Education accredits courses and programs which will satisfy continuing legal education requirements, discovers and encourages the offering of such courses and programs, and ensures compliance by lawyers licensed by the court.

OPERATION AND CLIENTELE:

The board monitors compliance of the 16,000+ state attorneys with the continuing legal education program requirements.

OBJECTIVES:

The objective of this agency is to ensure that attorneys continue their legal education throughout the period of their active practice of law.

<u>ACTIVITY STATISTICS:</u>	<u>F.Y. 86</u>	<u>F.Y. 87</u>	<u>F.Y. 88</u>	<u>F.Y. 89</u>
Number of attorneys monitored annually	4760	5000	5400	5750

EXPLANATION OF BUDGET REQUEST:

Funds are derived from attorney registrations; no monies are from the general fund.

GOVERNOR'S RECOMMENDATION:

The board is under the supervision and direction of the Supreme Court.

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Continuing Legal Education Board to present its budgetary needs directly to the Legislature for consideration.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: CONT LEGAL ED OPS

PROGRAM: CONT LEGAL ED OPS

AGENCY: CONTINUING LEGAL ED

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	83.0	80.7	93.7	112.9		112.9	112.9	104.5		104.5	104.5
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	83.0	80.7	93.7	112.9		112.9	112.9	104.5		104.5	104.5
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	41.1	58.6	59.0	63.7		63.7	63.7	67.8		67.8	67.8
EXPENSES & CONTRAC. SERV	35.9	20.3	31.7	38.2		38.2	38.2	33.2		33.2	33.2
SUPPLIES & MATERIALS	3.9	1.8	3.0	3.5		3.5	3.5	3.5		3.5	3.5
EQUIPMENT	2.1			7.5		7.5	7.5				
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	83.0	80.7	93.7	112.9		112.9	112.9	104.5		104.5	104.5
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	83.0	80.7	93.7	112.9		112.9	112.9	104.5		104.5	104.5
TOTAL FINANCING	83.0	80.7	93.7	112.9		112.9	112.9	104.5		104.5	104.5
POSITIONS BY FUND											
SPECIAL REVENUE	3.0	1.8	1.6	1.6		1.6	1.6	1.6		1.6	1.6
TOTAL POSITIONS	3.0	1.8	1.6	1.6		1.6	1.6	1.6		1.6	1.6

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

AGENCY PURPOSE:

Under the supervision and direction of the Supreme Court, the State Board of Law Examiners screens and tests candidates for admission to the practice of law and advises the Court of developments in the field of bar admissions.

OPERATION AND CLIENTELE:

The Board of Law Examiners screens an average of 1000 applicants for admission to the practice of law each year, administers standardized national and locally developed tests and recommends to the Supreme Court the admission of successful applicants.

OBJECTIVES:

The objective of the agency is to administer procedures and develop standards which reasonably guard against the admission to the practice of law of unqualified persons.

ACTIVITY STATISTICS:

	<u>F.Y. 86</u>	<u>F.Y. 87</u>	<u>F.Y. 88</u>	<u>F.Y. 89</u>
Number of attorneys examined	1051	960	1000	1000

EXPLANATION OF BUDGET REQUEST:

Funds are derived from attorney registration fees and admission fees; no monies are from the general fund.

GOVERNOR'S RECOMMENDATION:

The board is under the supervision and direction of the Supreme Court.

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Law Examiners Board to present its budgetary needs directly to the Legislature for consideration.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: LAW EXAM OPS

PROGRAM: LAW EXAM OPS

AGENCY: LAW EXAMINERS, BD OF

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	398.6	316.1	378.0	405.1		405.1	405.1	421.4		421.4	421.4
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	398.6	316.1	378.0	405.1		405.1	405.1	421.4		421.4	421.4
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	212.3	164.3	181.5	196.0		196.0	196.0	212.3		212.3	212.3
EXPENSES & CONTRAC. SERV	173.3	145.9	191.6	201.8		201.8	201.8	201.8		201.8	201.8
SUPPLIES & MATERIALS	6.3	5.2	4.9	5.8		5.8	5.8	5.8		5.8	5.8
EQUIPMENT	6.7	.7		1.5		1.5	1.5	1.5		1.5	1.5
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	398.6	316.1	378.0	405.1		405.1	405.1	421.4		421.4	421.4
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	398.6	316.1	378.0	405.1		405.1	405.1	421.4		421.4	421.4
TOTAL FINANCING	398.6	316.1	378.0	405.1		405.1	405.1	421.4		421.4	421.4
POSITIONS BY FUND											
SPECIAL REVENUE	6.0	5.3	5.3	5.3		5.3	5.3	5.3		5.3	5.3
TOTAL POSITIONS	6.0	5.3	5.3	5.3		5.3	5.3	5.3		5.3	5.3

AGENCY PURPOSE: Under the supervision and direction of the Supreme Court, the Lawyers Professional Responsibility Board advises lawyers about ethical questions arising from the practice of law and responds to citizens complaints about the actions of lawyers.

OPERATION AND CLIENTELE: The board receives, investigates and assists in the disposition of complaints about the 16,000 lawyers licensed to practice law in Minnesota.

OBJECTIVES: The objective of the Lawyers Professional Responsibility Board is to insure that the public is served by lawyers whose legal practices conform to the Code of Professional Responsibility adopted by the Supreme Court.

<u>ACTIVITY STATISTICS:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Complaints Filed	1224	1242	1310	1378
Complaints Closed	1258	1242	1310	1378

EXPLANATION OF BUDGET REQUEST: No general fund monies are requested as this agency is funded from attorney registrations.

GOVERNOR'S RECOMMENDATION: The board is under the supervision and direction of the Supreme Court.

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Lawyers Professional Responsibility Board to present its budgetary needs directly to the Legislature for consideration.

<u>ACTIVITY GENERATES NON-DEDICATED REVENUE</u>	<u>ACTUAL F.Y. 1985</u>	<u>ACTUAL F.Y. 1986</u>	<u>ESTIMATE F.Y. 1987</u>	<u>ESTIMATE F.Y. 1988</u>	<u>ESTIMATE F.Y. 1989</u>
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: PROF RESPON OPS

PROGRAM: PROF RESPON OPS

AGENCY: PROFSNL RESP, BD OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	685.4	839.1	933.5	1,020.7		1,020.7	1,020.7	1,085.6		1,085.6	1,085.6
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	685.4	839.1	933.5	1,020.7		1,020.7	1,020.7	1,085.6		1,085.6	1,085.6
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	523.2	656.9	719.9	811.5		811.5	811.5	876.4		876.4	876.4
EXPENSES & CONTRAC. SERV	126.6	132.1	168.6	169.7		169.7	169.7	169.7		169.7	169.7
SUPPLIES & MATERIALS	10.7	18.2	20.0	22.0		22.0	22.0	22.0		22.0	22.0
EQUIPMENT	24.9	31.9	25.0	17.5		17.5	17.5	17.5		17.5	17.5
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	685.4	839.1	933.5	1,020.7		1,020.7	1,020.7	1,085.6		1,085.6	1,085.6
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	685.4	839.1	933.5	1,020.7		1,020.7	1,020.7	1,085.6		1,085.6	1,085.6
TOTAL FINANCING	685.4	839.1	933.5	1,020.7		1,020.7	1,020.7	1,085.6		1,085.6	1,085.6
POSITIONS BY FUND											
SPECIAL REVENUE	18.0	21.6	22.1	22.1		22.1	22.1	22.1		22.1	22.1
TOTAL POSITIONS	18.0	21.6	22.1	22.1		22.1	22.1	22.1		22.1	22.1

1987-1989 BIENNIAL BUDGET
PROGRAM STRUCTURE

AGENCY: TRIAL COURTS

PROGRAMS

- TRIAL COURT JUDGES
- JUDICIAL DISTRICT ADMINISTRATORS

ACTIVITIES

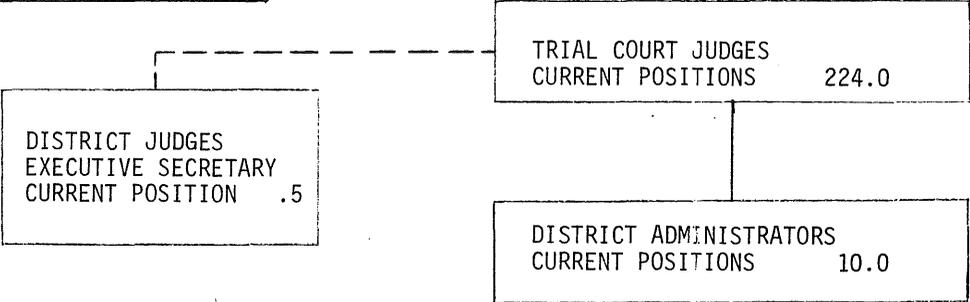
- Trial Court Judges
- Judicial District Administrators

<u>SECTION</u>	<u>PAGE</u>
8	5
	8

<u>POSITION RECONCILIATION</u>		
AUTHORITY:	<u>CURRENT FY87</u>	<u>REQUESTED FOR 6-30-89</u>
LEGISLATIVE AUTHORIZED GENERAL FUND	234.5	234.5
TOTAL AUTHORIZED POSITIONS	234.5	234.5
EMPLOYEES ON 6-30-86	231.5	

TRIAL COURTS

ORGANIZATION CHART
CURRENT AS OF 7-1-86



AGENCY PURPOSE: In order to assure a more uniform delivery of judicial services, the state has assumed the responsibility for the salaries and expenses of all trial court judges. To improve the administrative procedures of the courts and coordinate court business within a judicial district, the state funds the salaries of ten judicial administrators and the expense of providing an executive secretary for the district judges association.

OPERATION AND CLIENTELE: Judges are elected within a judicial district to hear and decide cases. They are subject to the assignment power of the Chief Judge of Chief Justice and may be assigned to hear cases in a county other than the site of their chambers as workload demands. Judges generally travel among the several counties in their judicial district to dispose of cases, or they may travel to another district to assist with the caseload. Travel costs and certain office expenses specified by statute are reimbursed by the state.

Judicial District Administrators are assigned to each of the judicial districts and work with the judges, lawyers and local court administrators to expedite the caseload and to improve court management and administrative procedures.

Trends which affect the State Court Judges and Administrators include:

1. Increasing caseload statewide and increased flexibility in using judges between courts and among districts.
2. Supreme Court Order mandating 45 hours of continuing judicial education.
3. Call of the Chief Justice of a statewide judicial conference each year pursuant to M.S. 480.18.
4. Efforts to reduce trial courts backlog and delay.

Details of the department's operation are provided on the program pages which follow.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

INDEX	Agency Request	Governor's	Page
	1987-89 Biennium All Funds	Recommendation 1987-89 Biennium All Funds	
Reconciliation to FY 1987	\$ 34,560.6	\$ 34,560.6	
Change Requests	608.0	-0-	7
AGENCY TOTAL	\$ 35,168.0	\$ 34,560.6	

AGENCY FISCAL SUMMARY - BIENNIAL BUDGET

AGENCY: DISTRICT COURTS

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY PROGRAM:											
TRIAL COURTS	14,671.1	15,544.6	16,180.8	16,716.5	304.0	17,020.5	16,716.5	16,646.2	304.0	16,950.2	16,646.2
JUD. DIST ADMINISTRATORS	623.4	575.7	568.9	598.9		598.9	598.9	599.0		599.0	599.0
TOTAL	15,294.5	16,120.3	16,749.7	17,315.4	304.0	17,619.4	17,315.4	17,245.2	304.0	17,549.2	17,245.2
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	15,294.5	16,120.3	16,749.7	17,315.4	304.0	17,619.4	17,315.4	17,245.2	304.0	17,549.2	17,245.2
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	15,294.5	16,120.3	16,749.7	17,315.4	304.0	17,619.4	17,315.4	17,245.2	304.0	17,549.2	17,245.2
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	15,294.5	16,120.3	16,749.7	17,315.4	304.0	17,619.4	17,315.4	17,245.2	304.0	17,549.2	17,245.2
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	15,294.5	16,120.3	16,749.7	17,315.4	304.0	17,619.4	17,315.4	17,245.2	304.0	17,549.2	17,245.2
POSITIONS BY FUND:											
GENERAL	233.0	236.5	234.5	234.5		234.5	234.5	234.5		234.5	234.5
TOTAL POSITIONS	233.0	236.5	234.5	234.5		234.5	234.5	234.5		234.5	234.5

PROGRAM: TRIAL COURT JUDGES
Agency: TRIAL COURTS

1987-89 Biennial Budget

PROGRAM PURPOSE: The district, county, and municipal court judges are officials elected to adjudicate legal disputes. The salaries and some expenses of these officials are paid by the state pursuant to M.S. 484.54, 487.02 M. S. 15A.083, subd. 3, and M. S. 488A.19, subd. 10, and 488A.021, subd. 8. By FY88 all judges will be district court judges through unification.

The Executive Secretary for the District Judges Association assists the district judges in fulfilling the statutory mandate of M. S. 484.33 to meet and revise the rules of practice in the district courts. The executive secretary plans for and coordinates the activities of the meetings of the district judges, keeps associational minutes, and informs judges of organizational concerns.

OPERATION: The judges hear cases and participate in the administration of local courts and the court system as a whole. Judges are required to travel to different court locations within and outside of a judicial district to dispose of court business, to attend court meetings and to participate in educational conferences.

CLIENTELE: Litigants, witnesses, jurors, law enforcement agencies, and the general citizenry are affected by the manner in which a judge exercises his responsibility. In 1985, approximately 2,000,000 cases were litigated in the courts of the state.

EXPLANATION OF BUDGET REQUESTS: Funds are requested for salaries of trial court judges and district administrators, the services of retired judges, for the annual judicial conference called by the Chief Justice pursuant to M. S. 480.18 e, educational expenses and for expenses authorized by statute. Restoration of travel to the FY86 level is requested. Retired judge funding equal to the difference between the actual number of judgeships authorized and the weighted caseload indication of need is requested. Reimbursement of \$100 professional association dues is included in this request. Continued funding for the executive secretary of the District Judges Association is requested.

GOVERNOR'S RECOMMENDATION: The Trial Courts are subject to the budgetary supervision of the Supreme Court.

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Trial Courts to present its budgetary needs directly to the Legislature for consideration.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: TRIAL COURT JUDGES

PROGRAM: TRIAL COURTS

AGENCY: DISTRICT COURTS

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	14,671.1	15,544.6	16,180.8	16,716.5	304.0	17,020.5	16,716.5	16,646.2	304.0	16,950.2	16,646.2
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	14,671.1	15,544.6	16,180.8	16,716.5	304.0	17,020.5	16,716.5	16,646.2	304.0	16,950.2	16,646.2
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	14,042.9	14,941.8	15,581.3	16,116.7	199.6	16,316.3	16,116.7	16,046.4	199.6	16,246.0	16,046.4
EXPENSES & CONTRAC. SERV	612.6	590.0	589.0	589.3	104.4	693.7	589.3	589.3	104.4	693.7	589.3
SUPPLIES & MATERIALS	15.6	12.8	10.5	10.5		10.5	10.5	10.5		10.5	10.5
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	14,671.1	15,544.6	16,180.8	16,716.5	304.0	17,020.5	16,716.5	16,646.2	304.0	16,950.2	16,646.2
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	14,671.1	15,544.6	16,180.8	16,716.5	304.0	17,020.5	16,716.5	16,646.2	304.0	16,950.2	16,646.2
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	14,671.1	15,544.6	16,180.8	16,716.5	304.0	17,020.5	16,716.5	16,646.2	304.0	16,950.2	16,646.2
POSITIONS BY FUND											
GENERAL	221.0	224.5	224.5	224.5		224.5	224.5	224.5		224.5	224.5
TOTAL POSITIONS	221.0	224.5	224.5	224.5		224.5	224.5	224.5		224.5	224.5

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY:

PROGRAM: TRIAL COURT JUDGES

AGENCY: TRIAL COURTS

	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Request Title: EDUCATION AND RETIRED JUDGE FUNDING				
Agency Request				
GENERAL FUND	\$304.0	-0-	\$304.0	-0-
Governor's Recommendation				
GENERAL FUND	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

in court management and trial management skills. These activities were severely curtailed with the FY86-87 budget cuts. Restoration of the FY87 funding is requested.

GOVERNOR'S RECOMMENDATION: Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Trial Courts to present its budgetary needs directly to the Legislature for consideration.

STATEMENT OF REQUEST/OBJECTIVES: This request will provide funding for continuing education for judges and the equivalent of 6 additional FTE judges in retired judge per diem.

DESCRIPTION/BACKGROUND: The Supreme Court has the authority to assign retired judges to assist courts with the workload. The Court has used the weighted caseload study to guide its assignments. At present the weighted caseload indicates a need for 13 additional judges in districts 1, 4, 7, and 10.

Continuing judicial education has been recognized as a necessary part of maintaining professional competency. In order to meet the budget reduction of FY86-87 continuing judicial education was curtailed.

RATIONALE: In order to reduce court delay and backlog retired judges are used as a cost effective means of supplementing judicial resources. Retired judges are paid the salary of an active judge less the amount of the retirement annuity. The state pays no fringe benefits. Local courts have the flexibility to schedule retired judges as they are most needed. In some districts where judicial resources have been chronically short, retired judges have become a critical addition to the active judge complement in order to manage the calendar.

The Supreme Court mandated that the lawyers and judges maintain their professional competency by attending courses on continuing legal education. These include courses

PROGRAM PURPOSE: The judicial district administrator positions are established by M. S. 484.86. The duties of the administrator include:

- (a) As the chief executive officer of the district, assisting the chief judge in the performance of his or her administrative duties;
- (b) Managing the general administrative affairs of the courts of the judicial districts;
- (c) Supervising the local court administrators and other support personnel, except court reporters, who serve in the courts of the judicial district;
- (d) Working with the state court administrator in identifying administrative problems and issues and developing, where appropriate, uniform policies and procedures to improve the management of the state judicial system.
- (e) Complying with the requests of the state court administrator for statistical or other information relating to the courts of the judicial district; and
- (e) Performing any additional duties that are assigned to him by law or by the rules of the court.

OPERATION: The administrators supervise the local court administrators, coordinate the calendars of courts in a district to expedite the caseload, implement programs to standardize court records and procedures, plan for improvement in the courts of the districts and act as liaison with county officials and the public to obtain support for the court.

CLIENTELE: Each administrator works with all the judges, local court personnel, and members of the trial bar in a judicial district. The efforts of the administrator affect the operations of the court and have a direct impact on witnesses, jurors and litigants. The administrators also work collectively to recommend and implement statewide improvements to the judicial system.

EXPLANATION OF BUDGET REQUEST: Funding for salaries of the district administrators is included in this request.

GOVERNOR'S RECOMMENDATION: Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Trial Courts to present its budgetary needs directly to the Legislature for consideration.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: JUD. DIST ADMINISTRATORS

PROGRAM: JUD. DIST ADMINISTRATORS

AGENCY: DISTRICT COURTS

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	623.4	575.7	568.9	598.9		598.9	598.9	599.0		599.0	599.0
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	623.4	575.7	568.9	598.9		598.9	598.9	599.0		599.0	599.0
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	587.4	553.3	568.9	598.9		598.9	598.9	599.0		599.0	599.0
EXPENSES & CONTRAC. SERV	33.6	18.7									
SUPPLIES & MATERIALS	2.4	3.7									
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	623.4	575.7	568.9	598.9		598.9	598.9	599.0		599.0	599.0
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	623.4	575.7	568.9	598.9		598.9	598.9	599.0		599.0	599.0
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	623.4	575.7	568.9	598.9		598.9	598.9	599.0		599.0	599.0
POSITIONS BY FUND											
GENERAL	12.0	12.0	10.0	10.0		10.0	10.0	10.0		10.0	10.0
TOTAL POSITIONS	12.0	12.0	10.0	10.0		10.0	10.0	10.0		10.0	10.0

AGENCY: JUDICIAL STANDARDS, BOARD OF

1987-89 Biennial Budget

AGENCY PURPOSE:

As provided by M.S. 490.16 and the rules issued by the Minnesota Supreme Court, the Board on Judicial Standards receives complaints against judges. It then investigates, holds hearings, and may make recommendations to the Supreme Court. It may recommend the retirement of a judge for disability or the censure or removal of a judge for: 1) action or inaction that may constitute persistent failure to perform duties; 2) habitual intemperance; or 3) conduct prejudicial to the administration of justice that brings the judicial office into disrepute.

OPERATION AND CLIENTELE:

The Board on Judicial Standards consists of 10 members including 4 judges, 2 attorneys and 4 citizens who ordinarily meet monthly and consider complaints received from the public concerning judges. The Executive Secretary performs director duties and also screens, investigates and summarizes the complaints. The board may dispose of, investigate or otherwise act upon complaints in accordance with its rules.

ACTIVITY STATISTICS:

	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Complaints Received	104	135	150	160	170
Complaints Closed	113	118	130	150	160
Investigations-full scale	5	2	7	10	12
Reprimands & Admonishments	2	3	5	10	12
Formal Complaints Filed	0	0	2	2	2
Hearings	0	0	1	2	2
Settlement by Stipulation	1	0	2	0	0
Public Reprimand	1	0	2	2	2
Lost Jurisdiction-no longer judge	0	1			
Removal	0	0			

OPTIONAL TOPICS:

The board's objectives are 1) to improve the administration of justice and make it more effective; 2) to investigate, consider, dispose of, and otherwise act promptly upon complaints against judges; 3) to maintain the credibility with the public and the judges; 4) to secure more useful and effective administration of the Board on Judicial Standards within the scope of its present jurisdiction. It is believed that the work of the board is fostering improvements in judicial conduct and performance. It is also believed that the public is more aware of the purpose of the Board on Judicial Standards and of its right to lodge complaints against judges.

EXPLANATION OF BUDGET REQUEST:

This request has been developed on the basis of maintaining the operation and request-funding comparable to that provided during the 1986-87 biennium.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

<u>INDEX</u>	Agency Request 1987-89 Biennium All Funds	Governor's Recommendation 1987-89 Biennium All Funds	Page
Reconciliation to F.Y. 1987	\$ 309.5	\$ 309.5	
Change Requests	-0-	-0-	
AGENCY TOTAL	\$=====309.5	\$=====309.5	

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Judicial Standards Board to present its budgetary needs directly to the Legislature for consideration.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: JUD STAN OPS

PROGRAM: JUD STAN OPS

AGENCY: JUDICIAL STDS, BD OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	133.4	107.4	186.9	154.8		154.8	154.8	154.7		154.7	154.7
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	133.4	107.4	186.9	154.8		154.8	154.8	154.7		154.7	154.7
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	67.9	83.4	87.5	88.5		88.5	88.5	88.4		88.4	88.4
EXPENSES & CONTRAC. SERV	56.3	23.1	97.4	64.3		64.3	64.3	64.3		64.3	64.3
SUPPLIES & MATERIALS	1.4	.9	2.0	2.0		2.0	2.0	2.0		2.0	2.0
EQUIPMENT	7.8										
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	133.4	107.4	186.9	154.8		154.8	154.8	154.7		154.7	154.7
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	133.4	107.4	186.9	154.8		154.8	154.8	154.7		154.7	154.7
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	133.4	107.4	186.9	154.8		154.8	154.8	154.7		154.7	154.7
POSITIONS BY FUND											
GENERAL	2.0	2.0	2.0	2.0		2.0	2.0	2.0		2.0	2.0
TOTAL POSITIONS	2.0	2.0	2.0	2.0		2.0	2.0	2.0		2.0	2.0

1987-89 BIENNIAL BUDGET
PROGRAM STRUCTURE

AGENCY: PUBLIC DEFENDER

Section

Page

PROGRAM

ACTIVITIES

PUBLIC DEFENDER

Public Defender Operations

10

5

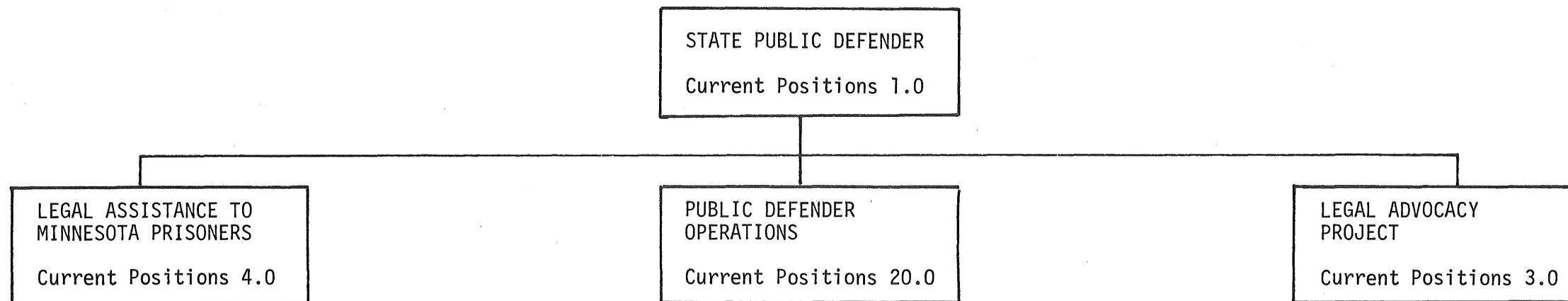
LAMP - Legal Assistance to Minnesota Prisoners

8

LAP - Legal Advocacy Project

10

MINNESOTA PUBLIC DEFENDER



AGENCY PURPOSE: As part of the judicial branch of government, the office of the Minnesota Public Defender was created to fulfill the requirements of the United States and Minnesota constitutions, statutes and laws which mandate the assurance of legal services to indigent individuals. Areas of service include: 1) criminal cases on appeal to the Minnesota Supreme Court and Court of Appeals; 2) post-conviction proceedings in the district courts throughout the state; 3) parole revocation proceedings; 4) civil legal problems; and 5) prison disciplinary proceedings. In addition, assistance, educational training and information regarding changes in the law are provided to state and district public defenders; and inquiries from clients, potential clients and persons on their behalf are answered.

OPERATION AND CLIENTELE: The Public Defender and supporting staff screen and process all requests for legal services and information from indigent persons who are accused of or convicted of a crime. In appeal or post-conviction review cases, these services include obtaining the court records, interviewing the client, and providing a preliminary determination as to the merit of the request. Further legal proceedings are discouraged where there is a lack of legal merit in a particular case. No more than 25% of those who are sentenced to prison request that their convictions be reviewed and about half of those individuals do not seek judicial review of their cases based on the agency's evaluation and opinion as to the lack of merit in their cases. Because of thorough review and handling of criminal cases in our state courts, only a handful of defendants seek federal court review as distinguished from the large quantity in other states. (In 1983, only 30 Minnesota cases were filed in federal court as distinguished from 8,402 for all states including 88 for Wisconsin and 57 for Iowa.)

The Public Defender and supporting staff in the Legal Assistance to Minnesota Prisoners activity screen and process all requests for legal assistance and represent persons in custody in a wide variety of civil legal problems. They handle only those cases which, in the judgment of the attorneys, have legal merit and which may need attending to while the clients are in prison.

The Public Defender and supporting staff in the Legal Advocacy Project provide representation in prison disciplinary hearings for inmates who are charged with violating institutional regulations.

The Public Defender's range of services includes:

1. Preparation of appellate briefs and oral arguments to the Minnesota Appellate Courts.
2. Preparation of post-conviction petitions and representation at hearings thereon in the district courts.
3. Preparation for and representation at probable cause and dispositional hearings before the Department of Corrections personnel relative to potential parole revocations.
4. Preparation for and representation of inmates at prison disciplinary hearings.
5. Screening requests for legal assistance and representing persons in custody with a variety of civil legal problems.

6. Supervision of law students who assist in the agency's work in a clinical education setting, involving more than 100 students each year.
7. Annual Joint Trial Advocacy College for prosecuting and defense attorneys, which is sponsored and administered by the Attorney General, the Minnesota County Attorneys Association and the State Public Defender.
8. Conducting an annual criminal justice course for 650 or more defense counsel, prosecutors, police, judges and law students.

The overall caseload of the agency is expected to remain at least what it is presently and may increase by 10% a year due to increased sentences and a somewhat more demanding clientele.

OBJECTIVE: To provide criminal and juvenile defense services to indigent individuals so that a high quality, independent defense system may be maintained for those who are unable otherwise to obtain adequate legal representation.

EXPLANATION OF BUDGET REQUEST: The Public Defender is requesting the SAME level of funding for F.Y. 1988 and 1989 with an addition sum of \$30,000 for 1988 for the purpose of computer networking through the purchase of hardware and software to provide multiple work stations' accessibility to necessary work information. In the long run, this expenditure should reduce the need for added personnel costs.

<u>INDEX</u>	<u>Agency Request 1987-89 Biennium All Funds</u>	<u>Governor's Recommendation All Funds</u>	<u>Page</u>
Reconciliation of F.Y. 1987 to SAME Level	\$ 2,924.1	\$ 2,924.1	
Change Requests	30.0	-0-	7
 AGENCY TOTAL	 \$ 2,954.1	 \$ 2,924.1	

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Office of the Public Defender to present its budgetary needs directly to the Legislature for consideration.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: PUB DEF OPERATIONS

AGENCY: PUBLIC DEFENDER

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
PUB DEF OPERATIONS	831.4	933.0	1,105.2	1,133.0	30.0	1,163.0	1,133.0	1,142.0		1,132.0	1,142.0
PUB DEF LAMP	156.5	183.7	201.3	202.0		202.0	202.0	201.7		201.7	201.7
PUB DEF L.A.P.	94.6	109.9	122.4	122.8		122.8	122.8	122.6		122.6	122.6
TOTAL	1,082.5	1,226.6	1,428.9	1,457.8	30.0	1,487.8	1,457.8	1,466.3		1,456.3	1,466.3
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,082.5	1,226.6	1,428.9	1,457.8	30.0	1,487.8	1,457.8	1,466.3		1,456.3	1,466.3
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	1,082.5	1,226.6	1,428.9	1,457.8	30.0	1,487.8	1,457.8	1,466.3		1,456.3	1,466.3
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	1,082.5	1,226.6	1,428.9	1,457.8	30.0	1,487.8	1,457.8	1,466.3		1,456.3	1,466.3
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	1,082.5	1,226.6	1,428.9	1,457.8	30.0	1,487.8	1,457.8	1,466.3		1,456.3	1,466.3
POSITIONS BY FUND:											
GENERAL	25.0	28.0	28.0	28.0		28.0	28.0	28.0		28.0	28.0
TOTAL POSITIONS	25.0	28.0	28.0	28.0		28.0	28.0	28.0		28.0	28.0

ACTIVITY: PUBLIC DEFENDER OPERATIONS
 Program: PUBLIC DEFENDER
 Agency: PUBLIC DEFENDER

1987-89 Biennial Budget

OBJECTIVE:

The goals of the Minnesota Public Defender are to respond promptly to all requests from or in behalf of indigent persons for judicial review or other legal assistance relating to criminal cases including appeals, post-conviction proceedings, and parole revocation proceedings; to give quality legal advice to clients as to the merit or lack of merit of their cases and thereby eliminate further legal proceedings where there is a lack of merit; and to promptly deliver quality legal services when clients decide to proceed.

EFFECTIVENESS MEASURES:

Files picked up by an attorney within 30 days after case is ready for brief writing. This insures prompt service and compliance with court time requirements without need for excess personnel.

DESCRIPTION:

The Minnesota Public Defender, as required by the United States and Minnesota constitutions, statutes and law, provides legal services in criminal cases for indigent clients including: 1) requests to appeal their convictions, including sentences, to the Minnesota Supreme Court and Court of Appeals; 2) requests for review of their convictions, including sentences by post-conviction proceedings in the district courts throughout the state when the time to appeal has expired or when facts not in the trial court record must be obtained by testimony; and 3) requests for representation in parole revocation proceedings before personnel of the Department of Corrections relative to claimed parole violations

CHANGE REQUESTS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Computer Networking	\$ 30.0	-0-

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

<u>ACTIVITY STATISTICS:</u>	<u>F.Y. 1982</u>	<u>F.Y. 1983</u>	<u>F.Y. 1984</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>
Criminal Appeals Filed	161	201	190	313	212*
Criminal Appeals Dis- missed (At Agency Request)	106	99	87	60	58
Appellate Briefs Filed	62**	175***	111	238	158****
Post-conviction Peti- tions Prepared in Cases Decided by District Courts	544*****	24	34	44	37
Responses to Written Inquiries	367	486	590	219	194
Parole Revocation Hearings	416	408	479	393	378

*Does not include 84 petitions to the supreme court for review.
 **This figure represents appeals in which decisions have been received; the actual number of briefs prepared during F.Y. 1982 is 82 plus 66 Minnesota Sentencing Guidelines appeal briefs or a total of 148 appellate briefs prepared.
 ***This figure includes 72 appellate briefs filed on resentencing appeals.
 ****This figure does not include 84 petitions to the supreme court for review.
 *****This figure includes 536 petitions for retroactive applications of the Minnesota Sentencing Guidelines, which were submitted to and decided by the district courts throughout the state.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: PUB DEF OPERATIONS

PROGRAM: PUB DEF OPERATIONS

AGENCY: PUBLIC DEFENDER

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	831.4	933.0	1,105.2	1,133.0	30.0	1,163.0	1,133.0	1,142.0		1,132.0	1,142.0
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	831.4	933.0	1,105.2	1,133.0	30.0	1,163.0	1,133.0	1,142.0		1,132.0	1,142.0
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	562.0	673.5	786.9	814.7		814.7	814.7	823.7		813.7	823.7
EXPENSES & CONTRAC. SERV	111.0	123.3	187.2	187.2		187.2	187.2	187.2		187.2	187.2
SUPPLIES & MATERIALS	158.4	134.0	131.1	131.1		131.1	131.1	131.1		131.1	131.1
EQUIPMENT		2.2			30.0	30.0					
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	831.4	933.0	1,105.2	1,133.0	30.0	1,163.0	1,133.0	1,142.0		1,132.0	1,142.0
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	831.4	933.0	1,105.2	1,133.0	30.0	1,163.0	1,133.0	1,142.0		1,132.0	1,142.0
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	831.4	933.0	1,105.2	1,133.0	30.0	1,163.0	1,133.0	1,142.0		1,132.0	1,142.0
POSITIONS BY FUND											
GENERAL	18.0	21.0	21.0	21.0		21.0	21.0	21.0		21.0	21.0
TOTAL POSITIONS	18.0	21.0	21.0	21.0		21.0	21.0	21.0		21.0	21.0

CHANGE REQUEST

1987-89 Biennial Budget

 Agency Program Activity

ACTIVITY: PUBLIC DEFENDER OPERATIONS

PROGRAM: PUBLIC DEFENDER

AGENCY: PUBLIC DEFENDER

Request Title: COMPUTER NETWORKING				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 30.0	-0-	\$ -0-	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The Public Defender is requesting funds of \$30,000 for F.Y. 1988 for the purpose of computer networking through the purchase of hardware and software to provide multiple work stations' accessibility to necessary work information.

DESCRIPTION/BACKGROUND:

The Public Defender needs necessary software and hardware for its central computer (server computer) and individual computers in order to implement an information management system so that necessary client and case data contained in the central computer can be made accessible to the staff at their individual work stations.

RATIONALE:

In the long run, this expenditure should reduce the need for added personnel costs.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Office of the Public Defender to present its budgetary needs directly to the Legislature for consideration.

ACTIVITY: LEGAL ASSISTANCE TO MINNESOTA PRISONERS
 Program: PUBLIC DEFENDER
 Agency: PUBLIC DEFENDER

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVE:

The goals of the Legal Assistance to Minnesota Prisoners activity are to respond promptly to all requests from or on behalf of inmates for legal assistance relating to civil legal problems; to give quality legal advice and representation to clients and thereby resolve problems by mutual agreement of the parties concerned without court action when this is not necessary or appropriate; and to deliver prompt, quality legal service in litigation matters that cannot be satisfactorily resolved by mutual agreement.

EFFECTIVENESS MEASURES:

The waiting list is taken care of approximately every 4 months (the beginning of each of three school terms).

DESCRIPTION:

The Minnesota Public Defender, with the assistance of supervised law students in a clinical education setting, screens requests for civil legal assistance and represents persons in custody with a wide variety of civil legal problems which, in the judgment of the attorneys, have legal merit and which may need attending to while the clients are in prison, thereby fulfilling the requirements of the United States and Minnesota constitutions, statutes and law.

<u>ACTIVITY STATISTICS:</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>
No. of Clients Interviewed	294	286
No. of Legal Problems from Clients Interviewed	373	338
Clients Whose Matters Were Closed During Fiscal Year	248	385
Open Files Being Worked on at Beginning of Fiscal Year	300	338
Miscellaneous Inquiries	72	83

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: PUB DEF LAMP

PROGRAM: PUB DEF OPERATIONS

AGENCY: PUBLIC DEFENDER

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	156.5	183.7	201.3	202.0		202.0	202.0	201.7		201.7	201.7
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	156.5	183.7	201.3	202.0		202.0	202.0	201.7		201.7	201.7
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	145.6	169.7	176.6	177.3		177.3	177.3	177.0		177.0	177.0
EXPENSES & CONTRAC. SERV	10.9	11.6	20.6	20.6		20.6	20.6	20.6		20.6	20.6
SUPPLIES & MATERIALS		2.4	2.9	2.9		2.9	2.9	2.9		2.9	2.9
EQUIPMENT			1.2	1.2		1.2	1.2	1.2		1.2	1.2
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	156.5	183.7	201.3	202.0		202.0	202.0	201.7		201.7	201.7
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	156.5	183.7	201.3	202.0		202.0	202.0	201.7		201.7	201.7
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	156.5	183.7	201.3	202.0		202.0	202.0	201.7		201.7	201.7
POSITIONS BY FUND											
GENERAL	4.0	4.0	4.0	4.0		4.0	4.0	4.0		4.0	4.0
TOTAL POSITIONS	4.0	4.0	4.0	4.0		4.0	4.0	4.0		4.0	4.0

ACTIVITY: LEGAL ADVOCACY PROJECT
 Program: PUBLIC DEFENDER
 Agency: PUBLIC DEFENDER

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVE:

The goals of the Legal Advocacy Project are to respond promptly to all requests from or on behalf of inmates for assistance relating to prison disciplinary charges; to give quality legal advice and representation of clients and thereby eliminate formal disciplinary hearings which are not necessary to protect the client's interests and to provide quality representation at the formal disciplinary hearings which are held

EFFECTIVENESS MEASURES:

Cases are picked up as they occur.

DESCRIPTION:

The Minnesota Public Defender, with the assistance of supervised University of Minnesota undergraduate students enrolled in the paralegal advocacy program, provides representation in prison disciplinary hearings for inmates who are charged with violating institutional regulations, thereby fulfilling the requirements of the United States and Minnesota constitutions, statutes and law.

<u>ACTIVITY STATISTICS:</u>	<u>F.Y. 1984</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>
Disciplinary Cases Completed	1,327	1,711	1,749
Not Guilty or Charge Dismissed	154	167	180
Guilty, Accused Rec'd Suspended or Concurrent Sentence	442	512	471
Guilty, Accused Rec'd Minimum Established Sentence	590	742	788
Guilty, Accused Rec'd Greater than Minimum Sentence	141	290	310

The high quality representation by the staff continues to achieve either not guilty verdicts, dismissals or guilty, but with suspended or concurrent sentences in a substantial number of cases, and to resolve matters through mutual agreement whenever it is appropriate.

The overall caseload of the Legal Advocacy Project is expected to remain at least at its present level and may increase due to increased sentences and a somewhat more demanding clientele.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: PUB DEF L.A.P.

PROGRAM: PUB DEF OPERATIONS

AGENCY: PUBLIC DEFENDER

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	94.6	109.9	122.4	122.8		122.8	122.8	122.6		122.6	122.6
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	94.6	109.9	122.4	122.8		122.8	122.8	122.6		122.6	122.6
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	84.8	100.0	107.5	107.9		107.9	107.9	107.7		107.7	107.7
EXPENSES & CONTRAC. SERV	8.4	8.3	13.3	13.3		13.3	13.3	13.3		13.3	13.3
SUPPLIES & MATERIALS	1.4	1.6	1.6	1.6		1.6	1.6	1.6		1.6	1.6
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	94.6	109.9	122.4	122.8		122.8	122.8	122.6		122.6	122.6
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	94.6	109.9	122.4	122.8		122.8	122.8	122.6		122.6	122.6
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	94.6	109.9	122.4	122.8		122.8	122.8	122.6		122.6	122.6
POSITIONS BY FUND											
GENERAL	3.0	3.0	3.0	3.0		3.0	3.0	3.0		3.0	3.0
TOTAL POSITIONS	3.0	3.0	3.0	3.0		3.0	3.0	3.0		3.0	3.0

AGENCY: PUBLIC DEFENSE, BOARD OF

1987-89 Biennial Budget

AGENCY PURPOSE:

The Board of Public Defense was created by M.S. 611.215 as part of the Judicial Branch of government with the following duties:

- 1) To appoint the district public defenders after receiving recommendations from the judges of the judicial districts and to determine their budgets.
- 2) To serve as a monitor for legislatively appropriated funds to the legal defense corporations designated by statute pursuant to M.S. 611.216 - Neighborhood Justice Center, Legal Rights Center, Indian Legal Assistance Program, White Earth Reservation Criminal and Juvenile Defense Corporation, and Leech Lake Reservation Criminal and Juvenile Defense Corporation. The amount of the grants is determined by legislative appropriations for each corporation, and each must provide 10% matching funds.
- 3) To appoint the State Public Defender.

Members of the board are appointed by the supreme court and are to demonstrate an interest in maintaining a high quality, independent defense system for those who are unable to obtain adequate representation.

OPERATION AND CLIENTELE:

In F.Y. 1986, the board met many times, including meetings in each of the applicable six judicial districts throughout the state, for the following purposes: to appoint the district public defenders in those districts where the terms had expired and to determine their budgets; and to review and release funds to the legal services corporations.

The legal services corporations provide criminal and juvenile defense systems to indigent individuals. Neighborhood Justice Center (N.J.C.) serves primarily Ramsey County; Legal Rights Center, Inc. (L.R.C.) serves Hennepin County; Indian Legal Assistance in Duluth (I.L.A.) serves Indian people in northeastern Minnesota; White Earth Reservation Criminal and Juvenile Defense Corporation (W.E.) serves Mahnomen, Becker and Clearwater counties; and Leech Lake Reservation Criminal and Juvenile Defense Corporation (L.L.) serves Cass, Itasca, Hubbard and Beltrami counties.

OBJECTIVE:

To provide criminal and juvenile defense services to indigent individuals so that a high quality, independent defense system may be maintained for those who are unable to obtain adequate representation.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

ACTIVITY STATISTICS:

	F.Y. 1985	F.Y. 1986
Cases Closed:		
Indian Legal	740	795
Leech Lake	180	192
Legal Rights	986	661
Neighborhood Justice	550	568
White Earth	526	455

EXPLANATION OF BUDGET REQUEST:

The Board of Public Defense is requesting the SAME level of funding for F.Y. 1988 and 1989 with an additional sum of \$15,600 for F.Y. 1988, and an additional sum of \$16,923 for F.Y. 1989 to be distributed to the Legal Services Corporations as deemed appropriate by the board. Justification of this change request is based on expected funding received from other sources and increased costs of 3% each year.

In addition, the Board of Public Defense is requesting the additional sum of \$1,671,148 for F.Y. 1988 and \$1,671,148 for F.Y. 1989 to fund approximately 50% of the total local Public Defender System costs which are now paid entirely by the county property taxes. Presently, counties with high levels of poverty have concurrent high levels of property tax expenditures for public defender services. Provision of public defender services is a constitutionally mandated service for which the counties have no control. Further justification of this change request is that it is consistent with state policy of funding significant portions of court services such as judges' salaries and district court administrator salaries.

The SAME level will be budgeted each year for the Legal Services Corporations as follows:

Neighborhood Justice	SAME Level
Legal Rights	\$ 149.9
Indian Legal	79.8
White Earth	144.5
Leech Lake	72.3
	<u>72.3</u>
	\$ 518.8/year

Board Expenditures:

Per Diem, Food, Travel & Lodging	\$ 3.0
Consultant Services (Statistical/Fiscal Analysis)	2.5
Payroll	24.2
	<u>29.7</u>

AGENCY: PUBLIC DEFENSE, BOARD OF
(Continuation)

1987-89 Biennial Budget

<u>INDEX</u>	<u>Agency Request 1987-89 Biennium All Funds</u>	<u>Governor's Recommendation All Funds</u>	<u>Page</u>
SAME Level Request	\$ 1,097.0	\$ 1,097.0	
CHANGE Requests:			
Legal Service Corporations	32.5	-0-	4
50% Funding for District Public Defenders	3,342.3	-0-	5
AGENCY TOTAL	\$ 4,471.8	\$ 1,097.0	

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between the separate branches of government, the Governor respectfully acknowledges the right of the Board of Public Defense to present its budgetary needs directly to the legislature for consideration.

The Governor recommends that the Board of Public Defense examine the funding for legal service corporation grants in light of each county's responsibility to provide Public Defender services to its residents.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: BD OF PUBLIC DEFENSE

PROGRAM: BD OF PUBLIC DEFENSE

AGENCY: BD OF PUBLIC DEFENSE

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	8.9	21.4	29.6	29.7		29.7	29.7	29.7		29.7	29.7
LOCAL ASSISTANCE	484.5	477.9	518.8	518.8	1,686.8	2,205.6	518.8	518.8	1,688.0	2,206.8	518.8
AIDS TO INDS.											
TOTAL EXPENDITURES	493.4	499.3	548.4	548.5	1,686.8	2,235.3	548.5	548.5	1,688.0	2,236.5	548.5
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	7.6	16.5	28.1	28.2		28.2	28.2	28.2		28.2	28.2
EXPENSES & CONTRAC. SERV	1.3	4.9	1.5	1.5		1.5	1.5	1.5		1.5	1.5
SUPPLIES & MATERIALS											
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	8.9	21.4	29.6	29.7		29.7	29.7	29.7		29.7	29.7
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	493.4	499.3	548.4	548.5	1,686.8	2,235.3	548.5	548.5	1,688.0	2,236.5	548.5
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	493.4	499.3	548.4	548.5	1,686.8	2,235.3	548.5	548.5	1,688.0	2,236.5	548.5
POSITIONS BY FUND											
GENERAL		1.0	1.0	1.0		1.0	1.0	1.0		1.0	1.0
TOTAL POSITIONS		1.0	1.0	1.0		1.0	1.0	1.0		1.0	1.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: LEGAL SERVICES CORPORATIONS

PROGRAM: PUBLIC DEFENSE, BOARD OF

AGENCY: PUBLIC DEFENSE, BOARD OF

The Governor recommends that the Board of Public Defense examine the funding for legal service corporation grants in light of each county's responsibility to provide Public Defender services to its residents.

Request Title:	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Request Title: INCREASED COSTS FOR LEGAL SERVICES CORPORATIONS				
Agency Request				
General Fund	\$ 15.6	-0-	\$ 16.9	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the funds for increased costs for the Legal Services Corporations in order to continue to provide criminal and juvenile defense services to individuals.

DESCRIPTION/BACKGROUND:

Change request for additional funding for the Legal Services Corporations based on expected continued level of funding from other sources and for increased costs of 3% per year.

RATIONALE:

The change request of \$15,600 for F.Y. 1988 and \$16,923 for F.Y. 1989 is for increased costs for all Legal Services Corporations and will enable the corporations to continue their services to individuals in the community.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between the separate branches of government, the Governor respectfully acknowledges the right of the Board of Public Defense to present its budgetary needs directly to the legislature for consideration.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: DISTRICT PUBLIC DEFENDERS
 PROGRAM: PUBLIC DEFENSE, BOARD OF
 AGENCY: PUBLIC DEFENSE, BOARD OF

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Board of Public Defense to present its budgetary needs directly to the Legislature for consideration.

The Governor recommends that the Board of Public Defense examine the funding for legal service corporation grants in light of each county's responsibility to provide Public Defender Services to its residents.

Request Title: 50% FUNDING REQUEST FOR DISTRICT PUBLIC DEFENDER SYSTEM.				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$1,671.2	-0-	\$1,671.1	-0-
Governor's Recommendation				
General Fund	-0-	-0-	-0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the funds to support approximately 50% of the total local Public Defender System costs, which are currently funded 100% by local property taxes.

DESCRIPTION/BACKGROUND:

Present funding of the local Public Defender System is by property taxes at the county level and is inadequate across the state in that those regions with large percentages of poor have a great amount of need for services and the least ability to pay. The present structure has the state setting the expenditure levels without state financial contribution. The state presently funds a significant portion of the total expenditures for court services such as judges' salaries and district court administrator salaries. It would be consistent with this policy to have the state fund approximately 50% of the local public defender districts which are subject to state board supervision, rather than relying totally upon local property taxes.

RATIONALE:

Providing legal services to indigents is a constitutional mandate and funding through the state should be consistent with state policy on funding for other court services.

AGENCY PURPOSE:

As Chief Executive the Governor is responsible for the general direction and supervision of the affairs of the state. The Governor appoints the majority of state department heads and the members of most boards and commissions. The Governor fills vacancies which occur in municipal, district, and supreme court judgeships; commissions public notaries; issues extradition papers and restores civil rights to felons; fills the position of commander in chief of the military forces of Minnesota; prepares comprehensive long-range plans for the orderly coordinated growth of the state; and establishes advisory committees to aid in developing his legislative proposals and plans for executive action. The Governor has the responsibility of informing the legislature of the general condition of the state; of reviewing all laws passed by the legislature and of calling special sessions of the legislature when needed. The Governor is responsible for the biennial budget and its presentation to the legislature.

OPERATION AND CLIENTELE:

The Governor's Office provides general direction and supervision to all other state departments and agencies. It serves to unify and coordinate operations so that overall affairs of state government are handled in an effective and efficient manner.

The primary clientele of this office are all departments and agencies of the executive branch, interstate commission and offices, and citizens with special needs. All citizens are indirect clientele of this office.

OBJECTIVES:

1. Initiate programs that respond to the needs of the people of Minnesota.
2. Develop programs approved by the Legislature.
3. Supervise the general operations of state departments and agencies of the executive branch.
4. Represent the citizens of the state at various official and non-official functions at the state and local level.
5. To promote business development with the assistance and advice provided by the Council on Economic Development and with funding provided by private sources.
6. To administer activities that utilize the Governor's Residence for visiting guests and dignitaries and to provide a comfortable and efficient living quarters for the Governor and his family.
7. To provide a Washington Office to serve as the state government's liaison to the federal government and to work with the delegation and key committee staffs to promote legislation that benefits Minnesota.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$ 2.0	\$ 2.0	\$ 2.0	\$ 2.0	\$ 2.0

8. To participate with other state in the National Governor's Association, sharing information and developing new ideas for policy initiatives and legislation.
9. Perform all duties of the office as authorized under the constitution, statutes and laws of the state.

EXPLANATION OF BUDGET REQUEST:

No increase in staff or funding is requested except for those increases resulting from costs due to inflation and increased fees for Minnesota's participation in the National Governor's Association.

<u>INDEX</u>	Agency Request 1985-87 Biennium All Fund	Governor's Recommendation 1985-87 Biennium All Fund	<u>Page</u>
SAME Level Request	\$ 4,528.1	\$ 4,528.1	

GOVERNOR'S RECOMMENDATION:

The Governor recommends the SAME level for his budget for the 1987-89 biennium.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: EXECUTIVE ACTIVITIES

PROGRAM: EXECUTIVE OPERATIONS

AGENCY: GOVERNOR'S OFFICE

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	2,107.2	2,217.6	2,333.2	2,259.8		2,259.8	2,259.8	2,268.3		2,268.3	2,268.3
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	2,107.2	2,217.6	2,333.2	2,259.8		2,259.8	2,259.8	2,268.3		2,268.3	2,268.3
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	1,351.3	1,428.7	1,765.5	1,721.7		1,721.7	1,721.7	1,719.3		1,719.3	1,719.3
EXPENSES & CONTRAC. SERV	576.5	665.3	470.9	441.0		441.0	441.0	451.9		451.9	451.9
SUPPLIES & MATERIALS	56.3	64.7	59.3	59.6		59.6	59.6	59.6		59.6	59.6
EQUIPMENT	123.1	58.9	37.5	37.5		37.5	37.5	37.5		37.5	37.5
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	2,107.2	2,217.6	2,333.2	2,259.8		2,259.8	2,259.8	2,268.3		2,268.3	2,268.3
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	2,053.0	2,197.4	2,301.0	2,259.8		2,259.8	2,259.8	2,268.3		2,268.3	2,268.3
DEDICATED APPROPRIATIONS:											
GENERAL	12.5										
GIFTS AND DEPOSITS	41.7	20.2	32.2								
TOTAL FINANCING	2,107.2	2,217.6	2,333.2	2,259.8		2,259.8	2,259.8	2,268.3		2,268.3	2,268.3
POSITIONS BY FUND											
GENERAL	44.3	43.1	43.3	43.3		43.3	43.3	43.3		43.3	43.3
TOTAL POSITIONS	44.3	43.1	43.3	43.3		43.3	43.3	43.3		43.3	43.3

AGENCY PURPOSE:

The Lieutenant Governor's chief duty is to assist the Governor in carrying out the functions of the executive (and to be prepared to act in the Governor's place when required). The duties of the Lieutenant Governor, as delegated by the Governor, are to coordinate the state's tourism program, to initiate and coordinate programs to aid small business development, to assist in the development of policies and programs relating to the status of women and minorities, to chair the Governor's Appointments Advisory Commission, and to carry out all other gubernatorial assignments. In addition, the Lieutenant Governor chairs the Capitol Area Architectural Planning Board (CAAPB) and supervises its staff, and serves as a member of the Executive Council.

OPERATION AND CLIENTELE:

The Lieutenant Governor and Staff act chiefly as liaisons between the federal government, state agencies, local governments, education institutions, nonprofit organizations and the private sector in initiating, developing and promoting key goals of the executive. Specifically, the office deals with the tourism industry, small businesses and the organizations that serve them, groups representing the interests of the state's minority communities and women. The office also serves the public, institutional and private users of the Capitol area.

The office focuses on the initiation and coordination of projects rather than the management of programs. An example would be the creation of the public/private initiative known as Minnesota Project Innovation, which helps entrepreneurs gain access to federal research and development grants. While this program was created through the initiative of this office, the state funding which is part of this project is part of the Department of Energy and Economic Development's budget and the project is integrated into that department's economic development programs. Another example is the Enterprise Development Partnership Program, which provides management assistance to new and small businesses in communities throughout the state. That program, initiated through the Lieutenant Governor's Office, is funded by the Higher Education Coordinating Board.

Over the past biennium the work of the CAAPB has expanded considerably with substantial new initiatives including the History Center, Judicial Building, Mall landscaping, I-94 bridge construction, and Capitol Building restoration. All of these projects have had a significant effect on the Lieutenant Governor's Office and CAAPB staff.

Examples of other gubernatorial assignments over the 1985-87 biennium included chairing the Commission on Minnesotans Outdoors and conducting a series of statewide community meetings on child care.

OBJECTIVES:

To develop and promote policies supporting the well-being of Minnesota's children and their families.

To broaden the participation of women and minorities in state government through the state's Open Appointment Process.

To develop and promote a coordinated program of Capitol Area development to enhance the area as a historical district, tourist attraction, and a place to work.

To continue to improve the state's tourism marketing program and develop innovative public/private partnerships promoting the tourism industry.

To expand and coordinate financial and management services to new and emerging businesses.

To assist the Governor in supervising the general operations of state departments and agencies of the executive branch.

To represent the Governor and the citizens of the state at functions and events throughout Minnesota.

<u>INDEX</u>	<u>Agency Request 1987-89 Biennium All Funds</u>	<u>Governor's Recommendation 1987-89 Biennium All Funds</u>
SAME Level Request	\$ 552.5	\$ 552.5

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: EXEC OPERATIONS-LT GOV

PROGRAM: EXECUTIVE OPERATIONS

AGENCY: LIEUTENANT GOVERNOR

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	440.7	258.7	271.9	275.9		275.9	275.9	276.6		276.6	276.6
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	440.7	258.7	271.9	275.9		275.9	275.9	276.6		276.6	276.6
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	354.7	198.9	221.1	226.2		226.2	226.2	225.9		225.9	225.9
EXPENSES & CONTRAC. SERV	70.6	39.9	46.7	45.6		45.6	45.6	46.6		46.6	46.6
SUPPLIES & MATERIALS	4.8	3.4	3.2	3.2		3.2	3.2	3.2		3.2	3.2
EQUIPMENT	10.6	16.5	.9	.9		.9	.9	.9		.9	.9
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	440.7	258.7	271.9	275.9		275.9	275.9	276.6		276.6	276.6
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	286.2	258.7	271.6	275.9		275.9	275.9	276.6		276.6	276.6
DEDICATED APPROPRIATIONS:											
GENERAL	40.0										
GIFTS AND DEPOSITS	102.6		.3								
FEDERAL	11.9										
TOTAL FINANCING	440.7	258.7	271.9	275.9		275.9	275.9	276.6		276.6	276.6
POSITIONS BY FUND											
GENERAL	11.6	7.0	7.0	7.0		7.0	7.0	7.0		7.0	7.0
TOTAL POSITIONS	11.6	7.0	7.0	7.0		7.0	7.0	7.0		7.0	7.0

1987-89 BIENNIAL BUDGET

PROGRAM STRUCTURE

· AGENCY: SECRETARY OF STATE

SECTION PAGE
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ACTIVITIES

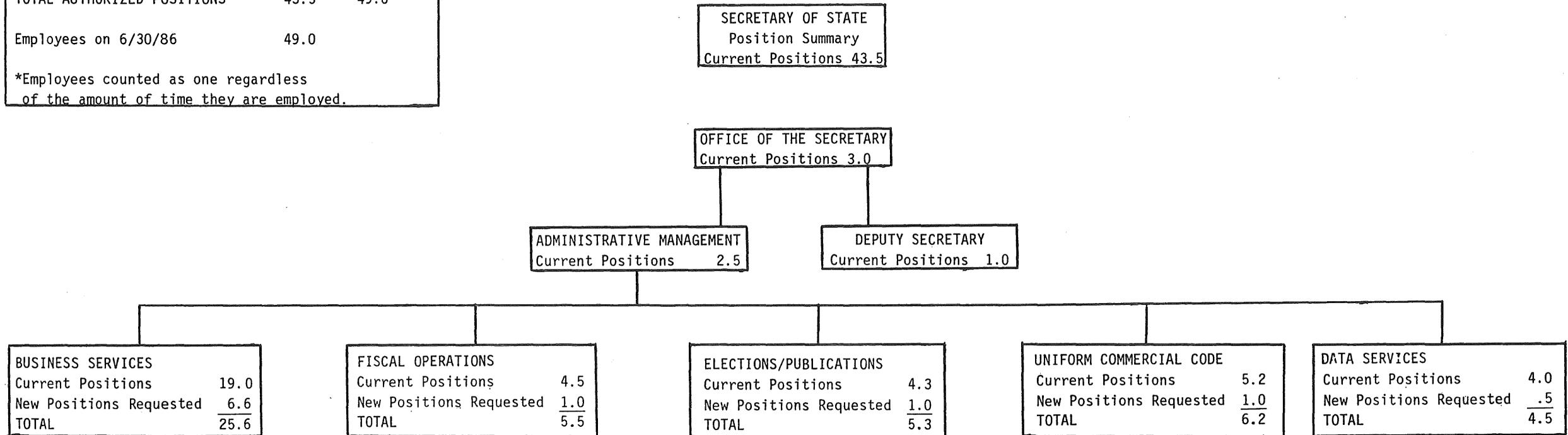
· Elections/Publications	6 ·
· Uniform Commercial Code	11 ·
· Business Services	16 ·
· Administration	21 ·
· Fiscal Operations	24 ·
· Data Services	27 ·

SECRETARY OF STATE

Organization Chart
Current as of 11/13/86

POSITION RECONCILIATION		
Authority	Current F.Y. 87	Requested for 6/30/89
Legislative Complement General Fund	42.0	47.5
Budgetary Authorized Agency	1.5	2.1
LAC Authorized General Fund	-0-	-0-
TOTAL PERMANENT POSITIONS	43.5	49.6
Other complement (FTE)	-0-	-0-
TOTAL AUTHORIZED POSITIONS	43.5	49.6
Employees on 6/30/86	49.0	

*Employees counted as one regardless of the amount of time they are employed.



AGENCY PURPOSE:

The Secretary of State's Office is a filing, publication, training, and public information agency as well as being involved with state policy development and implementation in the areas of the State Investment Board, the State Executive Council and as the chief election officer. As the depository for numerous official records, the Secretary of State certifies the authenticity of these official documents, financing statements, proclamations, executive orders, acts of the legislature, appointments, and election returns. Through training sessions and publications, the office instructs 33,000 election officials in election procedures. Through publications and public information bulletins, the office seeks to make the public aware of the open appointments process and election procedures and requirements. The goal of the agency is to make information on a wide range of subjects readily available for both public inspection and consumption/utilization.

Total Fee Generated Income:

<u>F.Y. 1984</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
\$2,649.1	\$2,741.6	\$3,008.4	\$3,375.0	\$3,619.0	\$3,877.0

OPERATION AND CLIENTELE:

The Secretary of State's Office has the following areas of major responsibility.

Business Services:

The division reviews and approves for filing Articles of Incorporation and amendments thereto for all Business, Non-profit, Foreign, Professional Cooperative, Banking and Insurance Corporations doing business in the state. The division also reviews and approves for filing Assumed Business Names and Trademarks for all single Proprietorships, Partnerships, and Corporations in the state. In addition, the division maintains the original U.S. Government Survey, Township Plats for the state, registrations of Legal Newspapers, Auctioneer Licenses, Rules and Regulations of all state departments, laws passed by the Legislature, Plumber's and Steamfitter's Bonds, International Wills, Foreign Consulates, Oaths of Office, Approvals of Special Laws, Extraditions, Delegation of Authority for all department heads in state government. The division is the agent for Service of Process for all Foreign Corporations and certain Domestic Corporations.

Uniform Commercial Code:

The division is the filing office for Financing Statements, Amendments of Debts and Federal and State Tax Liens. The division provides lending institutions and the public with specific reports of searches conducted to determine debts and liens recorded against particular businesses and individuals.

Elections/Publications:

The division, through training sessions, publications, pamphlets and posters provides election officials and the public with information on election procedures. As the chief election official, the Secretary of State issues directives on election procedures and promulgates rules for various election forms and methods of voting. In addition, the division is responsible for the development, printing, and distribution of the Legislative Manual and administration of the state's Open Appointments Process as well as Federal Candidate's and PAC's Financial Report and Indian Inter-tribal Elections and Public Employees Retirement Act Elections.

Administration:

The division, in addition to general management and personnel duties, is responsible for assisting the Secretary of State in fulfilling her duties and responsibilities associated with the State Executive Council and the State Investment Board.

Fiscal Operations:

The division receipts and accounts for all monies received by the Agency and is responsible for purchasing and payroll documentation and processing. In Fiscal Year 1986 the division handled 142,285 separate money transactions amounting to \$3,008,425 in receipts.

Data Services:

The division provides computer operations and data entry services for the department.

BUDGET ISSUES:

In general the Secretary of State's office has experienced a continuing increase in filing volume and public demand for services that can no longer be met without sufficient personnel. The agency experienced a 33% increase in filing volume between F.Y. 1982 and F.Y. 1986 which placed a severe strain on the ability to provide legislatively mandated services.

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present her budgetary needs directly to the Legislature for consideration.

<u>INDEX</u>	<u>Agency Request 1987-89 Biennium ALL FUNDS</u>	<u>Governor's Recommendation 1987-89 Biennium ALL FUNDS</u>	<u>PAGE</u>
SAME Level Request	\$ 3,446.4	\$ 3,446.4	
Secretary of State			
Elections/Publications			
Elections Staff	\$ 52.4	-0-	8
Elections Computer Upgrade	7.6	-0-	9
Elections Travel	4.0	-0-	10
SUBTOTAL	<u>64.0</u>	<u>-0-</u>	
Uniform Commercial Code			
UCC Staff	45.4	-0-	13
Microfilm UCC Conversion Documents	7.0	-0-	14
UCC Rules Promulgation	5.3	-0-	15
SUBTOTAL	<u>57.7</u>	<u>-0-</u>	
Business Services			
Domestic Corporations Staff	50.4	-0-	18
Foreign Corp./Assumed Name Staff	43.0	-0-	19
Domestic Corp. Annual Report	258.7	-0-	20
SUBTOTAL	<u>352.1</u>	<u>-0-</u>	
Administration			
Staff Training	3.8	-0-	23
Fiscal Operations			
Staff Increase	42.8	-0-	26
Data Services			
2nd Computer Shift	20.0	-0-	29
Computer Upgrade	116.0	-0-	30
SUBTOTAL	<u>136.0</u>	<u>-0-</u>	
AGENCY TOTAL	<u>\$ 4,102.8</u>	<u>\$ 3,446.4</u>	

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: SECRETARY OF STATE

AGENCY: SECRETARY OF STATE

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
ELECTIONS-PUBLICATIONS	496.8	256.2	473.3	228.0	36.3	264.3	228.0	513.2	27.7	540.9	513.2
UNIFORM COMMERCIAL CODE	124.7	139.7	154.8	146.5	35.5	182.0	146.5	146.3	22.2	168.5	146.3
BUSINESS SERVICES	701.9	563.7	568.9	596.7	183.8	780.5	596.7	600.1	168.3	768.4	600.1
ADMINISTRATION	281.1	308.6	323.7	352.7	1.8	354.5	352.7	355.3	2.0	357.3	355.3
FISCAL OPERATIONS	97.4	102.2	129.4	119.7	21.9	141.6	119.7	119.6	20.9	140.5	119.6
DATA SERVICES		245.3	173.2	183.8	108.0	291.8	183.8	84.5	28.0	112.5	89.3
TOTAL	1,701.9	1,615.7	1,823.3	1,627.4	387.3	2,014.7	1,627.4	1,819.0	269.1	2,088.1	1,823.8
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,510.7	1,615.7	1,709.3	1,627.4	387.3	2,014.7	1,627.4	1,705.0	269.1	1,974.1	1,709.8
LOCAL ASSISTANCE	191.2		114.0					114.0		114.0	114.0
AIDS TO INDS.											
TOTAL EXPENDITURES	1,701.9	1,615.7	1,823.3	1,627.4	387.3	2,014.7	1,627.4	1,819.0	269.1	2,088.1	1,823.8
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	1,701.9										
SP REV DIRECT APPROP		1,615.7	1,823.3	1,627.4	387.3	2,014.7	1,627.4	1,819.0	269.1	2,088.1	1,823.8
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	1,701.9	1,615.7	1,823.3	1,627.4	387.3	2,014.7	1,627.4	1,819.0	269.1	2,088.1	1,823.8
POSITIONS BY FUND:											
GENERAL	36.0										
SP REV DIRECT APPROP		42.0	43.0	43.0	9.5	52.5	43.0	64.2	9.5	73.7	64.2
TOTAL POSITIONS	36.0	42.0	43.0	43.0	9.5	52.5	43.0	64.2	9.5	73.7	64.2

ACTIVITY: ELECTIONS/PUBLICATIONS
 Program: SECRETARY OF STATE
 Agency: SECRETARY OF STATE, OFFICE OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$ 27.9	\$.9	\$ 30.1	\$ -0-	\$ 21.2

DESCRIPTION:

The Election/Publication Division performs the constitutional and statutory duties assigned to the Secretary of State in the area of election administration. The Division deals with 87 county auditors; 855 city clerks; 1,795 town clerks; 30,000 election judges; 3,098,000 eligible voters; 100,000 Public Employee Retirement Association members; 127 driver's license centers; 350 candidates for public office; and 1,500 candidates and committees filing Federal Election Committee reports with the office of the Secretary of State. In addition, the Division is responsible for administering the Open Appointments Act which oversees the membership of 170 boards and commissions composed of approximately 1,700 members. It is also responsible for developing, printing and distributing 15,000 Legislative Manual and an abridged edition of the manual for use in schools.

Authority for this activity is found in M.S. 1982, Ch. 200-210A; 5.09; 3.21; 15.0597; 3.922, subd. 2; 353.03, subd. 1.

OBJECTIVES:

To provide overall direction for the election process in Minnesota including rules and regulations, directives, training, publications, and public information efforts. To compile, print, and distribute the Legislative Manual. To provide centralized and standardized procedures for notifying the public about vacancies on various boards and commissions advising state government.

<u>CHANGE REQUEST</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Elections Staff Increase To provide for voting equipment certification and additional training of local election officials. (1 Executive I)	\$ 26.7	\$ 25.7	Activity
Elections Computer Upgrade To provide for additional capacity and interface with Department mini-computer.	\$ 7.6	0	Activity
Election Travel Increase To provide for additional training of election officials outside the Metropolitan area.	\$ 2.0	\$ 2.0	Activity

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: ELECTIONS-PUBLICATIONS

PROGRAM: SECRETARY OF STATE

AGENCY: SECRETARY OF STATE

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	306.0	256.2	359.3	228.0	36.3	264.3	228.0	399.2	27.7	426.9	399.2
LOCAL ASSISTANCE	190.8		114.0					114.0		114.0	114.0
AIDS TO INDS.											
TOTAL EXPENDITURES	496.8	256.2	473.3	228.0	36.3	264.3	228.0	513.2	27.7	540.9	513.2
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	102.7	130.8	129.0	130.1	25.7	155.8	130.1	130.0	25.7	155.7	130.0
EXPENSES & CONTRAC. SERV	183.5	101.5	226.0	93.6	2.0	95.6	93.6	264.9	2.0	266.9	264.9
SUPPLIES & MATERIALS	10.3	10.9	4.3	4.3		4.3	4.3	4.3		4.3	4.3
EQUIPMENT	9.5	13.0			8.6	8.6					
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	306.0	256.2	359.3	228.0	36.3	264.3	228.0	399.2	27.7	426.9	399.2
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	496.8										
SP REV DIRECT APPROP		256.2	473.3	228.0	36.3	264.3	228.0	513.2	27.7	540.9	513.2
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	496.8	256.2	473.3	228.0	36.3	264.3	228.0	513.2	27.7	540.9	513.2
POSITIONS BY FUND											
GENERAL	4.0										
SP REV DIRECT APPROP		4.0	4.0	4.0	1.0	5.0	4.0	4.0	1.0	5.0	4.0
TOTAL POSITIONS	4.0	4.0	4.0	4.0	1.0	5.0	4.0	4.0	1.0	5.0	4.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: ELECTIONS/PUBLICATIONS
 PROGRAM: SECRETARY OF STATE
 AGENCY: SECRETARY OF STATE, OFFICE OF

RATIONALE (Contd.):

Request Title: ELECTIONS STAFF INCREASE	F.Y. 1988		F.Y. 1989	
	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Agency Request				
Special Revenue Fund	\$26.7	1.0	\$25.7	1.0
Governor's Recommendation				
Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

2. The Federal government has increased the amount of review required to the state relative to Federal PAC and candidates reports on file in the Secretary of State's office. In addition, a new requirement provides that the state must provide for a survey and report on polling place Handicapped Accessibility for all of the state's 4,063 precincts.
3. As the use of various kinds of voting machines has increased throughout the state, especially in the non-metro counties it has become apparent that additional training of new election officials and officials who are using new equipment would be very valuable.
4. There are now 500,000 more persons in the voting age population than there were when the last staff increase took place in 1975.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present her budgetary needs directly to the Legislature for consideration.

STATEMENT OF REQUEST/OBJECTIVE:

To provide for an increased volume in requests for voting equipment certification, for dealing with increase in Federal mandates, and to provide additional training for election officials. (1 Executive I)

DESCRIPTION/BACKGROUND:

The Election Division is responsible for the testing and certifying election equipment in Minnesota, for fulfilling Federally mandated election related requirements, and for the training of election officials.

Rationale:

1. The number of voting systems that the Division was requested to test for certification increased dramatically during the past biennium with 5 systems receiving certification and 1 being rejected. It is expected that this level will continue. In addition, the types of systems to be reviewed are significantly different from previously certified equipment.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: ELECTIONS/PUBLICATIONS
 PROGRAM: SECRETARY OF STATE
 AGENCY: SECRETARY OF STATE, OFFICE OF

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present her budgetary needs directly to the Legislature for consideration.

	F.Y. 1988		F.Y. 1989	
	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Request Title: ELECTIONS COMPUTER UPGRADE				
Agency Request				
Special Revenue Fund	\$ 7.6	-0-	\$ -0-	-0-
Governor's Recommendation				
Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

To provide for additional computer capability and ability to interface with the department's mini-computer.

DESCRIPTION/BACKGROUND:

The Election/Publications Division maintains a number of record systems activities on two IBM PCs. Among those activities are: Federal Election Commission PAC/candidate reports, Federal Polling Place Accessibility survey, Open Appointments, Election Results, Legislative Manual information, Rules, etc.

RATIONALE:

The ability of the division to keep up with ever increasing demand for services has been primarily a result of the time saving achieved by the use of computers. The limits of the current systems have been reached and future demands cannot be met with the existing system. In addition, the proposed Sperry PC/IT would provide a significant increase in capacity. Ultimately we anticipate that savings can be achieved by the in-house production of various aspects of the election results and Legislative Manual publication which are currently contracted out.

CHANGE REQUEST

 Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: ELECTIONS/PUBLICATIONS
 PROGRAM: SECRETARY OF STATE
 AGENCY: SECRETARY OF STATE, OFFICE OF

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present her budgetary needs directly to the Legislature for consideration.

Request Title: ELECTIONS TRAVEL INCREASE

Agency Request	F.Y. 1988		F.Y. 1989	
	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Special Revenue Fund	\$ 2.0	-0-	\$ 2.0	-0-
Governor's Recommendation				
Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: Yes No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

To provide for additional training of election officials outside the metropolitan area.

DESCRIPTION/BACKGROUND:

The training of county auditors in election duties under M.S. 204B.27, subd. 5, has, over time evolved, into two levels of training. The first involves county auditors and their staffs on duties that are their election administrators' responsibility. The second relates to their election judge training responsibilities which have increasingly been delegated, pursuant to M.S. 204B.25, subd. 1, to city clerks, who then must be trained by the Secretary of State.

RATIONALE:

Due to the increasing complexity of election laws and regulations especially in the area of voting machines, more training of election officials is important to the continuation of high standards in election administration. More training sessions, of greater length, and available in a greater number of locations would provide election officials with a better base of information.

ACTIVITY: UNIFORM COMMERCIAL CODE
 Program: SECRETARY OF STATE
 Agency: SECRETARY OF STATE, OFFICE OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$589.4	\$724.7	\$854.1	\$939.5	\$1,020.9

DESCRIPTION:

The Uniform Commercial Code (UCC) Division handles in excess of 111,721 separate transactions each year. They file financing statements, amendments of debts, federal and state tax liens. These filings are updated daily for inspection by the public and for in-person or mailed requests for lien searches. In the search the division provides lending institutions specific details on outstanding liens against particular companies and individuals. Each of the financing statements maintained for a minimum period of 5 years unless terminated by the parties at an earlier date.

Authority for this activity is found in M.S. 1982, Ch. 336.9-401.

OBJECTIVES:

The division maintains 480,000 records on financing agreements made by businesses in the state. This information is updated within one working day of receipt of any new filing or amendments and lien search information is provided within two working days to anyone requesting it. The importance/value of maintaining UCC Financing Statements is to provide lending institutions information about outstanding liens against a particular business for the purpose of determining whether or not to lend them additional funds. It is of great importance to business activity in the state that this information be provided in an accurate and timely manner. The state incurs some liability for providing inaccurate information and therefore, every effort is made to ensure accuracy. The computerization of this information will minimize errors and speed up retrieval of information.

ACTIVITY STATISTICS:

	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
UCC Financing Statements	68,793	74,531	80,493	86,932	93,887
Terminations	14,677	15,505	16,435	17,421	18,292
Tax Liens	3,381	4,259	4,897	5,632	6,308
Searches	15,725	16,426	17,247	18,023	19,787

<u>CHANGE REQUESTS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
UCC Staff Increase To deal with increased volume of filing. (1 Clerk Typist 3)	\$ 23.2	\$ 22.2	Activity
Microfilming UCC Conversion Documents To provide a permanent record of documents which have been converted.	\$ 7.0		
UCC Rules Promulgation To enact rules as required by statute.	\$ 5.3		

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: UNIFORM COMMERCIAL CODE

PROGRAM: SECRETARY OF STATE

AGENCY: SECRETARY OF STATE

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	124.7	139.7	154.8	146.5	35.5	182.0	146.5	146.3	22.2	168.5	146.3
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	124.7	139.7	154.8	146.5	35.5	182.0	146.5	146.3	22.2	168.5	146.3
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	106.8	115.8	131.1	122.8	24.2	147.0	122.8	122.6	22.2	144.8	122.6
EXPENSES & CONTRAC. SERV	17.5	16.7	21.0	21.0	10.3	31.3	21.0	21.0		21.0	21.0
SUPPLIES & MATERIALS	.4	1.9	.9	.9		.9	.9	.9		.9	.9
EQUIPMENT		5.3	1.8	1.8	1.0	2.8	1.8	1.8		1.8	1.8
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	124.7	139.7	154.8	146.5	35.5	182.0	146.5	146.3	22.2	168.5	146.3
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	124.7										
SP REV DIRECT APPROP		139.7	154.8	146.5	35.5	182.0	146.5	146.3	22.2	168.5	146.3
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	124.7	139.7	154.8	146.5	35.5	182.0	146.5	146.3	22.2	168.5	146.3
POSITIONS BY FUND											
GENERAL	5.0										
SP REV DIRECT APPROP		5.0	5.0	5.0	1.0	6.0	5.0	26.2	1.0	27.2	26.2
TOTAL POSITIONS	5.0	5.0	5.0	5.0	1.0	6.0	5.0	26.2	1.0	27.2	26.2

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: UNIFORM COMMERCIAL CODE
 PROGRAM: SECRETARY OF STATE
 AGENCY: SECRETARY OF STATE, OFFICE OF

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present her budgetary needs directly to the Legislature for consideration.

Request Title: UCC STAFF INCREASE				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Special Revenue Fund	\$23.2	1.0	\$22.2	1.0
Governor's Recommendation				
Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

To deal with increased volume of filings experienced in the Uniform Commercial Code Division.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1983</u>	<u>F.Y. 1984</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>
UCC Filings	88,048	92,151	102,516	110,721

DESCRIPTION/BACKGROUND:

All business related filings under the Uniform Commercial Code are filed in the Office of the Secretary of State. These filings relate to liens against property owned by the business and the filings are for the purpose of perfecting the lien and establishing priority over assets.

RATIONALE:

The division experienced an actual increase of 53% in filings between F.Y. 1981 and F.Y. 1986. The division currently has a staff of 5 and has not had an increase in personnel since 1980.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: UNIFORM COMMERCIAL CODE
 PROGRAM: SECRETARY OF STATE
 AGENCY: SECRETARY OF STATE, OFFICE OF

Request Title: MICROFILMING UCC CONVERSION DOCUMENTS				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Special Revenue Fund	\$ 7.0	-0-	\$ -0-	-0-
Governor's Recommendation				
Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

To provide a permanent record of documents which have been converted to the computer system.

DESCRIPTION/BACKGROUND:

Financing statements filed under the UCC contain information on collateral under lien. This information must be maintained and it is not practical to computerize this level of detail.

RATIONALE:

The computer will provide the basic information about active liens, however, actual hard copies of collateral must be provided in about 25% of the cases. The only practical method of maintaining these 480,000 documents is on microfilm.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present her budgetary needs directly to the Legislature for consideration.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: UNIFORM COMMERCIAL CODE
 PROGRAM: SECRETARY OF STATE
 AGENCY: SECRETARY OF STATE, OFFICE OF

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present her budgetary needs directly to the Legislature for consideration.

	F.Y. 1988		F.Y. 1989	
	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Request Title: UCC RULES PROMULGATION				
Agency Request				
Special Revenue Fund	\$ 5.3	-0-	\$ -0-	-0-
Governor's Recommendation				
Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

To develop and promulgate rules as required by M.S. 514.956, subd. 4, Laws of 1985, Ch. 246, Sec. 7, relating to Agricultural Input Lien Filing and M.S. 336.9-403(s), Laws of 1985, Ch. 22, Sec. 9 and Laws of 1985, Ch. 306, Sec. 24 relating to financing statements.

DESCRIPTION/BACKGROUND:

The 1985 Legislature enacted legislation directing the Secretary of State to promulgate rules relating to the filing, amendment, continuation, termination, removal, and destruction of Financing Statements and Agricultural Input Liens.

RATIONALE:

The Rules would apply to both the Secretary of State and to all 87 county recorders. Consequently, the level of effort in promulgation will be substantially greater than if they applied solely to the Secretary of State. The costs relate to the hiring of temporary staff to develop Rules Proposals, Revisor of Statute costs, and State Register publication costs. If a hearing is requested there will be additional costs for a hearing examiner.

ACTIVITY: BUSINESS SERVICES
 Program: SECRETARY OF STATE
 Agency: SECRETARY OF STATE, OFFICE OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	ACTUAL F.Y. 1985 \$2,124.8	ACTUAL F.Y. 1986 \$2,282.7	ESTIMATE F.Y. 1987 \$2,529.8	ESTIMATE F.Y. 1988 \$2,679.5	ESTIMATE F.Y. 1989 \$2,834.9
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DESCRIPTION:

The Business Services Division reviews and approves for filing articles of incorporation and amendments thereto for all business, non-profit, foreign, professional, cooperative, banking, and insurance corporations doing business in the state. They record trademarks, assumed business names, limited partnerships, legal newspapers, agency rules, laws of the state, oaths of office, governmental appointments, and a variety of other official documents. In addition, the division maintains the records of the original land survey of the state.

Authority for this activity is found in M.S. 1982, Ch. 5.03; 5.07; 5.12; 14.33; 15.06, subd. 5; 15.06, subd. 6(1); 300; 301; 301A; 302A; 303; 308; 317; 318; 319A; 322A; 326; 330; 331; 33; 358.11(1); 509; 540.152; 599.12; 543.08; 600.13.

OBJECTIVES:

To review and accept for filing a wide range of diverse items relating to business and government and to make them readily available for public review and for certification as official legal documents. To provide prompt answers to written and phone requests from the public about various documents on file as well as filing procedures and requirements.

ACTIVITY STATISTICS:

	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
New Business Corporations	8,949	9,713	10,198	10,905	11,383
Corporate Amendments	6,644	9,252	11,102	24,212	19,433
Non-Profit	1,429	1,351	1,300	1,350	1,400
Foreign Corporations	1,111	1,200	1,210	1,350	1,475
Foreign Corporation Amendments	1,518	2,372	2,486	3,073	3,928
Limited Partnerships	760	684	850	892	937
Assumed Names	8,921	9,543	10,497	11,022	11,873
Trademarks	764	985	1,182	1,241	1,290

(Contd.)

Foreign Corporation Annual Reports	7.295	6,182	7,659	7,740	7,850
Service of Process	1,742	1,849	1,941	2,088	2,201
Domestic Corporation Annual Reports	0	0	0	60,000	68,400
Information letters	8,932	9,490	9,990	10,789	11,544
Information Phones	106,956	107,180	124,789	136,028	138,959
Certified Copies	9,103	11,173	12,848	13,748	14,513

CHANGE REQUESTS:

	F.Y. 1988	F.Y. 1989	Type
Domestic Corporate Staff Increase Professional assistance in processing corporation document filings. (1 Executive I)	\$ 25.7	\$ 24.7	Activity
Foreign Corporation and Assumed Name Staff Increase Clerical Assistance in processing Foreign Corporation, Assumed Name Documents and answering Corporate Information phones. (1 Clerk Typist 1)	\$ 22.0	\$ 21.0	Activity
Domestic Corporation Annual Report To implement the requirements of M.S. 302A.821 for an annual report from Domestic Corporations effective in 1987. (1 Clerk IV, 1 Clerk III, 2 Data Entry Operators)	\$ 136.1	\$ 122.6	Activity

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: BUSINESS SERVICES

PROGRAM: SECRETARY OF STATE

AGENCY: SECRETARY OF STATE

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	701.5	563.7	568.9	596.7	183.8	780.5	596.7	600.1	168.3	768.4	600.1
LOCAL ASSISTANCE	.4										
AIDS TO INDS.											
TOTAL EXPENDITURES	701.9	563.7	568.9	596.7	183.8	780.5	596.7	600.1	168.3	768.4	600.1
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	384.0	437.8	448.9	472.8	144.2	617.0	472.8	472.2	144.2	616.4	472.2
EXPENSES & CONTRAC. SERV	120.4	89.3	110.7	114.3	20.6	134.9	114.3	118.3	20.4	138.7	118.3
SUPPLIES & MATERIALS	32.7	25.6	7.1	7.4	3.8	11.2	7.4	7.4	3.7	11.1	7.4
EQUIPMENT	164.4	11.0	2.2	2.2	15.2	17.4	2.2	2.2		2.2	2.2
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	701.5	563.7	568.9	596.7	183.8	780.5	596.7	600.1	168.3	768.4	600.1
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	701.9										
SP REV DIRECT APPROP		563.7	568.9	596.7	183.8	780.5	596.7	600.1	168.3	768.4	600.1
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	701.9	563.7	568.9	596.7	183.8	780.5	596.7	600.1	168.3	768.4	600.1
POSITIONS BY FUND											
GENERAL	17.0										
SP REV DIRECT APPROP		18.0	19.0	19.0	6.0	25.0	19.0	19.0	6.0	25.0	19.0
TOTAL POSITIONS	17.0	18.0	19.0	19.0	6.0	25.0	19.0	19.0	6.0	25.0	19.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: BUSINESS SERVICES
 PROGRAM: SECRETARY OF STATE
 AGENCY: SECRETARY OF STATE, OFFICE OF

Request Title: DOMESTIC CORPORATE STAFF INCREASE				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Special Revenue Fund	\$25.7	1.0	\$24.7	1.0
Governor's Recommendation				
Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

RATIONALE:

There are an increasing number of over-the-counter transactions which require more processing time than mail transactions. In addition, and primarily, the by-product of the Domestic Corporations Annual Report Project will be a significant increase in amendments to corporate documents.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present her budgetary needs directly to the Legislature for consideration.

STATEMENT OF REQUEST/OBJECTIVE:

To provide professional assistance in processing Corporate Document filing.
 (1 Executive I).

EFFECTIVENESS MEASURES:

	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Domestic Corporate Filings	17,074	20,350	22,640	35,612	32,266

DESCRIPTION/BACKGROUND:

The Office of the Secretary of State maintains records on all domestic corporations and process all amendments, mergers, and dissolutions of those records. The volume of their transactions has gone up and is projected to go up dramatically in F.Y. 1988-89.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: BUSINESS SERVICES
 PROGRAM: SECRETARY OF STATE
 AGENCY: SECRETARY OF STATE, OFFICE OF

DESCRIPTION/BACKGROUND:

Foreign (out-of-state) Corporations must file with the Secretary of State to obtain authorization to do business in Minnesota and they must file an Annual Report to maintain that authorization. All businesses operating under some name other than the owner's true name must file an "Assumed Name" with the Secretary of State.

RATIONALE:

The volume of these filings has gone up 68% since 1978 when the last staff increase was granted. In addition, the volume of phone calls has increased significantly and this position would assist in maintaining the current level of service.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present her budgetary needs directly to the Legislature for consideration.

Request Title: FOREIGN CORPORATION/ASSUMED NAME STAFF INCREASE				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Special Revenue Fund	\$22.0	1.0	\$21.0	1.0
Governor's Recommendation				
Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

To provide for processing the increased volume of foreign corporation, assumed name documents, and service of process. In addition, the position would answer the Corporate Information phones. (1 Clerk Typist 1)

EFFECTIVENESS MEASURES

	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
New Foreign Corporations	1,111	1,200	1,210	1,350	1,475
Foreign Annual Reports	7,295	6,182	7,659	7,774	7,850
Service of Process	1,742	1,849	1,941	2,088	2,201
Assumed Names	8,921	9,543	10,497	11,022	11,873

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: BUSINESS SERVICES
 PROGRAM: SECRETARY OF STATE
 AGENCY: SECRETARY OF STATE, OFFICE OF

Request Title: DOMESTIC CORPORATE ANNUAL REPORT				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Special Revenue Fund	\$136.1	4.0	\$122.6	4.0
Governor's Recommendation				
Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

RATIONALE (Contd.):

- The availability of corporate and assumed business names will improve due to the revocation - in 1989 - of a significant number of corporations who are no longer actively using their names.
- There will be expanded and up-to-date information available to the Department of Revenue and the Bureau of Criminal Apprehension on individual corporations.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present her budgetary needs directly to the Legislature for consideration.

STATEMENT OF REQUEST/OBJECTIVE:

To implement the requirements of M.S. 302A.821, Laws of 1981, Ch. 2, Art. 1, Sec. 38-40 which requires all domestic corporations to begin filing an annual corporate report along with their 1987 corporate income tax filing. (1 Clerk IV, 1 Clerk III, 2 Data Entry Operators)

DESCRIPTION/BACKGROUND:

The Corporate Law Recodification Task Force recommended and the 1981 legislature passed, a provision to require domestic corporate annual reports in order to increase the accuracy of the corporate information and to ensure that all non-functioning corporations were removed from the active files.

RATIONALE:

There are a number of benefits to the implementation of the annual report law:

- The accuracy of information provided to persons contacting the Secretary of State about corporations will go up dramatically. Currently we receive 40 written requests and in excess of 500 phone requests for information daily.

ACTIVITY: ADMINISTRATION
 Program: SECRETARY OF STATE
 Agency: SECRETARY OF STATE, OFFICE OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

DESCRIPTION:

The Administrative Division provides the centralized personnel and budgeting for the department. It also provides management guidance and supervision of the department's various and diverse functions and coordinates legal activity with the Attorney General's Office. Executive management strives to effectively operate the department using available resources and to assess alternatives for the future. This division also provides staff support for the Secretary of State in fulfilling her obligations as a constitutional officer in the area of the State Executive Council and the State Board of Investment. In addition, the division handles liaison with the Legislative branch and other governmental bodies and is responsible for all public information programs.

Authority for this activity is found in M.S. 1982, Ch. 5.01; 9.011; 11A.03.

OBJECTIVES:

The division's primary function is to provide for the efficient utilization of available resources in order to provide prompt and accurate service to the public. This is combined with an active program of simplification and clarification of statutes and a modernization and streamlining of office methods and procedures in order to provide the best service at the lowest cost.

<u>CHANGE REQUEST</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Staff Training To provide for staff training classes conducted by the Department of Employee Relations.	\$ 1.8	\$ 2.0	Activity

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: ADMINISTRATION

PROGRAM: SECRETARY OF STATE

AGENCY: SECRETARY OF STATE

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	281.1	308.6	323.7	352.7	1.8	354.5	352.7	355.3	2.0	357.3	355.3
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	281.1	308.6	323.7	352.7	1.8	354.5	352.7	355.3	2.0	357.3	355.3
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	199.8	217.9	233.5	269.4		269.4	269.4	269.0		269.0	269.0
EXPENSES & CONTRAC. SERV	26.7	83.5	85.8	78.9	1.8	80.7	78.9	81.9	2.0	83.9	81.9
SUPPLIES & MATERIALS	42.9	3.2	1.1	1.1		1.1	1.1	1.1		1.1	1.1
EQUIPMENT	11.7	4.0	3.3	3.3		3.3	3.3	3.3		3.3	3.3
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	281.1	308.6	323.7	352.7	1.8	354.5	352.7	355.3	2.0	357.3	355.3
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	281.1										
SP REV DIRECT APPROP		308.6	323.7	352.7	1.8	354.5	352.7	355.3	2.0	357.3	355.3
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	281.1	308.6	323.7	352.7	1.8	354.5	352.7	355.3	2.0	357.3	355.3
POSITIONS BY FUND											
GENERAL	6.0										
SP REV DIRECT APPROP		6.5	6.0	6.0		6.0	6.0	6.0		6.0	6.0
TOTAL POSITIONS	6.0	6.5	6.0	6.0		6.0	6.0	6.0		6.0	6.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY:
 PROGRAM: ADMINISTRATION
 AGENCY: SECRETARY OF STATE
 SECRETARY OF STATE, OFFICE OF

Request Title:	STAFF TRAINING			
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Special Revenue Fund	\$ 1.8	-0-	\$ 2.0	1
Governor's Recommendation				
Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

To provide for staff training class conducted by the Department of Employee Relations.

DESCRIPTION/BACKGROUND:

The Department of Employee Relations conducts classes for state employees on a variety of work related subjects.

RATIONALE:

The Department of Employee Relations now charges agencies for employees who attend these classes. In the past they did not charge for most classes.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present her budgetary needs directly to the Legislature for consideration.

ACTIVITY: FISCAL OPERATIONS
 Program: SECRETARY OF STATE
 Agency: SECRETARY OF STATE, OFFICE OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

DESCRIPTION:

The Fiscal Operations Division provides centralized receipting and accounting for all monies received by the department and handles all payroll and leave administration and inventory control and purchasing for the Department.

OBJECTIVES:

The division accounts for \$3.5 million in annual receipts from over 150,000 separate payment transactions as well as opening and routing an additional 160,000 filings and requests where no fee is required. In addition the division handles leave and payroll records for 42 employees and maintains inventory controls and supply purchasing for the entire department. The division has experienced a 33% increase in filing volume since 1982.

ACTIVITY STATISTICS:

	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Transactions Processed	131,291	142,285	159,643	182,818	189,775

CHANGE REQUEST:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Fiscal Operation Staff Increase To deal with increase in volume. (1 Clerk Typist II)	\$ 21.9	\$ 20.9	Activity

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: FISCAL OPERATIONS

PROGRAM: SECRETARY OF STATE

AGENCY: SECRETARY OF STATE

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	97.4	102.2	129.4	119.7	21.9	141.6	119.7	119.6	20.9	140.5	119.6
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	97.4	102.2	129.4	119.7	21.9	141.6	119.7	119.6	20.9	140.5	119.6
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	94.1	96.4	123.1	113.4	21.9	135.3	113.4	113.2	20.9	134.1	113.2
EXPENSES & CONTRAC. SERV	3.4	3.3	4.8	4.8		4.8	4.8	4.9		4.9	4.9
SUPPLIES & MATERIALS	.1-	2.5	.8	.8		.8	.8	.8		.8	.8
EQUIPMENT			.7	.7		.7	.7	.7		.7	.7
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	97.4	102.2	129.4	119.7	21.9	141.6	119.7	119.6	20.9	140.5	119.6
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	97.4										
SP REV DIRECT APPROP		102.2	129.4	119.7	21.9	141.6	119.7	119.6	20.9	140.5	119.6
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	97.4	102.2	129.4	119.7	21.9	141.6	119.7	119.6	20.9	140.5	119.6
POSITIONS BY FUND											
GENERAL	4.0										
SP REV DIRECT APPROP		4.5	4.0	4.0	1.0	5.0	4.0	4.0	1.0	5.0	4.0
TOTAL POSITIONS	4.0	4.5	4.0	4.0	1.0	5.0	4.0	4.0	1.0	5.0	4.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: FISCAL OPERATIONS
 PROGRAM: SECRETARY OF STATE
 AGENCY: SECRETARY OF STATE, OFFICE OF

Request Title: FISCAL OPERATIONS STAFF INCREASE				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Special Revenue Fund	\$21.9	1.0	\$20.9	1.0
Governor's Recommendation				
Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

RATIONALE:

The number of transactions processed has gone up 61% since the division last had an accounting staff increase in 1978.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present her budgetary needs directly to the Legislature for consideration.

STATEMENT OF REQUEST/OBJECTIVE:

To deal with increase volume of filings in division. (1 Clerk Typist II).

DESCRIPTION/BACKGROUND:

The Fiscal Operations Division receipts all incoming monies and then develops accounting detail for all transactions completed by the other divisions.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Transactions Processed	131,291	142,285	159,643	182,818	189,775
Revenue Processed	\$2,741,683	\$3,008,425	\$3,375,200	\$3,619,030	\$3,877,058

ACTIVITY: DATA SERVICES
 Program: SECRETARY OF STATE
 Agency: SECRETARY OF STATE, OFFICE OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

DESCRIPTION:

During the first year of this biennium the division will convert in excess of 350,000 records from paper to computer. This is the third year of a one time conversion of records and will account for 80% of the department record systems. As the conversion is completed the on-going data entry of new information and amended information will begin to take on larger proportions.

OBJECTIVES:

The Data Services Division provides for the entry of data on domestic and foreign corporations, non-profit corporations, limited partnerships, trademarks, assumed business names, and uniform commercial code documents into the department computer system.

ACTIVITY STATISTICS:

	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Records Converted	-0-	197,300	256,700	352,000	-0-
On-going Date Entry	-0-	10,248	80,438	241,913	256,807

CHANGE REQUESTS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Data Services Staff Increase To provide for 2nd shift computer operations. (1/2 Clerk Typist 1)	\$ 10.0	\$ 10.0	Activity
Computer Equipment Upgrade To provide for original incorrect sizing of system and future growth.	\$ 98.0	\$ 18.0	Activity

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: DATA SERVICES

PROGRAM: SECRETARY OF STATE

AGENCY: SECRETARY OF STATE

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS		245.3	173.2	183.8	108.0	291.8	183.8	84.5	28.0	112.5	89.3
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES		245.3	173.2	183.8	108.0	291.8	183.8	84.5	28.0	112.5	89.3
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES		98.3	89.7	88.9	10.0	98.9	88.9		10.0	10.0	
EXPENSES & CONTRAC. SERV		101.2	81.1	92.5		92.5	92.5	84.5		84.5	84.5
SUPPLIES & MATERIALS		10.6	2.4	2.4		2.4	2.4				4.8
EQUIPMENT		35.2			98.0	98.0			18.0	18.0	
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS		245.3	173.2	183.8	108.0	291.8	183.8	84.5	28.0	112.5	89.3
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
SP REV DIRECT APPROP		245.3	173.2	183.8	108.0	291.8	183.8	84.5	28.0	112.5	89.3
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING		245.3	173.2	183.8	108.0	291.8	183.8	84.5	28.0	112.5	89.3
POSITIONS BY FUND											
SP REV DIRECT APPROP		4.0	5.0	5.0	.5	5.5	5.0	5.0	.5	5.5	5.0
TOTAL POSITIONS		4.0	5.0	5.0	.5	5.5	5.0	5.0	.5	5.5	5.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: DATA SERVICES
 PROGRAM: SECRETARY OF STATE
 AGENCY: SECRETARY OF STATE, OFFICE OF

Request Title: DATA SERVICES STAFF INCREASE				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Special Revenue Fund	\$10.0	.5	\$10.0	.5
Governor's Recommendation				
Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

To provide for data processing from 6:00 p.m. - 10:00 p.m., Monday-Friday on department's computer. (1/2 Clerk Typist I)

DESCRIPTION/BACKGROUND:

During F.Y. 1988-89 a total of 850,000 records will be added or changed in the department's computer system.

RATIONALE:

The "2nd shift" operations will help to minimize the impact the massive record conversion will have on the on-going daily operations of the department.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present her budgetary needs directly to the Legislature for consideration.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: DATA SERVICES
 PROGRAM: SECRETARY OF STATE
 AGENCY: SECRETARY OF STATE, OFFICE OF

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present her budgetary needs directly to the Legislature for consideration.

Request Title: COMPUTER EQUIPMENT UPGRADE	F.Y. 1988		F.Y. 1989	
	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Agency Request				
Special Revenue Fund	\$98.0	-0-	\$18.0	.5
Governor's Recommendation				
Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: Yes No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

To provide for upgrading Department's computer to deal with incorrect initial sizing and to provide for future growth.

DESCRIPTION/BACKGROUND:

In F.Y. 1985 the Department purchased a Sperry Mapper computer system for the corporate and UCC record series. The sizing was based upon an IMB study of the department's records. The computer was not capable of handling the number of records to be entered and the company has loaned the State - at no cost - additional disk storage and memory capability to deal with the current volumes. The department will need to purchase this loaned capacity in F.Y. 1988.

RATIONALE:

1. Due to incorrect initial sizing it is necessary to upgrade the equipment to current operational requirement. (\$98,000 F.Y. 1988).
2. Due to projected increases in volume and storage it is necessary to upgrade the equipment to deal with future operational requirements (\$18,000 F.Y. 1989).

1987-89 BIENNIAL BUDGET
PROGRAM STRUCTURE

AGENCY: STATE AUDITOR

PROGRAM

ACTIVITIES

SECTION

PAGE

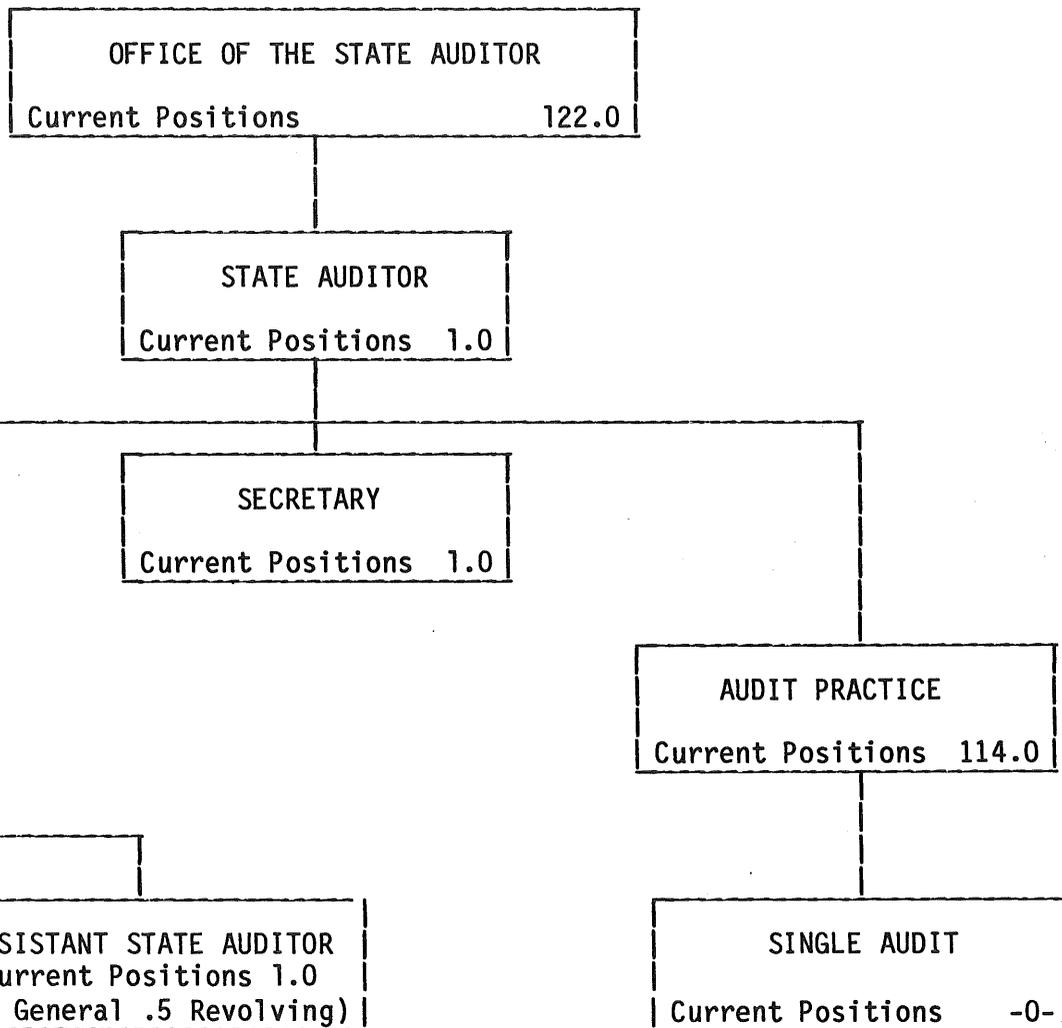
STATE AUDITOR-----| Constitutional Office
| Governmental Information Division
| Audit Practice
| Single Audit
| Police/Fire Relief Oversight

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OFFICE OF THE STATE AUDITOR

ORGANIZATION CHART
AT JULY 1986

AUTHORITY:	<u>CURRENT F.Y. 87</u>	<u>REQUESTED FOR 6/30/89</u>
LEGISLATIVE COMPLEMENT		
GENERAL FUND	7.5	9.5
REVOLVING FUND	114.5	114.5
TRANSFERS IN/OUT	-0-	-0-
TOTAL PERMANENT POSITIONS	122.0	124.0
OTHER COMPLEMENT (FTE)	19.0	19.0
TOTAL AUTHORIZED POSITIONS	<u>141.0</u>	<u>143.0</u>
EMPLOYEES ON 6/30/86	98.5	



AGENCY: OFFICE OF THE STATE AUDITOR

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

AGENCY PURPOSE:

The central goal of the Office of the State Auditor is to ensure that local governments throughout the state manage their funds wisely and efficiently. The agency achieves this goal through performing audits of approximately 280 local governments--cities, counties, school districts, and others--and monitoring the audits of other local governments that are performed by independent accounting firms through the statewide single audit. The audits attest to the fairness of the governments' financial statements and to their compliance with the laws and regulations that direct their activities. Accounting for the finances and legal compliance of approximately 4300 local governments is essential to the State's solvency, as these governments receive the majority of the State's resources in addition to their local resources.

Currently citizens, the State, and the federal government are demanding more accountability for public dollars. The Office of the State Auditor is in a unique position to assure that accountability, not only through the examination of financial reports, but also through educating governments and other concerned parties about financial management practices, reporting standards, and current fiscal trends. The office uses the data from the audits and financial reports to compile a data base which supplies the information to meet these educational needs.

The resulting information enables local governments to improve fiscal practices, to plan for future contingencies, and to prevent fraud, waste, and abuse. The information is also used by the Legislature, the federal government, and the public.

The planning and oversight activities of the Office of the State Auditor are increasing in importance. The economic climate of the future will require budget reductions at all levels of government. Resistance to increased taxes, continued demands for public services, and scarce federal aid force governments to perform more with fewer dollars. Because of these pressures, a comprehensive perspective is needed which includes effective long-range fiscal planning. The need is particularly urgent for local governments because they often do not have the resources--such as training facilities, sophisticated data processing, library and reference materials, and support networks--that the larger entities do.

Over the past several years much progress has been made in fiscal accountability. Through this Office's efforts, uniform accounting and reporting standards have been implemented virtually statewide. Several major local governments (38 in 1985) received the Certificate of Achievement, the highest form of recognition in governmental financial reporting. In cooperation with the Legislative Auditor, the U.S. Department of Agriculture, and the Minnesota Department of Finance, the Office participated in the first statewide single audit, which included the federal grant funds received by the State and passed through to local units of government. The Office has received national recognition for these audit efforts.

In spite of the accomplishments, much remains to be done. Audit and reporting requirements have changed drastically since 1980. New reporting standards are forthcoming from the recently formed Governmental Accounting Standards Board. The annual single audit still requires adaptations, adjustments, and the incorporation of additional local units of government receiving federal funds through the State Legal compliance guidelines are being refined through the efforts of the legal compliance task force set up during the 1983 legislative session. This Office has issued a manual for use in all audits of local governmental units during the Spring of 1985. And, communication of fiscal needs and trends are increasingly important in enabling governments to anticipate and thus prevent financial problems and misuse of resources.

Laws of 1986, Ch. 359, assigned the oversight of the financial reports and accounting systems of the 700 Police and Fire Relief Associations to this Office. Funding for this budget activity is requested for FY's 88-89.

Governmental finance within the state can and must be improved. The Office of the State Auditor proposes to effect such improvement through the full disclosure of wasteful management practices and the continuing economic education of public officials and the taxpayers.

To achieve its purposes efficiently, the Office of the State Auditor is divided into five budgetary units, each of which is described in detail following this section: the Constitutional Office, Audit Practice, the Governmental Information Division, Single Audit, and Police and Fire Relief Associations Oversight.

OPERATION AND CLIENTELE:

The Office of the State Auditor cannot audit every unit of local government, because it simply does not have the staff to do so, but it can and should monitor the financial viability of all local governments in the state, for three reasons:

1. To give the governments an independent assessment of their overall financial condition and likely future trends;
2. To allow comparisons among similar units throughout the state and predict the larger trends, which have widespread effects; and
3. To furnish decision-makers such as the Legislature and interested parties, such as taxpayers with relevant and timely information about finances throughout the state.

The oversight function is accomplished through monitoring and prescribing financial reporting and audit requirements, and regularly reviewing the audit reports of local governments. The Office's unique data base is used to analyze fiscal patterns from the aggregate data. In this manner the Office of the State Auditor can better assist local governments that have problems, by providing better service and information. Other users are able to understand local government finances more readily.

The long-term goals of the Office of the State Auditor must be viewed in the context of the agency's local government constituents. Those goals are:

1. To ensure consistent application of uniform accounting and auditing standards and ensure compliance with the law on a statewide basis.
2. To assist and encourage units of local government throughout the state in obtaining the highest level of financial management practice, and effective use of limited resources.
3. To develop a coordinated and comprehensive approach to achieving fiscal oversight of local government.
4. To serve local units of government, and the accounting and auditing profession, as a resource of information on uniform accounting, auditing, compliance and financial management that adheres to all applicable standards.

EXPLANATION OF BUDGET REQUESTS: CHANGE REQUEST allows for upgrading, updating and increasing the effectiveness and productivity of the Constitutional section of the Office. Allows for the implementation of the Police and Fire Relief Oversight function assigned by Minn. Laws 1986, Chapter 359 to provide Police and Fire Relief Associations with financial reviews and uniform accounting standards so that accurate information is provided to the Legislature in determining State aid payments.

INDEX	Agency Request 1987-89 Biennium All Funds	Governor's Recommendation 1987-89 Biennium All Funds	Page
SAME Level Request	\$ 8,979.2	\$ 8,979.2	
State Auditor			
Const Office Supplies	19.8	-0-	8
Police/Fire Assn Oversight	160.0	-0-	17
AGENCY TOTAL	<u>\$ 9,159.0</u>	<u>\$ 8,979.2</u>	

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the State Auditor to present his budgetary needs directly to the Legislature for consideration.

AGENCY FISCAL SUMMARY - BIENNIAL BUDGET

AGENCY: STATE AUDITOR

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY PROGRAM: STATE AUDITOR	3,826.5	3,949.1	4,274.9	4,489.8	90.0	4,579.8	4,489.8	4,489.4	89.8	4,579.2	4,489.4
TOTAL	3,826.5	3,949.1	4,274.9	4,489.8	90.0	4,579.8	4,489.8	4,489.4	89.8	4,579.2	4,489.4
EXPENDITURES BY CATEGORY: STATE OPERATIONS LOCAL ASSISTANCE AIDS TO INDS.	3,826.5	3,949.1	4,274.9	4,489.8	90.0	4,579.8	4,489.8	4,489.4	89.8	4,579.2	4,489.4
TOTAL EXPENDITURES	3,826.5	3,949.1	4,274.9	4,489.8	90.0	4,579.8	4,489.8	4,489.4	89.8	4,579.2	4,489.4
SOURCES OF FINANCING: DIRECT APPROPRIATIONS: GENERAL	419.3	429.3	518.1	490.0	90.0	580.0	490.0	489.6	89.8	579.4	489.6
DEDICATED APPROPRIATIONS: ENTERPRISE	3,407.2	3,519.8	3,756.8	3,999.8		3,999.8	3,999.8	3,999.8		3,999.8	3,999.8
TOTAL FINANCING	3,826.5	3,949.1	4,274.9	4,489.8	90.0	4,579.8	4,489.8	4,489.4	89.8	4,579.2	4,489.4
POSITIONS BY FUND: GENERAL	7.5	7.5	9.5	7.5	2.0	9.5	7.5	7.5	2.0	9.5	7.5
ENTERPRISE	114.5	114.0	120.5	120.5		120.5	120.5	120.5		120.5	120.5
TOTAL POSITIONS	122.0	121.5	130.0	128.0	2.0	130.0	128.0	128.0	2.0	130.0	128.0

ACTIVITY: CONSTITUTIONAL OFFICE
 Program: OFFICE OF THE STATE AUDITOR
 Agency: OFFICE OF THE STATE AUDITOR

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

ACTIVITY DESCRIPTION: This functional area provides the top management of the agency for the audit practice and governmental information division, and support for the Executive Council, Land Exchange Board, State Investment Board, State Housing Finance Agency and Public Employees Retirement Association, on which the State Auditor serves as a constitutional officer of the State.

MAJOR OBJECTIVES: The major objectives of the constitutional office are to continue to implement uniform accounting and reporting standards throughout the state, to continue to improve the efficiency and professionalism of the agency, to continue to keep local governments informed about their financial condition as well as statewide trends, and to ensure the effective and efficient operation and service delivery to the other boards on which the State Auditor serves.

EFFECTIVENESS MEASURES:

1. Increased staff development and training in audit practice:
 - 38 CPA's in 1986 versus 11 in 1979,
 - 16 in the certification process versus 2 in 1979,
 - 3 Master's degrees and one PhD in 1986 versus 0 in 1979,
 - 2 law degrees in 1986 versus 2 in 1977.
2. Served on the Public Employee's Retirement Board and has become president of that board.
3. Used data bases from financial reports to educate local governments on their financial condition.
4. Caused updating and amending of reporting standards for local governments (COFARS) to include changes in generally accepted accounting principles (GAAP).
5. Held training sessions for local governments with emphasis on reporting requirements.
6. Played an important part in the selection of a master custodian, index fund manager and bond managers for the \$7 billion State Board of Investments.
7. Developed and promoted a unique partnership between the State Board of Investment and the State Housing Finance Agency to provide mortgage funds to low and moderate income persons while obtaining a market rate of return for the State Board of Investment.
8. Continued to maintain affirmative action goals through hiring and promotional procedures.

ACTIVITY CHANGE REQUEST:

For Lease of Word Processing Equipment

	F.Y. 1988	F.Y. 1989
Lease Word Processing Equipment	\$ 6.6	\$ 6.6
Refinish Desks and File Cabinets	2.0	-0-
Sound Hood	.8	.8
Office Dividers	2.4	2.4
	<u>\$ 10.0</u>	<u>\$ 9.8</u>

FUNDING SOURCE:

General Fund.

EXPLANATION OF BUDGET REQUEST:

SAME LEVEL. CHANGE level for 19.8 for word processing equipment.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: CONSTITUTIONAL OFFICE

PROGRAM: STATE AUDITOR

AGENCY: STATE AUDITOR

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	173.4	171.1	190.8	217.1	10.0	227.1	217.1	216.9	9.8	226.7	216.9
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	173.4	171.1	190.8	217.1	10.0	227.1	217.1	216.9	9.8	226.7	216.9
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	153.0	153.0	172.5	198.9		198.9	198.9	198.7		198.7	198.7
EXPENSES & CONTRAC. SERV	16.3	16.0	16.1	16.1	6.8	22.9	16.1	16.1	6.6	22.7	16.1
SUPPLIES & MATERIALS	2.6	2.1	.9	.8	2.4	3.2	.8	.8	2.4	3.2	.8
EQUIPMENT	1.5		1.3	1.3	.8	2.1	1.3	1.3	.8	2.1	1.3
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	173.4	171.1	190.8	217.1	10.0	227.1	217.1	216.9	9.8	226.7	216.9
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	173.4	171.1	190.8	217.1	10.0	227.1	217.1	216.9	9.8	226.7	216.9
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	173.4	171.1	190.8	217.1	10.0	227.1	217.1	216.9	9.8	226.7	216.9
POSITIONS BY FUND											
GENERAL	3.5	3.5	3.5	3.5		3.5	3.5	3.5		3.5	3.5
TOTAL POSITIONS	3.5	3.5	3.5	3.5		3.5	3.5	3.5		3.5	3.5

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: CONSTITUTIONAL OFFICE
 PROGRAM: OFFICE OF THE STATE AUDITOR
 AGENCY: OFFICE OF THE STATE AUDITOR

Request Title: CONSTITUTIONAL OFFICE				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 10.0	-0-	\$ 9.8	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

CHANGE request allows for upgrading, updating and increasing the effectiveness and productivity of the Constitutional section of the Office.

DESCRIPTION/BACKGROUND:

This functional area provides the top management of the agency for the audit practice and governmental information division, and support for the Executive Council, Land Exchange Board, State Investment Board, State Housing Finance Agency and Public Employees Retirement Association, on which the State Auditor serves as a constitutional officer of the State.

FUNDING SOURCE:

General Fund.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the State Auditor to present his budgetary needs directly to the Legislature for consideration.

ACTIVITY: GOVERNMENTAL INFORMATION DIVISION
 Program: OFFICE OF THE STATE AUDITOR
 Agency: OFFICE OF THE STATE AUDITOR

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

ACTIVITY DESCRIPTION: The Governmental Information Division is charged with setting accounting and financial reporting standards for cities and towns in Minnesota. This activity includes the collection, verification, and publication of uniform fiscal data on governmental subdivisions; the data are provided to the Legislature, the governmental subdivisions, and the public.

MAJOR OBJECTIVES: The most significant measure of performance is that all of the financial information for Minnesota's

- 87 Counties
- 855 Cities
- 1,794 Towns
- 1,156 Other local units of government

is entered into GID's data base on local governments covering indebtedness, bonding, revenues and expenditures, and the overall financial condition.

Federal Revenue Sharing monies received by Minnesota local governments is monitored through an agreement with the U.S. Bureau of Census.

The division prescribes accounting and financial reporting procedures for cities and townships in Minnesota.

Information is regularly supplied to bond rating agencies regarding the bonded debt of local governments in Minnesota.

An important part of GID's work has been the implementation of consolidated reporting of local government highway expenditures through a cooperative agreement with the Minnesota Department of Transportation (MnDOT). Through elimination of certain duplications of effort MnDOT has saved an estimated \$15,000 annually.

ACTIVITY STATISTICS:

1. Recorded information on the following number of local units of government:

<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
4,361	4,260	4,260	4,260

2. Published documents covering the following number of local governments in accordance with Minnesota Statutes:

<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
1,420	2,575	1,720	2,425

3. Reported to the U.S. Bureau of Census and the Federal Department of Revenue Sharing on the following local units of government in Minnesota:

<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
2,650	2,650	2,650	2,650

4. Sent and received reporting forms to/from the following number of local governments:

<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
4,009	3,900	3,900	3,900

FUNDING SOURCE:

Funding taken from Local Government Aids.

EXPLANATION OF BUDGET REQUEST: SAME level.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: GOVERNMENTAL INFO DIV

PROGRAM: STATE AUDITOR

AGENCY: STATE AUDITOR

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	173.9	183.5	195.0	195.6		195.6	195.6	195.4		195.4	195.4
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	173.9	183.5	195.0	195.6		195.6	195.6	195.4		195.4	195.4
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	128.2	148.4	155.0	155.6		155.6	155.6	155.4		155.4	155.4
EXPENSES & CONTRAC. SERV	38.0	20.9	31.2	31.2		31.2	31.2	31.2		31.2	31.2
SUPPLIES & MATERIALS	2.0	4.2	1.8	1.8		1.8	1.8	1.8		1.8	1.8
EQUIPMENT	5.7	10.0	7.0	7.0		7.0	7.0	7.0		7.0	7.0
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	173.9	183.5	195.0	195.6		195.6	195.6	195.4		195.4	195.4
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	173.9	183.5	195.0	195.6		195.6	195.6	195.4		195.4	195.4
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	173.9	183.5	195.0	195.6		195.6	195.6	195.4		195.4	195.4
POSITIONS BY FUND											
GENERAL	4.0	4.0	4.0	4.0		4.0	4.0	4.0		4.0	4.0
TOTAL POSITIONS	4.0	4.0	4.0	4.0		4.0	4.0	4.0		4.0	4.0

ACTIVITY: AUDIT PRACTICE
 Program: OFFICE OF THE STATE AUDITOR
 Agency: OFFICE OF THE STATE AUDITOR

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

DESCRIPTION:

Audit Practice conducts post-audits of governmental subdivisions within the state, attesting to the fairness of their financial statements and their compliance with applicable laws and regulations. These subdivisions include towns, cities, counties, school districts and other governmental agencies. Audit Practice also performs petition audits in accordance with statutory provisions.

EFFECTIVENESS MEASURES:

The major objective of Audit Practice is to ensure the financial viability of local governments throughout the state. This is accomplished by performing audits and by setting uniform standards for all financial reporting and audit requirements for local units of government in Minnesota. This objective is furthered by making recommendations for improvement in local accounting practices.

The agency support objectives are to continue to develop the accounting and management information system, adapting it to the agency's changing needs, and to provide administrative management with appropriate financial and other technical assistance.

This division assists local units of government in Minnesota in upgrading their accounting system to bring them into conformance with the standards required by bonding agencies, and into compliance with Legislative requirements and generally accepted governmental accounting principles.

ACTIVITY STATISTICS:

1. Audit approximately 300 local governments each year;
2. Update uniform reporting and accounting systems for local governments.
3. Assist local governments in complying with the requirements associated with the Single Audit of the State of Minnesota;
4. Maintain legal compliance manual;
5. Provide individual assistance to local governments requiring help in implementing or updating their accounting system.

FUNDING SOURCE:

Costs recovered from fees billed to audit clients.

EXPLANATION OF BUDGET REQUEST:

No new funding is requested; client fees (revolving fund) will continue to provide sufficient support to this activity.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: AUDIT PRACTICE-REVOLVING

PROGRAM: STATE AUDITOR

AGENCY: STATE AUDITOR

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	3,407.2	3,519.8	3,756.8	3,999.8		3,999.8	3,999.8	3,999.8		3,999.8	3,999.8
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	3,407.2	3,519.8	3,756.8	3,999.8		3,999.8	3,999.8	3,999.8		3,999.8	3,999.8
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	2,916.5	3,027.4	3,256.8	3,399.8		3,399.8	3,399.8	3,399.8		3,399.8	3,399.8
EXPENSES & CONTRAC. SERV	469.9	443.3	474.1	554.1		554.1	554.1	554.1		554.1	554.1
SUPPLIES & MATERIALS	18.3	19.5	18.0	28.0		28.0	28.0	28.0		28.0	28.0
EQUIPMENT	2.5		7.9	17.9		17.9	17.9	17.9		17.9	17.9
OTHER EXPENSE ITEMS		29.6									
TOTAL STATE OPERATIONS	3,407.2	3,519.8	3,756.8	3,999.8		3,999.8	3,999.8	3,999.8		3,999.8	3,999.8
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
DEDICATED APPROPRIATIONS:											
ENTERPRISE	3,407.2	3,519.8	3,756.8	3,999.8		3,999.8	3,999.8	3,999.8		3,999.8	3,999.8
TOTAL FINANCING	3,407.2	3,519.8	3,756.8	3,999.8		3,999.8	3,999.8	3,999.8		3,999.8	3,999.8
POSITIONS BY FUND											
ENTERPRISE	114.5	114.0	120.5	120.5		120.5	120.5	120.5		120.5	120.5
TOTAL POSITIONS	114.5	114.0	120.5	120.5		120.5	120.5	120.5		120.5	120.5

ACTIVITY: SINGLE AUDIT
 Program: OFFICE OF THE STATE AUDITOR
 Agency: OFFICE OF THE STATE AUDITOR

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

ACTIVITY DESCRIPTION: The Single Audit is an entity-wide audit of the State of Minnesota, and is a requirement of the U.S. Office of Management and Budget, spelled out in the Single Audit Act of 1984. In Minnesota the Single Audit is a cooperative effort of the State Auditor's Office, the Legislative Auditor's Office, the U.S. Department of Agriculture (Minnesota's cognizant agency), and the Minnesota Department of Finance. The agencies involved in this joint effort made an agreement regarding their respective responsibilities through a Memorandum of Understanding dated April, 1983.

EFFECTIVENESS MEASURES: The Single Audit is an effort to consolidate and eliminate duplication in audit efforts, while reducing gaps in audit coverage. The concept of the Single Audit is to conduct entity-wide audits including all funds received, instead of a series of smaller audits. The major overall objective of the Single Audit is to obtain maximum audit coverage with a minimum of expense and duplication.

1. Prepare a plan to implement the Single Audit Act of 1984, and the Block Grant Audit Requirements at the subrecipient level.
2. Develop a transition schedule for subrecipients.
3. Prepare audit reporting guidelines and procedures for subrecipient audits in accordance with the Single Audit Act of 1984.
4. Develop and maintain a monitoring system for subrecipient audit reports.
5. Identify auditor's questioned costs and noncompliance of subrecipients.
6. Follow-up auditor's questioned costs and noncompliance of subrecipients with State departments.
7. Provide a summary report.

ACTIVITY STATISTICS:

1. During F.Y. 1985 the Office of the State Auditor prepared a plan to implement the Single Audit Act of 1984 in audits at the subrecipient level.
2. Developed a transition schedule for all local units to comply with this provision during the next 4 years.

3. Developed a data reporting system for the information required by the Legislative Auditor including questioned costs and noncompliance.
4. In F.Y. 1985 provided a summary report covering federal funds received by--
 - 510 school districts
 - 8 regional development commissions.
 - 35 counties
 - 47 municipalities
 - 23 non-profit agencies
 - 2 other governmental units
5. County and city reports will be added to the Single Audit, making the estimated number of reports to be reviewed:

F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
538	847	900	950

FUNDING SOURCE:

Costs recovered through the federal indirect cost plan of the State of Minnesota.

EXPLANATION OF BUDGET REQUEST:

SAME--No new funding is anticipated.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: SINGLE AUDIT

PROGRAM: STATE AUDITOR

AGENCY: STATE AUDITOR

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	72.0	74.7	77.3	77.3		77.3	77.3	77.3		77.3	77.3
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	72.0	74.7	77.3	77.3		77.3	77.3	77.3		77.3	77.3
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES											
EXPENSES & CONTRAC. SERV	71.6	69.2	71.0	71.0		71.0	71.0	71.0		71.0	71.0
SUPPLIES & MATERIALS	.4	4.3	1.0	1.0		1.0	1.0	1.0		1.0	1.0
EQUIPMENT		1.2	5.3	5.3		5.3	5.3	5.3		5.3	5.3
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	72.0	74.7	77.3	77.3		77.3	77.3	77.3		77.3	77.3
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	72.0	74.7	77.3	77.3		77.3	77.3	77.3		77.3	77.3
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	72.0	74.7	77.3	77.3		77.3	77.3	77.3		77.3	77.3
POSITIONS BY FUND											
TOTAL POSITIONS											

ACTIVITY: POLICE/FIRE RELIEF ASSOCIATIONS OVERSIGHT
 Program: OFFICE OF THE STATE AUDITOR
 Agency: OFFICE OF THE STATE AUDITOR

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

ACTIVITY DESCRIPTION:

Minn. Laws 1986, Chapter 359 ordered the Office of the State Auditor to provide oversight to 700 Police and Fire Relief Associations. During the 1986 Legislative Session, a change in the Statutes affecting Police and Fire Relief Associations was enacted. This law requires the Office of the State Auditor to review and monitor the financial reports submitted to the State of Minnesota from which the state aids which are sent to the Police and Fire Relief Associations are calculated. The changes in the laws became effective January 1, 1987. The Office of the State Auditor must develop a uniform accounting system, contracting procedures for audits of the Police and Fire Relief Associations and provide training for the Police and Fire Relief Associations.

EFFECTIVENESS MEASURES:

Review 700 Police and Fire Relief Associations. Provide training for associations' officers in Generally Accepted Accounting Principles.

ACTIVITY STATISTICS:

Review of 700 Police and Fire Relief Associations' annual financial reports.

<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
-0-	700	700	700

EXPLANATION OF BUDGET REQUEST:

This is a new program to monitor Police and Fire Relief Associations as assigned by Laws of 1985, Ch. 359.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: POLICE FIRE RELIEF OVERSITE

PROGRAM: STATE AUDITOR

AGENCY: STATE AUDITOR

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS			55.0		80.0	80.0			80.0	80.0	
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES			55.0		80.0	80.0			80.0	80.0	
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES			45.0		70.0	70.0			70.0	70.0	
EXPENSES & CONTRAC. SERV											
SUPPLIES & MATERIALS			10.0		10.0	10.0			10.0	10.0	
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS			55.0		80.0	80.0			80.0	80.0	
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL			55.0		80.0	80.0			80.0	80.0	
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING			55.0		80.0	80.0			80.0	80.0	
POSITIONS BY FUND											
GENERAL			2.0		2.0	2.0			2.0	2.0	
TOTAL POSITIONS			2.0		2.0	2.0			2.0	2.0	

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: POLICE/FIRE RELIEF ASSOCIATIONS OVERSIGHT
 PROGRAM: OFFICE OF THE STATE AUDITOR
 AGENCY: OFFICE OF THE STATE AUDITOR

FUNDING SOURCE:

General Fund.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the State Auditor to present his budgetary needs directly to the Legislature for consideration.

Request Title: POLICE/FIRE RELIEF ASSOCIATION OVERSIGHT				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 80.0	2.0	\$ 80.0	2.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The Office of State Auditor requests the above funds to provide two positions and supplies to cover monitoring of the 700 Police and Fire Relief Associations.

DESCRIPTION/BACKGROUND:

Minn. Laws 1986, Chapter 359, ordered the Office of the State Auditor to provide oversight to 700 Police and Fire Relief Associations. During the 1986 Legislative Session a change in the statutes affecting Police and Fire Relief Associations was enacted. This law requires the Office of the State Auditor to review and monitor the financial reports submitted to the State of Minnesota from which the state aids which are sent to the Police and Fire Relief Associations are calculated. The changes in the laws became effective January 1, 1987. The Office of the State Auditor must develop a uniform accounting system, contracting procedures for audits of the Police and Fire Relief Associations and provide training for the Police and Fire Relief Associations.

ACTIVITY STATISTICS:

Review of 700 Police and Fire Relief Associations' annual financial reports.

<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
-0-	700	700	700

AGENCY: STATE TREASURER'S OFFICE

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

AGENCY PURPOSE:

The State Treasurer is an independently elected constitutional officer of the State of Minnesota. The State Treasurer's office receives and accounts for monies paid into the state treasury until lawfully disbursed or invested.

OPERATION AND CLIENTELE:

At present, approximately \$10.0 billion flows through the Treasurer's office annually in the form of state revenues and deposits. Deposits are received from all state agencies, 84 county auditors and treasurers, and 165 deputy registrars.

This office provides for the processing of state revenues and deposits into funds for meeting current needs or for the purchase of investments with later maturities. The State Treasurer's office also provides safekeeping and inventory of all invested securities, and accounting for the state's debt service. Records are maintained on the state's bonded indebtedness and redemptions. The agency reconciles and verifies the validity of approximately 5 million state warrants annually.

OBJECTIVE:

To manage the state's cash to maximize the amount available for use each day.

EFFECTIVENESS MEASURE:

Average collected cash balances above required amounts.

<u>ACTIVITY STATISTICS:</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
	(Millions)				
1) Total Dept Redemption	\$ 128.64	\$ 172.69	\$ 176.48	\$ 162.86	\$ 153.41
2) Debt Service Fees Paid	\$.01	\$.01	\$.01	\$.01	\$.01
3) State Warrants Processed	4.4	4.5	4.7	5.0	5.0

BUDGET ISSUE:

The 1985 Legislature transferred certain responsibilities from the State Treasurer to the Department of Finance. The responsibilities included the receipt of all revenues at state depositories, the processing of all state warrants for payments to banks, the determination of available bank balances, and the inventory of investments for safekeeping. The Supreme Court ruled in August, 1986 that the 1985 Legislation was unconstitutional.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the State Treasurer to present his budgetary needs directly to the Legislature for consideration.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: STATE TREASURER

PROGRAM: STATE TREASURY

AGENCY: STATE TREASURER

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	661.3	245.9	174.1	610.5		610.5	610.5	552.6		552.6	552.6
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	661.3	245.9	174.1	610.5		610.5	610.5	552.6		552.6	552.6
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	511.6	156.4	146.0	418.4		418.4	418.4	417.1		417.1	417.1
EXPENSES & CONTRAC. SERV	80.9	85.1	23.1	120.7		120.7	120.7	120.7		120.7	120.7
SUPPLIES & MATERIALS	15.5	4.4	5.0	63.9		63.9	63.9	7.3		7.3	7.3
EQUIPMENT	53.3			7.5		7.5	7.5	7.5		7.5	7.5
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	661.3	245.9	174.1	610.5		610.5	610.5	552.6		552.6	552.6
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	661.3	245.9	174.1	610.5		610.5	610.5	552.6		552.6	552.6
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	661.3	245.9	174.1	610.5		610.5	610.5	552.6		552.6	552.6
POSITIONS BY FUND											
GENERAL	20.0	4.0	5.0	14.0		14.0	14.0	14.0		14.0	14.0
TOTAL POSITIONS	20.0	4.0	5.0	14.0		14.0	14.0	14.0		14.0	14.0

1987-89 BIENNIAL BUDGET
PROGRAM STRUCTURE

AGENCY: ATTORNEY GENERAL

Section

Page

PROGRAM

ACTIVITIES

STATE LEGAL SERVICES	Public Administration	17	6
	Public Resources		10
	Public Assistance		16
	Public Protection		24
	Legal Policy and Administration		35

POSITION RECONCILIATION		
<u>Authority:</u>	<u>Current</u>	<u>Requested for 6-30-89</u>
<u>Legislative Complement</u>		
General Fund	327.0	346.75
Federal Fund	11.0	6.75
Total Permanent Positions	338.0	353.5
Other Complement	<u>29.5</u>	<u>29.5</u>
Authorized Positions	<u>367.5</u>	<u>383.0</u>
Employees on 6-30-86*	342.0	

*Employees counted as one regardless of the amount of time they are employed.

ATTORNEY GENERAL

<u>Position Summary</u>	
Current Positions	338.0
Positions Abolished	7.5
New Positions Requested	23.0

ATTORNEY GENERAL	1.0
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CHIEF DEPUTY	1.0
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LEGAL STAFF	
Current Positions	163.0
Positions Abolished	3.0
New Positions Requested	12.0

ADMINISTRATIVE AND LEGAL SUPPORT STAFF	
Current Positions	173.0
Administrative Staff	11.0
Clerical/Technical	29.0
Legal Assistants	65.0
Secretaries	68.0
Positions Abolished	4.5
New Positions Requested	11.0

AGENCY PURPOSE:

The Attorney General appears for the state in all cases in the Minnesota State Appeals and Supreme Court, and United States District, Appellate and Supreme Court; in all civil cases in Minnesota District Court; and, upon request of the governor or any county attorney, in any criminal case in Minnesota District Court.

The Attorney General prosecutes all actions against persons who claim an interest adverse to the state, as well as claims of the state against the federal government. He may institute, conduct, and maintain any action or proceeding he deems necessary for the enforcement of the laws of the state, the preservation of order, and the protection of public rights.

OPERATION AND CLIENTELE:

The Attorney General is the chief legal officer of the State of Minnesota. His duties stem from the constitution, state statutes and common law. He is the attorney for all state officers, departments, boards and commissions. He represents them in all matters pertaining to their official duties. He interprets statutes and provides other legal services for local units of government. He enforces statutes, provides legal information, and acts to protect the legal interests of Minnesotans.

As the chief legal officer for the State of Minnesota, the Attorney General and his assistants represent the citizens of Minnesota by litigating constitutional challenges, criminal, consumer protection and antitrust cases, and by providing a variety of legal services to state agencies in the areas of commerce, human rights, the environment, energy, natural resources, health, education and many other areas of state concern.

The office also serves the public directly through citizen contact, public education and litigation initiated in the name of the Attorney General. It also provides substantial assistance to local officials such as county attorneys and sheriffs in their efforts to enforce the laws of this state.

The office serves its numerous state agency clients in the following major respects:

1. Represents clients in all adversarial proceedings including lawsuits, rulemaking hearings, contested case hearings, rate hearings, disciplinary conferences, state and federal appellate litigation, and collection activities.
2. Renders day-to-day legal services to clients including advice and opinions involving statutory interpretation, potential liabilities, legal authority for proposed agency actions and advisability of available alternative courses of action.

3. Reviews and approves all contracts as to form and legality.

4. Reviews bills passed by the Legislature before the Governor signs them.

OBJECTIVES:

1. To protect the citizens of Minnesota from consumer fraud, antitrust violators, illegal charitable solicitations, and criminal activity, particularly complex economic crime;
2. To represent state agency clients in all matters and proceedings of an adversarial nature;
3. To inform state agency clients of the potential ramifications of particular actions and alternative courses of action that are available in order to avoid becoming entangled in legal problems that "preventive" legal advice would have minimized.

BUDGET ISSUES:

Although historical experience is somewhat helpful in anticipating future legal needs, what legal services will be needed is influenced by several unpredictable variables: financial resources available to client agencies, changes in agency enforcement patterns, pressures on the legal system in difficult economic times, and the sometimes sudden onset of federal and state litigation or court decisions which initiate new litigation or appellate challenges.

The output of legal services is rarely a tangible product measureable by objective techniques. Public law practice is highly specialized and indispensable for the effective operation of "good government." An indispensable requirement of the Attorney General's Office is flexibility. The appropriations process must permit the existence of sufficient management discretion to assign and reassign resources in response to rapidly changing needs. We do not produce products -- we provide services. Budget methodologies which may be appropriate for product output are not useful for a client-driven service organization. In most areas, our workload is: (1) what those who have claims against the state require us to do to defend the state; (2) what those who break our laws force upon us to uphold the law; (3) what is necessary to perform those tasks the legislature has assigned to the Office of the Attorney General; and (4) what our clients request.

Thus, while recent experience has demonstrated an increased demand for legal services, it is impossible to predict with great accuracy precisely which divisions of the office will experience particular peaks or valleys in that demand throughout the course of a biennium. We have encouraged the greatest possible "fungibility" of legal staff. We hire attorneys and legal assistants who we feel can perform well within any division of the office. Attorney resources, as a consequence, can be transferred more quickly to meet areas of rising demand.

GOVERNOR'S RECOMMENDATION:

In spite of our efforts, the budget reductions of recent years have had an effect. To keep up with the growth of litigation by internal reassignment and the use of outside counsel, we must ask for more staff, for the restoration of equity for our attorney staff, vis-a-vis their colleagues in other public and private law offices, and for the computer technology with which our opponents are armed. Positions will be sought at the appropriate budget activity level. The justification for compensation and the computer technology request will be made under the Legal Policy and Administration budget activity.

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Attorney General to present his budgetary needs directly to the Legislature for consideration.

<u>INDEX:</u>	<u>Agency Request 1987-89 Biennium All Funds</u>	<u>Governor's Recommendation 1987-89 Biennium All Funds</u>	<u>Page</u>
Reconciliation of F.Y. 1987 to SAME level	\$32,381.9	\$32,381.9	
Public Administration			
Tort Claims	110.9	-0-	9
Public Resources			
Transportation Matters	48.9	-0-	14
PUC Representation	87.0	-0-	15
Subtotal	<u>135.9</u>		
Public Assistance			
Health Board Matters	136.3	-0-	20
AIDS Related Matters	69.6	-0-	21
Nursing Home Rate Appeals	687.8	-0-	22
Subtotal	<u>893.7</u>		
Public Protection			
Racing Commission	69.6	-0-	29
Consumer Litigation	235.5	-0-	30
Consumer Mediation Assistance	90.0	-0-	32
Consumer Investigative Assistance	30.0	-0-	33
Hazardous Waste Investigation	68.9	-0-	34
Subtotal	<u>494.0</u>		
Legal Policy and Administration			
Automated Systems	400.0	-0-	38
Salary Adjustments	496.0	-0-	39
Child Protection Initiatives	26.7	-0-	41
Subtotal	<u>922.7</u>		
AGENCY TOTAL	<u>\$34,939.1</u>	<u>\$32,381.9</u>	

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: ATTORNEY GENERAL

AGENCY: ATTORNEY GENERAL

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
PUBLIC ADMINISTRATION	1,251.7	1,249.8	1,267.2	1,366.6	58.0	1,424.6	1,366.6	1,354.3	52.9	1,407.2	1,354.3
PUBLIC RESOURCES	3,486.2	3,470.8	3,850.6	3,488.3	70.3	3,558.6	3,488.3	3,500.6	65.6	3,566.2	3,500.6
PUBLIC ASSISTANCE	1,877.6	2,087.6	2,224.5	2,408.4	459.8	2,868.2	2,408.4	2,409.3	433.9	2,843.2	2,409.3
PUBLIC PROTECTION	4,544.1	4,741.6	4,766.2	4,856.2	254.5	5,110.7	4,856.2	4,855.3	239.5	5,094.8	4,855.3
LEGAL POLICY & ADMIN	3,744.1	3,833.7	3,969.0	4,072.2	524.7	4,596.9	4,072.2	4,070.7	398.0	4,468.7	4,070.7
TOTAL	14,903.7	15,383.5	16,077.5	16,191.7	1,367.3	17,559.0	16,191.7	16,190.2	1,189.9	17,380.1	16,190.2
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	14,903.7	15,383.5	16,077.5	16,191.7	1,367.3	17,559.0	16,191.7	16,190.2	1,189.9	17,380.1	16,190.2
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	14,903.7	15,383.5	16,077.5	16,191.7	1,367.3	17,559.0	16,191.7	16,190.2	1,189.9	17,380.1	16,190.2
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	14,534.8	14,975.8	15,716.3	15,890.8	1,367.3	17,258.1	15,890.8	15,890.2	1,189.9	17,080.1	15,890.2
DEDICATED APPROPRIATIONS:											
AGENCY		19.3									
FEDERAL	368.9	388.4	361.2	300.9		300.9	300.9	300.0		300.0	300.0
TOTAL FINANCING	14,903.7	15,383.5	16,077.5	16,191.7	1,367.3	17,559.0	16,191.7	16,190.2	1,189.9	17,380.1	16,190.2
POSITIONS BY FUND:											
GENERAL	321.0	327.0	327.0	323.8	23.0	346.8	323.8	323.8	23.0	346.8	323.8
FEDERAL	11.0	11.0	11.0	6.7		6.7	6.7	6.7		6.7	6.7
TOTAL POSITIONS	332.0	338.0	338.0	330.5	23.0	353.5	330.5	330.5	23.0	353.5	330.5

ACTIVITY: PUBLIC ADMINISTRATION
 Program: LEGAL SERVICES
 Agency: ATTORNEY GENERAL, OFFICE OF THE

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$ 235.3	\$ 295.0	\$ 293.7	\$ 293.7	\$ 293.7

ACTIVITY DESCRIPTION:

The Public Administration Activity provides all legal services to those state agencies charged with the financial and administrative management of the state and with defending it against tort claims.

The major areas for which the activity's clients are responsible are:

1. Administration (management information services, contracts, procurement, physical facilities).
2. Finance (budgets, bonds, payroll, annual financial statement).
3. Revenue (collection of various state taxes and defense of tax statutes and their interpretation).
4. Treasurer (state receipts and deposits).
5. Military Affairs (Minnesota National Guard, emergency, disaster relief).
6. Rural Finance Administration (restructuring of farm loans to aid financially troubled Minnesota farmers).
7. State Board of Investment (investment of state funds and public pension funds).
8. Ethical Practices Board (monitoring campaign contributions and economic interests of candidates and others).

The activity serves its clients in the following major respects:

1. Conducts all client-related tax, tort, construction, bond default, procurement, rate-making and other litigation.
2. Reviews administrative rules as to form and legality.
3. Provides legal assistance on state computer acquisitions.
4. Provides the public with paralegal assistance on laws pertaining to wage garnishment, contracts, and administrative law.
5. Reviews contracts for the Governor, State Treasurer, State Auditor and the Supreme Court.

6. Responds to citizen inquiries.
7. Reviews and approves proposals of the Commissioner of Revenue to abate taxes, penalties and interest.
8. Provides legal advice to its clients in the complex and diverse areas of taxation, administration and finance.

OBJECTIVE:

To defend the state against all tort claims, to enforce its tax laws and to advise the state's investment, financial and physical and real property managers in all legal matters.

ACCOMPLISHMENTS:

Successful representation of the state's interests or the significance and impact of a case is not necessarily reflected in the won-lost record or immediately measurable in dollar terms. However, the following are some accomplishments in F.Y. 1985-86:

1. During calendar years 1984, 1985 and the first six months of 1986, the Attorney General's Tort Claims Division closed 134 lawsuits and 743 claims. The estimated value of these cases was \$6,700.0. The total amount paid on these cases as a result of verdicts and settlements was \$1,747.8. Thus through negotiation and litigation, \$4,952.1 was saved. In addition, the tort claims division affirmatively recovered \$30.5 for the State. The type and seriousness of the case have a direct bearing on the amount that can be saved. Therefore, estimates of future savings cannot be precise. We project annual savings of \$2,000.0 in F.Y. 1987-89.
2. Handled tax litigation to fully secure amounts due in accordance with tax laws of the state; successfully litigated 82% of litigated matters. F.Y. 1987-89 projections are that we will successfully litigate 80% or more of our cases.
3. Represented the state's telecommunications interests before the Public Utilities Commission to preserve services which it purchases and to reduce or stabilize the rates for those services. Our efforts have saved the state approximately \$2,000.0 a year. F.Y. 1987-89 projections are that we will succeed in reducing WATS rates substantially.
4. Settlements and arbitrations in construction contract matters resulted in payments and savings to the state of over \$700.0 in F.Y. 1985-1986. With limited historical data, F.Y. 1987-89 estimates cannot be made.

ACTIVITY: PUBLIC ADMINISTRATION
 (Continuation)
 Program: LEGAL SERVICES
 Agency: ATTORNEY GENERAL, OFFICE OF THE

1987-89 Biennial Budget

ACTIVITY STATISTICS:

The work performed by the activity is dependent upon many factors. Consequently, specific, quantitative figures on future work load cannot be predicted. Nevertheless, certain observations about future work load can be made based upon the experience of the last 2 fiscal years (F.Y. 1985 and F.Y. 1986). The activity:

1. Participated in 1,368 tax suits, in the U.S. Supreme Court, state supreme or appellate court, state or federal district court and the state tax court, 278 tort law suits and numerous additional legal actions and formal administrative proceedings in other areas. Handled 1,038 new tort claims. Tax suits in the next biennium are expected to continue at about the same level. Tort law suits and claims are estimated to increase by about 20% over the biennium.
2. Prepared and/or reviewed more than 9,000 legal instruments.
3. Reviewed 276 sets of administrative rules as to form and legality.

ALTERNATIVES:

Many of the forces generating work load for this activity spring from the most elemental and basic government services.

The only way the Public Administration Activity could reduce its workload is by not performing certain essential governmental functions (i.e., not bringing legal actions against delinquent taxpayers, declining to assist the state in the issuance of bonds, etc.).

The Public Administrative Activity does not generate its work through the creation and administration of new, discretionary programs. Consequently, the activity cannot realize savings by "cutting back on" or delaying its programs, since the programs in question protect the state's interests in essential governmental matters.

Moreover, since the activity's clients perform such bedrock governmental services as: collecting taxes, issuing state debt and maintaining state buildings, and as the activity additionally defends the state against tort claims, curtailment of the activity's services would severely hamper basic state operations.

LEGISLATIVE AND JUDICIAL DECISIONS:

Two related developments in the tort area may impact on the public administration activity in this office. First, the 1986 Legislature passed amendments that makes a municipality an employee of the state when it inspects or investigates persons licensed by the State. The State is required to indemnify a municipality when the municipality is found liable for its negligence in performing an inspection or investigation unless the activity was carried out in a willful or wanton manner, it amounted to neglect of duty or the municipality was clearly negligent in hiring, supervising or continuing to employ the person who conducted the investigation. The defense of these actions, which previously fell to county attorneys, may shift to this office; alternatively, this office may have to defend an indemnification action against the State by the counties.

The 1986 amendments were followed by a Minnesota Supreme Court decision, Andrade v. Ellefson, et al. This is the second development referred to. The Court held that a person, including a governmental unit, is an employee of the State any time the person acts "on behalf of the state in an official capacity, temporarily or permanently, with or without compensation." This decision could have far-reaching impact on the State's liability for the actions of employees of political subdivisions of the State and on the Attorney General's responsibility to defend the State in tort and indemnification actions. However, at the present time, we do not have enough data to predict the consequences of these developments.

<u>CHANGE REQUEST:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Increase investigative and clerical assistance to defend the state against Tort Claims and Litigation. See the Change Request sheet for this activity.	\$ 58.0	\$ 52.9	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: PUBLIC ADMINISTRATION

PROGRAM: ATTORNEY GENERAL

AGENCY: ATTORNEY GENERAL

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,251.7	1,249.8	1,267.2	1,366.6	58.0	1,424.6	1,366.6	1,354.3	52.9	1,407.2	1,354.3
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	1,251.7	1,249.8	1,267.2	1,366.6	58.0	1,424.6	1,366.6	1,354.3	52.9	1,407.2	1,354.3
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	1,185.8	1,188.4	1,203.4	1,302.8	58.0	1,360.8	1,302.8	1,290.5	52.9	1,343.4	1,290.5
EXPENSES & CONTRAC. SERV	63.8	59.6	63.8	63.8		63.8	63.8	63.8		63.8	63.8
SUPPLIES & MATERIALS	2.1	1.8									
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	1,251.7	1,249.8	1,267.2	1,366.6	58.0	1,424.6	1,366.6	1,354.3	52.9	1,407.2	1,354.3
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	1,251.7	1,249.8	1,267.2	1,366.6	58.0	1,424.6	1,366.6	1,354.3	52.9	1,407.2	1,354.3
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	1,251.7	1,249.8	1,267.2	1,366.6	58.0	1,424.6	1,366.6	1,354.3	52.9	1,407.2	1,354.3
POSITIONS BY FUND											
GENERAL	28.0	29.0	29.0	29.0	2.0	31.0	29.0	29.0	2.0	31.0	29.0
TOTAL POSITIONS	28.0	29.0	29.0	29.0	2.0	31.0	29.0	29.0	2.0	31.0	29.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: PUBLIC ADMINISTRATION
 PROGRAM: LEGAL SERVICES
 AGENCY: ATTORNEY GENERAL, OFFICE OF THE

Request Title: INCREASE INVESTIGATIVE AND CLERICAL ASSISTANCE TO DEFEND THE STATE AGAINST TORT CLAIMS AND LITIGATION	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$ 58.0	2.0	\$ 52.9	2.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: Yes No
 Statutes Affected: NONE

STATEMENT OF REQUEST/OBJECTIVE:

The Attorney General requests an appropriation to add positions to handle the investigation and litigation related to an increase in the number of claims referred to the Tort Claims Division. The objective is to effectively defend state agencies against tort claims.

These costs would be balanced by reductions in settlement payments and reimbursement of the general fund by dedicated funds.

BACKGROUND:

Effective August 1, 1984, the state tort claims limits were legislatively raised from \$100.0 per person/\$500.0 per occurrence, to \$200.0 per person/\$600.0 per occurrence. This limit increase plus increased awareness of the abolishment of the state's tort immunity increased the annual number of tort claims as already evidenced by the statistics below. More importantly, the issues have become increasingly complex and therefore more time-consuming. In addition, it is anticipated that the State will be required to defend law suits involving state licenses because of statutory changes. In 1985, our office added an attorney position to the Torts Division through internal adjustments. This helped alleviate immediate problems with the number and complexity of lawsuits being filed. This action does not address the problem of increasing backlog of claims, however.

STATISTICS:

	Average No. C.Y.1982-1985	C.Y.1986	C.Y.1987	C.Y.1988	C.Y.1989
No. of New Claims	472	521	547	602	662
No. of Pending Claims	172	282	296	326	358

RATIONALE:

Because of increases in the number of claims and increases in the level of sophistication of tort claim theories, the division's present staff is spread thinly. The addition of 1 Claims Investigator and 1 clerical person will facilitate the in-depth and time-consuming investigation necessary to the division's prompt disposition of claims against the State.

ALTERNATIVES:

One way to reduce the number of claims is to modify or eliminate high-risk activities in which the State engages and to reduce the risk associated with other activities.

The 1986 Legislature created the position of Risk Manager for the State. Eventually, the Risk Manager may identify liability areas not previously identified and recommend solutions to reduce liability. This alternative may yield long-term results but does not address the immediate and growing backlog of claims.

Another alternative is to legislatively overrule the Andrade decision and repeal the 1986 amendments about licensing activities. However, this alternative would only eliminate the anticipated claims arising out of state licenses; it would not eliminate or reduce the existing backlog of other claims.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Attorney General to present his budgetary needs directly to the Legislature for consideration.

ACTIVITY: PUBLIC RESOURCES
 Program: LEGAL SERVICES
 Agency: ATTORNEY GENERAL, OFFICE OF THE

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$ 784.2	\$ 983.2	\$ 979.1	\$ 979.1	\$ 979.1

ACTIVITY DESCRIPTION:

The Public Resources Activity provides legal services for numerous state agencies, boards and commissions all of which are charged in some manner with protecting and enhancing the environment and with properly allocating the state's natural resources and lands.

The major areas for which the activity's clients are responsible are:

1. Environmental Control (regulation of discharges of pollutants, resources recovery, enforcement of rules regarding proper handling and disposal of hazardous waste).
2. Utility Regulation (rate making, rate enforcement, protection of residential consumers, and federal regulatory intervention).
3. Agriculture Regulation and Protection (regulation of food, dairy products, animal health, pesticide and fertilizer, promotion of international trade, and farmer assistance).
4. Transportation (land acquisition, highway construction, highway beautification including outdoor advertising and junkyard control, aeronautics, railroads, and construction contract claims).
5. Natural Resources (preservation and management of the state's physical resources, including water, fish and wildlife, minerals, forests, parks, lands and general physical environment).

The activity serves its clients in the following major respects:

1. Assists MPCA staff in negotiating permits as well as preparation for testimony and cross-examinations in contested cases and litigation.
2. Advises and represents MPCA and Waste Management Board in environmental enforcement actions, hazardous waste cleanups, construction grant programs, and waste management planning, siting and facility development.
3. Represents residential consumers and the general public interest in utility rate cases; participates in all contested cases and court appeals of commission orders. Assists in the review of utility rate cases, the preparation of the orders determining these cases, and the defense of these orders on appeal; intervenes before federal regulatory agencies on behalf of Minnesota consumers.

4. Provides all legal services connected with agricultural matters including litigation, administrative proceedings to recover claims against surety bonds of wholesale produce dealers, grain buyers and grain warehouses, investigation of rural fraud, implementation of state farm legislation and litigation involving federal farm policies.
5. Drafts contracts, reviews and approves all contracts; investigates, negotiates and seeks to resolve all contract disputes for the Department of Transportation.
6. Litigates eminent domain actions, real estate lawsuits and contract disputes, and collects property damage claims involving the state and its agencies.
7. Prepares all the legal work and documentation necessary for the acquisition, transfer, exchange or leasing of state-owned land; and the permitting or licensing of the use of the state's lands and resources.

OBJECTIVE:

To enforce the laws and defend the interests of the state, its citizens and agencies in all legal proceedings to protect, preserve and enhance the state's natural and physical resources.

ACCOMPLISHMENTS:

Successful representation of the state's interests or the significance and impact of a case is not necessarily reflected in the won-lost record or immediately measurable in dollar terms. However, the following are some measures of effectiveness in F.Y. 1985-86:

1. Settled environmental enforcement actions for the benefit of the state which totaled \$1,521.0 in civil penalties for F.Y. 1985 and \$748.0 for F.Y. 1986.
2. Negotiated 22 hazardous waste cleanups totalling \$48,100.0 in estimated remedial costs and obtained reimbursements for the Minnesota Pollution Control Agency (MPCA) costs totalling \$924.1 through consent orders or stipulation agreements. An anticipated step-up of enforcement efforts should produce similar or greater results in F.Y. 1988 and F.Y. 1989. We estimate that action may be taken on 159 more hazardous waste sites in addition to the 123 sites currently listed on MPCA's hazardous waste site log.
3. Provided legal counsel to the MPCA for implementing the Environmental Response and Liability Act. 123 administrative actions have been taken involving many of the state's hazardous waste sites. We anticipate that F.Y. 1987-89 activity levels will exceed F.Y. 1985-86.

ACTIVITY: PUBLIC RESOURCES

1987-89 Biennial Budget

(Continuation)

Program: LEGAL SERVICES

Agency: ATTORNEY GENERAL, OFFICE OF THE

4. Represented the state and the MPCA in five lawsuits which involved the cleanup of hazardous wastes. The most significant was the Reilly Tar case. Coal tar and creosote materials have contaminated ground water to depths of 900 feet. This contamination has led to the closing of six municipal water supply wells in St. Louis Park and one in neighboring Hopkins. A settlement was reached in 1986 which provides for cleanup and containment of groundwater, provision of safe and adequate public drinking water supplies, and compensation of \$1,000.0 for prior state expenditures. Litigation on an even larger scale is possible in the cleanup involving the Twin Cities Arsenal in New Brighton. The Attorney General served notices of intent to sue on the Army and other responsible parties in April, 1986. Contamination from the Twin Cities Arsenal in New Brighton has entered the giant Prairie du Chien-Jordan aquifer which supplies 75% of the ground water used in the Twin Cities metropolitan area. Presently, the water supplies for the cities of Shoreview, Arden Hills, New Brighton, and St. Anthony are affected by the contamination, and other cities may be involved if the contamination spreads further. The total remedial costs, expenses of the state and the losses due to contamination of such a major natural resource could be several millions of dollars. The number of attorneys and support staff required to litigate this case could exceed that required for Reilly Tar.
5. Took necessary actions to protect Minnesota's environment from disposal of nuclear wastes. The Attorney General filed two lawsuits challenging the validity of the federal regulations under which national nuclear waste repositories would be sited. The Attorney General has also moved to intervene in a lawsuit brought by the State of Washington challenging DOE's decision to suspend the search for a second nuclear waste repository.
6. Reduced, either alone or in conjunction with other intervenors, the revenue request of utilities or shifted rate increases away from residential customers by more than \$257,007.0. In the next biennium we expect utilities to propose even greater increases.
7. Successfully sustained Public Utility Commission orders in 14 out of 16 court appeals by utility and telephone companies.
8. Intervened and litigated on behalf of the Department of Public Service and the Public Utilities Commission before the Federal Energy Regulatory Commission in service, rate, and rulemaking proceedings which impact on national energy policy. Dollar savings accruing to Minnesota consumers from federal intervention totalled \$175.7 in F.Y. 1985 and \$150.4 in F.Y. 1986. Continued involvement suggests comparable savings for the state during F.Y. 1987-1989.

9. Defended the state against numerous contractor's claims for extra compensation; for example, in D.H. Blattner and Sons, Inc. v. State, negotiations reduced the contractor's claims from \$1,017.0 to \$215.0. Total savings from settlement of litigation in F.Y. 1986 amounted to \$2,852.0. F.Y. 1987-89 estimates are for about \$1,000.0 or more per year. Sixteen major highway construction contracts are pending trial.
10. Argued successfully in jury trials for reductions to amounts sought in land acquisition matters. In F.Y. 1985 and F.Y. 1986 amounts sought were reduced by \$12,000.0; It is estimated that property acquisitions for highway construction will increase as the state seeks to complete construction of its interstate system.
11. Successfully defended the Department of Transportation in federal district court against two challenges to highway projects. Estimate for F.Y. 1987-89 are that there will be two to four continuing or new challenges.
12. Collected or saved over \$240.0 in F.Y. 1985-86 by appealing ditch assessments, collecting delinquent timber lease accounts, obtaining reimbursement for fire-fighting costs, and collecting damages for fish and wildlife kills. We expect F.Y. 1987-89 to yield similar amounts to the state. Further, over \$6,000.0 was saved by defeating or reducing damage claims arising from DNR actions.
13. Provided all legal work necessary to acquire 14,500 acres worth over \$11,000.0 for natural resources purposes for the state.
14. Major Indian-related issues have occurred during the past two fiscal years and will continue during the next biennium. Important federal and state legislation was passed in 1986 to settle a massive land ownership controversy involving over 100,000 acres of land on the White Earth Indian Reservation. Litigation over these claims would have involved damage claims in the tens of millions of dollars. Further litigation over the legislation is possible. A lawsuit against the state seeking hunting and fishing rights for Indians in the state's Arrowhead Region is currently pending in federal court. Further litigation involving such rights in other parts of the state is possible in upcoming years. Other conflicts involving state jurisdiction over reservations generally are likely. Litigation of any of these issues will be complex and costly.

ACTIVITY STATISTICS:

The work performed by the activity is dependent upon many factors. Consequently, specific quantitative figures on future work load cannot be predicted. Nevertheless, certain observations about future work load can be made based upon the facts of the last two fiscal years (F.Y. 1985 and F.Y. 1986) as discussed below.

ACTIVITY: PUBLIC RESOURCES 1987-89 Biennial Budget

(Continuation)

Program: LEGAL SERVICES
Agency: ATTORNEY GENERAL, OFFICE OF THE

Attorney representation of
Public Utilities Commission. \$ 44.8 \$ 42.2 Activity Specific
See the Change Request
sheet following the fiscal
sheet for this activity.

During the past biennium we advised our clients of the probable outcome of lawsuits, counseled them on the advisability of appealing adverse lower court decisions, and counseled them on methods to resolve the disputes. The number of suits handled for F.Y. 1985-86 cannot alone indicate the rate of success or the degree of effort involved in carrying out this activity. They do, however, convey a rough picture of the enormity of this activity's business. There is every reason to believe that these same kinds of suits in the same volumes will continue to occupy this activity's time for the next biennium. Activity attorneys opened 299 trial court cases and 49 appellate court proceedings. Roughly the same number of matters were completed in F.Y. 1985 and F.Y. 1986. Thus, they were able to keep the backlog of several hundred condemnation cases and over a hundred other matters from expanding during the two-year period ending June 30, 1986.

This activity participated in many varied administrative proceedings. The two-year period ending June 30, 1986, saw a 35 percent increase. Members of this activity were involved in 519 administrative proceedings which included rulemaking, contested cases, utility rate cases, and federal administrative proceedings.

It is not possible to quantify the amount of daily assistance rendered. We do know, however, that many title opinions were processed, and thousands of contracts were reviewed. In past years this activity has been involved in the collection or savings of money amounting to the hundreds of thousands of dollars.

ALTERNATIVES:

The Attorney General uses private counsel and temporary employees to supplement the office's legal staff when unusual circumstances create temporary increases in the demand for legal services. A separate bill will be introduced in the 1987 legislature to address the special needs of the pending lawsuit against the U.S. Army for ground water contamination at the Twin City Arsenal.

The office also seeks federal funds when these funds can increase the state's capacity to handle legal matters without creating future commitments and obligations. The Attorney General, in cooperation with the Pollution Control Agency, has obtained funds to assist with superfund matters.

<u>CHANGE REQUESTS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Legal Assistance to transportation matters. See the Change Request sheet following the fiscal sheet for this activity.	\$ 25.5	\$ 23.4	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: PUBLIC RESOURCES

PROGRAM: ATTORNEY GENERAL

AGENCY: ATTORNEY GENERAL

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	3,486.2	3,470.8	3,850.6	3,488.3	70.3	3,558.6	3,488.3	3,500.6	65.6	3,566.2	3,500.6
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	3,486.2	3,470.8	3,850.6	3,488.3	70.3	3,558.6	3,488.3	3,500.6	65.6	3,566.2	3,500.6
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	3,204.9	3,270.4	3,277.8	3,378.8	70.3	3,449.1	3,378.8	3,391.1	65.6	3,456.7	3,391.1
EXPENSES & CONTRAC. SERV	273.1	192.8	155.9	109.5		109.5	109.5	109.5		109.5	109.5
SUPPLIES & MATERIALS	6.8	5.0	416.9								
EQUIPMENT	1.4	2.6									
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	3,486.2	3,470.8	3,850.6	3,488.3	70.3	3,558.6	3,488.3	3,500.6	65.6	3,566.2	3,500.6
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	3,486.2	3,470.8	3,850.6	3,488.3	70.3	3,558.6	3,488.3	3,500.6	65.6	3,566.2	3,500.6
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	3,486.2	3,470.8	3,850.6	3,488.3	70.3	3,558.6	3,488.3	3,500.6	65.6	3,566.2	3,500.6
POSITIONS BY FUND											
GENERAL	73.5	73.5	72.5	72.5	2.0	74.5	72.5	72.5	2.0	74.5	72.5
TOTAL POSITIONS	73.5	73.5	72.5	72.5	2.0	74.5	72.5	72.5	2.0	74.5	72.5

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: PUBLIC RESOURCES
 PROGRAM: LEGAL SERVICES
 AGENCY: ATTORNEY GENERAL, OFFICE OF THE

Request Title: LEGAL ASSISTANCE TO TRANSPORTATION MATTERS				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
General Fund	\$25.5	1.0	\$23.4	1.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected: NONE				

STATEMENT OF REQUEST/OBJECTIVE:

The Attorney General requests the addition of one legal assistant position. The general fund would be reimbursed by the trunk highway fund for the costs of this position.

RATIONALE:

A legal assistant assigned to the activity would assume many duties now performed by the attorneys, e.g., contract review, litigation document control, eminent domain recordkeeping, claims investigation, and trial assistance. This would free attorney time for negotiation and litigation. The benefits of this additional position are illustrated in the following paragraphs which describe the tasks that could be performed by the legal assistant.

The litigation for the Minnesota Department of Transportation is growing in numbers of cases, in complexity, and in dollars involved. Particularly, the eminent domain and construction contract litigation have experienced a significant increase. This has created a backlog, as investigation, file and document maintenance, and other routine litigation chores have expanded. As the dollar amounts involved in litigation go up, so too does the sophistication of our opposing counsel and the amount of work required for adequate preparation. In short, litigators need a legal assistant who can help with important trial preparation chores.

Construction contract litigation and some of the more complex eminent domain matters generally involve the collection, review, and indexing of hundreds and thousands of documents. In order for an attorney to devote his or her full attention to matters such as deposition preparation, brief writing, witness preparation, and preparation of experts, the help of a legal assistant is essential.

In addition, approximately two hours of attorney time is consumed daily by routine contract review which could be done by a legal assistant. Statutorily, each contract must be reviewed as to form and execution by the Attorney General's Office. These could be done by a legal assistant under the supervision of an attorney and thereby save the office hundreds of hours of attorneys' time each year which could be better spent on litigation.

Finally, with the increasing number of claims, contracts, lawsuits, and issues addressed by this office, it is increasingly difficult to maintain records of the nature and status of these various matters. A legal assistant would be responsible for the general recordkeeping which is needed by the Department of Transportation, the Attorney General's Office, and the legislature for budgeting and overall activity supervision.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Attorney General to present his budgetary needs directly to the Legislature for consideration.

CHANGE REQUEST

 Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: PUBLIC RESOURCES
PROGRAM: LEGAL SERVICES
AGENCY: ATTORNEY GENERAL, OFFICE OF THE

Request Title: ATTORNEY REPRESENTATION OF PUC	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$44.8	1.0	\$42.2	1.0
Governor's Recommendation				
General Fund	\$-0-	-0-	\$-0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:	NONE			

STATEMENT OF REQUEST/OBJECTIVE:

The Attorney General requests an attorney to handle the increased workload of the Commission, as exemplified by the Commission's plans to promulgate a substantial number of new rules, an increase in the number of appeals of Commission orders, the increase in the number of telecommunications industry decisions to be made by the Commission, and the Commission's budget request for new staff.

The utilities companies will be assessed for the attorney's time and expenses. As a result, the general fund will recover these costs.

BACKGROUND:

The Public Utilities Commission anticipates a substantial increase in its workload during the next biennium. The Commission has requested additional professional staff positions so that it can adequately respond to that workload and begin to act on its own initiatives. In addition to any staff increases, recent appellate court decisions demonstrate that the Commission must promulgate a substantial number of rules. At the same time, the Commission is faced with an increasing number of appeals of its orders to the Court of Appeals. For example, in 1982 and 1983, there were 7 appeals to the district court. In 1985 and 1986, there were 21 appeals to the Court of Appeals. The number of major contested case hearings involving non-rate issues in the telecommunications industry has also increased from 2 to 11.

RATIONALE:

The Attorney General's Office gives legal advice to the Commission on all matters before it and represents the Commission in all administrative and court proceedings. Our attorneys advise and review all Commission orders, and defend those orders before the appellate courts. The attorneys review proposed rules and represent the Commission in the required public hearings. The increased workload of the Commission has resulted in more attorney time. That increase is exemplified by the increase in appeals, the rules promulgation schedule, the increase in major non-rate issues which require contested case hearings, and the Commission-proposed increase in staffing.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Attorney General to present his budgetary needs directly to the Legislature for consideration.

ACTIVITY: PUBLIC ASSISTANCE
 Program: LEGAL SERVICES
 Agency: ATTORNEY GENERAL, OFFICE OF THE

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$1,028.8	\$1,290.0	\$1,284.6	\$1,284.6	\$1,284.6

ACTIVITY DESCRIPTION:

The Public Assistance Activity provides legal services to numerous agencies and boards, including those related to Health, Education, Human Services, Housing, Jobs and Training, Energy and Economic Development, and Veterans. Fourteen departments and nineteen boards are provided with a broad range of legal services which include:

1. Investigation of complaints against licensed health professionals, human services occupational registrants, teachers, and facilities for children and the handicapped.
2. Preparation of legal documentation relating to commitment, disbursement and security of loans, grants and contracts, and legal advice related to bond sales and programs.
3. Recovery of funds, including unemployment compensation insurance, medical assistance payments, and cost for care for state hospital patients.
4. Recovery of public assistance funds from third parties through intervention in workers compensation and tort actions.

OBJECTIVE:

To defend the state's human resource agencies against actions for monetary damages or adverse legal or policy decisions and to take appropriate plaintiff-oriented actions.

ACCOMPLISHMENTS:

Successful representation of the state's interests or the significance and impact of a case is not necessarily reflected in the won-lost record or immediately measurable in dollar terms. In F.Y. 1985 and 1986, we successfully:

1. Upheld the State's authority to regulate an out-of-state school's activities which affected Minnesota students. The out-of-state school's efforts to resist the application of Minnesota law in both state and federal court were defeated (Columbia Pacific University v. State of Minnesota).
2. Defended a State agency's termination of an employee as necessitated by a budget cutback and not as a result of age discrimination as alleged by the employee. The federal court's decision in Reddemann vs. The Higher Education Coordinating Board is currently on appeal by the employee to the federal court of appeals.

3. Successfully defended the State Board of Vocational Technical Education's expenditure of over \$158,000 of federal vocational funds against an adverse federal audit which had concluded that none of the federal money was properly expended.
4. Collected \$1,034,185 in unemployment compensation taxes and anticipate that we will collect similar amounts in F.Y. 87-89.
5. Defended the constitutionality of Minn. Stat. . 253B.13, subd. 2, regarding commitment of mentally retarded individuals. In other mental health cases, we successfully defended the state's laws and procedures governing sterilization, blood tests, required treatment, and commitment discharge.
6. Defended the constitutionality of the private pay equalization statute and its administration by the Department of Human Services, in attacks by the nursing home industry.
7. Defended the validity of "Rule 50," the rule governing reimbursement to nursing homes in the Medical Assistance program.
8. Defended the constitutionality of the state's Medical Assistance estate claims statute, which allows the state to recover monies from estates of individuals over 65 years of age who have been receiving Medical Assistance.
9. Defended the administration of the Work Readiness program by Hennepin County in challenges Legal Aid brought on behalf of General Assistance recipients.
10. Recovered over \$13,000 from a physician found to be abusing the Medical Assistance program, while successfully defending the surveillance and utilization review function of the Department of Human Services.
11. Concluded litigation with a group of four nursing homes participating in the Medical Assistance program, recouping \$660,000 for the state.
12. Prevailed in several lawsuits and rate appeals by long-term care providers which, if successful, would have resulted in additional payments by the state of at least five million dollars. Nearly two thousand long-term care rate appeal matters are backlogged and must be acted on in F.Y. 1987-89.
13. Reclaimed \$125,000 and seek to reclaim an additional \$3,763.0 from United States Department of Health and Human Services disallowances; other potential federal disallowances of over \$3 million also are being litigated presently.

ACTIVITY: PUBLIC ASSISTANCE
(Continuation)

1987-89 Biennial Budget

Program: LEGAL SERVICES
Agency: ATTORNEY GENERAL, OFFICE OF THE

14. Collected \$375.0 in state hospital collections; \$516.0 in recovery of Medical Assistance and \$484.0 in recovery of AFDC and GA benefits from employers and insurers; and approximately \$473.0 from the federal government as reimbursement for time spent by legal staff on federally funded welfare programs. We estimate that F.Y. 1987-89 collections will be in the same range.
15. Took disciplinary actions for licensing boards during F.Y. 1985-86 that led to five appeals to the Court of Appeals with the Supreme Court reviewing one of those cases and refusing to review two others. In each instance, the appellate court issuing the final decision not only concluded that there was substantial evidence to support the licensing board's action but also established helpful precedence in the administrative law area. In addition to litigation, there were several lengthy contested cases regarding allegations of sexual contact with patients by licensees. Decisions have not yet been issued in these cases.
16. Negotiated numerous stipulations and consent orders for the health boards which have resulted in revocations or suspensions on many grounds, including incompetency, sexual involvement with patients, fraudulent billing, and chemical dependency.
17. Advised the Department of Health regarding the numerous legal issues arising out of the Acquired Immune Deficiency Syndrome (AIDS) and secured for the Health Department an injunction against a men's call service when it learned that the men working for it may have been infected with the AIDS virus and that they were engaging in sexual activities with bisexual men. The department's need for assistance in this matter promises to continue through the next biennium.
18. Successfully defended Minn. Stat. . 144A.071 which establishes a moratorium against the Medicaid certification of new nursing home beds. The legal actions involved disputes over the Health Department's implementation of the law and challenges to its constitutionality. The activity also handled four judicial appeals of decisions of the Commissioner to deny ambulance licenses because of the finding, after a hearing, that there was no need for additional ambulance services. Two of those cases resulted in Minnesota Supreme Court decisions.
19. Defended two decisions of the OSHA Review Board before the Court of Appeals (decisions still pending) and represented the Lawyers' Board of Professional Responsibility in four cases including a decision by the United States Supreme Court to dismiss an appeal of a board's disciplinary decision.

ACTIVITY STATISTICS:

The work performed by the activity is dependent upon the needs and requirements of the agencies and boards represented. In turn, the agencies and boards are affected by changes in the law, shifts in responsibility, and the extent to which their activities are challenged. Predictions about future workload are partly speculative but can be based upon past demands and the likely effect of anticipated changes. For example, the requests for investigation of complaints by the health licensing boards jumped from 204 in F.Y. 1984 to 305 in F.Y. 1986. In spite of a doubling of our staff time in F.Y. 1986, the number of pending long-term care rate appeals awaiting hearings with the Department of Human Services rose from 1,100 at the end of F.Y. 1984 to over 2,000 at the end of F.Y. 1986. The number of actions initiated on behalf of the Department of Jobs and Training to collect unemployment compensation taxes increased from \$935.0 to \$1,034.2. In addition, the attorneys handled approximately 27 administrative rules, 91 contested cases, 39 teacher investigations, 286 health board disciplinary conferences, and 36 reviews of commitment of mentally ill and dangerous patients at state hospitals. The attorneys also reviewed 9,000 contracts for their clients.

The litigation was equally far-ranging and included suits concerning treatment at state hospitals, defense of discrimination complaints, challenges to the certificate of need process for health facilities and rate reimbursement systems affecting long-term care facilities, and a variety of other cases touching many aspects of state agency responsibilities. There have been a number of disciplinary actions concerning licensed health professionals, actions which directly affect the quality of health care available to the public.

The activity provided legal advice to the Housing Finance Agency concerning seven bond issues totaling \$260,805.8. These issues provided funds for the Agency's residential purchase money mortgage and remodeling loan programs and for the construction and rehabilitation of 614 apartment units for occupancy by low and moderate income Minnesotans. The activity also provided legal advice to the Agency when it financed 102 Indian Housing Loans, 1,791 Rehabilitation Loans, 24 Rental Rehabilitation Loans and 295 Energy Loans for rental structures and when it acquired 6,683 Home Energy Loans, 3,889 Home Improvement Loans and 4,584 Home Mortgage Loans.

The activity provided legal advice to the Minnesota Energy and Economic Development Authority concerning 13 bond issues totaling \$137,614.5, the proceeds of which were used for economic development projects ranging from a precision instrument manufacturing company in Litchfield to a turkey and beef processor in St. Charles; for energy development projects including hydro electric facilities in Hastings and St. Cloud; and for a statewide Hospital Equipment Loan Program. The activity also provided legal advice concerning other state programs designed to stimulate private investment and to serve public needs for job creation, economic development and energy conservation including programs such as loans to small businesses made by

ACTIVITY: PUBLIC ASSISTANCE

1987-89 Biennial Budget

(Continuation)

Program: LEGAL SERVICES

Agency: ATTORNEY GENERAL, OFFICE OF THE

Opportunities Minnesota, Inc., the Energy Loan Insurance Program, the Waste Tire Recycling Loan Program, the Tourism Loan Program and the Minnesota Fund Loan Program. The total outstanding balance of loans made and committed under such programs is in excess of \$17,000.0.

<u>CHANGE REQUESTS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Assistance with health board matters. See the Change Request sheet following the fiscal sheet for this activity.	\$ 70.7	\$ 65.6	Activity Specific
Attorney to represent state in legal activity associated with AIDS. See the Change Request sheet following the fiscal sheet for this activity.	\$ 36.1	\$ 33.5	Activity Specific
Nursing Home Rate Appeal Backlog. See the Change Request sheet following the fiscal sheet for this activity.	\$ 353.0	\$ 334.8	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: PUBLIC ASSISTANCE

PROGRAM: ATTORNEY GENERAL

AGENCY: ATTORNEY GENERAL

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,877.6	2,087.6	2,224.5	2,408.4	459.8	2,868.2	2,408.4	2,409.3	433.9	2,843.2	2,409.3
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	1,877.6	2,087.6	2,224.5	2,408.4	459.8	2,868.2	2,408.4	2,409.3	433.9	2,843.2	2,409.3
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	1,802.4	2,012.5	2,148.2	2,332.1	459.8	2,791.9	2,332.1	2,333.0	433.9	2,766.9	2,333.0
EXPENSES & CONTRAC. SERV	74.8	75.0	76.3	76.3		76.3	76.3	76.3		76.3	76.3
SUPPLIES & MATERIALS	.4	.1									
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	1,877.6	2,087.6	2,224.5	2,408.4	459.8	2,868.2	2,408.4	2,409.3	433.9	2,843.2	2,409.3
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	1,877.6	2,087.6	2,224.5	2,408.4	459.8	2,868.2	2,408.4	2,409.3	433.9	2,843.2	2,409.3
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	1,877.6	2,087.6	2,224.5	2,408.4	459.8	2,868.2	2,408.4	2,409.3	433.9	2,843.2	2,409.3
POSITIONS BY FUND											
GENERAL	49.0	55.0	57.0	57.0	13.0	70.0	57.0	57.0	13.0	70.0	57.0
TOTAL POSITIONS	49.0	55.0	57.0	57.0	13.0	70.0	57.0	57.0	13.0	70.0	57.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: PUBLIC ASSISTANCE
 PROGRAM: LEGAL SERVICES
 AGENCY: ATTORNEY GENERAL, OFFICE OF THE

Request Title: ASSISTANCE WITH HEALTH BOARD MATTERS				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 70.7	2.0	\$ 65.6	2.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected: NONE				

STATEMENT OF REQUEST/OBJECTIVE:

The Attorney General requests an appropriation to add one legal assistant, two part-time law clerks, and one secretary to help with work generated by the health boards. The objective is to provide for speedier handling of complaints referred to the Attorney General's Office by the health boards.

The money for this appropriation would come from license fees and examination fees charged to members of the health boards.

DESCRIPTION/BACKGROUND:

Minnesota Statutes section 214.10 requires the health licensing boards to refer all matters which allege violations by licensees they regulate to the Attorney General's Office. Some of the factors contributing to the dramatic increase in complaints during the past three fiscal years include mandatory reporting requirements enacted by the legislature. The Vulnerable Adults Abuse Act imposed mandatory reporting of actions taken by various individuals, including health professional licensees, of instances where they may have abused a vulnerable adult. In addition, a recent amendment to the Medical Practice Act requires all medical institutions and societies, and all licensed health care professionals to report to the medical board any instances of doctors engaging in conduct which could constitute grounds for disciplinary action. The statute further requires institutions and societies to report any internal discipline, sanction, or reductions in privileges which they may impose upon a physician. Another factor which no doubt has contributed to the

increase of complaints is the publicity which the boards have received, especially over the last several years, about disciplinary actions they have taken. The publicity has contributed to the public's awareness of where to report licensed health professionals whom they believe have done something inappropriately.

RATIONALE:

As the statistics in the following section show, there has been a significant increase in the number of complaints received and investigations requested during fiscal years 1984 through 1986. In addition, our projections are that this trend will continue through fiscal years 1987, 1988, and 1989. In addition to factors already identified as explanatory of this trend, recent changes regarding the release of peer review organization competency reports will add to the numbers. Previously, these reports have been inaccessible to licensing boards. However, recent statutory amendments now mandate that licensing boards receive the reports. The reports will consist of findings by the peer review organizations regarding what they consider inappropriate treatment of patients by physicians. The Board of Medical Examiners, which has studied this situation as closely as possible, anticipates that as a result of the change in federal regulations that it will refer an additional 68 complaints to the Attorney General's Office in F.Y. 1987 and another 135 additional complaints in each of the following fiscal years. These projections are over and above the other projections for the increase in filing of complaints.

ALTERNATIVES:

During F.Y. 1987, the Attorney General reassigned two legal assistants to the Health Investigative Unit to help reduce the backlog in the number of complaints received and investigations requested. A committee composed of Attorney General staff and representatives of the executive secretaries of the health boards met during early F.Y. 1987 to review procedures for handling complaints and investigations, to simplify procedures, and expedite the resolution of these matters. These two steps will help hold down the size of the backlog, but more is needed if the boards are to discharge their responsibilities to their members and the general public. For that reason we are asking for these additional positions.

STATISTICS:

	<u>F.Y. 1984</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Complaints	409	512	647	700	775	900
Investigations Requested	204	246	305	365	400	475

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Attorney General to present his budgetary needs directly to the Legislature for consideration.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: PUBLIC ASSISTANCE
 PROGRAM: LEGAL SERVICES
 AGENCY: ATTORNEY GENERAL, OFFICE OF THE

	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Request Title: ATTORNEY TO REPRESENT THE STATE IN LEGAL ACTIVITY ASSOCIATED WITH AIDS				
Agency Request				
General Fund	\$ 36.1	1.0	\$ 33.5	1.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected: NONE				

STATEMENT OF REQUEST/OBJECTIVE:

The Attorney General requests an appropriation for one attorney to advise the Department of Health regarding the numerous legal issues arising out of Acquired Immune Deficiency Syndrome (AIDS). During F.Y. 1986 and F.Y. 1987, the Department of Health contracted for these services. We believe that the need for legal advice on these matters will continue for some years and that a permanent position to provide that advice should be established within the Office of the Attorney General.

DESCRIPTION/BACKGROUND:

The AIDS virus has created numerous legislative, civil, and criminal legal issues that must be addressed at the state level. The most notable example of this was an injunction obtained by the Department of Health with the assistance of the Attorney General's Office against a men's call service when it learned that the men working for it may have been infected with the AIDS virus and that they were engaging in sexual activities with bisexual men. These men were also having sexual contact with their wives who were unaware of their husband's sexual activity with men. This serious public health problem, created by the potential transmission of the AIDS virus not only to the male customers of the call service but also to the unsuspecting wives and unborn children, led to the department's intervention through judicial means. A second injunctive action was initiated on behalf of the department growing out of the possible transmission of the AIDS virus by a female prostitute.

RATIONALE:

Currently, 138 people in Minnesota have been diagnosed with AIDS. Seventy-two have died. However, estimates of the number of people who carry the AIDS virus are much greater, approximately 15,000. Assuming that the state's educational program about how to protect oneself from AIDS is successful, the figure is projected to jump to 25,000 by 1990 and, of course, higher if the program fails. Even if the rate of infected people remains unchanged from today, about 1,930 more people will have developed AIDS by 1990. Health officials project that the total state direct and indirect costs for treating all AIDS patients will reach \$846,000.0 by 1990.

Vulnerability to AIDS is not limited to the homosexual and IV drug user population. At present those groups are primarily at risk. However, where AIDS has a longer existence, it has spread into the heterosexual population. The activities of the men's call service noted above vividly illustrates that AIDS will become a general problem.

AIDS is a major public health problem and transmission must be limited as much as possible. Limitation of transmission is the main area in which legal issues arise. Because the virus is transmitted primarily by IV drug use and sexual activity, government intervention and regulation raise significant constitutional due process and privacy issues. As noted above, Minnesota has already had 2 legal actions to prevent people who know they have the AIDS virus from knowingly engaging in activity which could transmit the virus. Early indications are that about one percent of all AIDS virus carriers will not take precautions to prevent the spread of the virus. The state will have to initiate many additional enforcement actions.

Additional legal services are needed to research and advise about legal rights and duties regarding privacy issues, measures taken with respect to patients, families, staff of public and private health care facilities and day care centers, and those involved in the food chain, just to name a few. The issues and problems are crucial and need to be addressed.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Attorney General to present his budgetary needs directly to the Legislature for consideration.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: PUBLIC ASSISTANCE
 PROGRAM: LEGAL SERVICES
 AGENCY: ATTORNEY GENERAL, OFFICE OF THE

Request Title: NURSING HOME RATE APPEAL BACKLOG				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 353.0	10.0	\$ 334.8	10.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected: NONE				

STATEMENT OF REQUEST/OBJECTIVE:

The Attorney General requests an appropriation for 7 additional attorneys and 3 legal secretaries to handle the backlog of nursing home rate appeals. Approximately 50% of the cost of this change request would be reimbursed by the federal government. A large part of it would sunset with the elimination of the backlog in 3-4 years.

DESCRIPTION/BACKGROUND:

The Department of Human Services sets rates for nursing homes and intermediate care facilities for the mentally retarded (ICFs/MR). The backlog of appeals filed by the facilities has grown from 1,100 2 years ago to over 2,000 today.

Prior to 1983, rates were set under Department Rules 49 for nursing homes and 52 for ICFs/MR. At present, Rules 50 and 53 respectively govern reimbursement rates for nursing homes and ICFs/MR. Although the rates are set according to these rules, a facility may appeal a rate if it believes the Department has made an error, misapplied the applicable rule, or in some other way acted in violation of law. If no informal resolution is reached, the matter is scheduled for a contested case hearing before an administrative law judge.

The number of appeals awaiting a hearing has grown dramatically.

Appeals Pending

F.Y. 1978 - approx. 200

F.Y. 1980 - approx. 400

F.Y. 1984 - approx. 1,100

F.Y. 1986 - approx. 2,000

RATIONALE:

Department of Human Services staff identify common issues raised in appeals and these issues are scheduled for hearing. Notice is given to all facilities raising the same issue of their right to intervene. This approach is designed to resolve many appeals expeditiously. However, because of other demands for high priority legal work, the Attorney General's Office can allocate the equivalent of only one and two thirds full-time staff members to these appeals. At this level of staff it is doubtful that more than 25-30 issues can be resolved each year. An additional number of cases may be resolved through negotiation. At this rate the backlog will continue to grow.

The total amount of money tied up in the rate appeals is not readily ascertainable, but the current appeals filed under Rule 49 involve approximately \$6-\$10 million. Thus, the addition of these positions will have the following benefits:

1. Generation of revenue.
2. Fair and consistent rate-setting for nursing homes.
3. Timely responses to facilities' appeal rights.

All time spent on rate appeals is billed to the Department of Human Services. The federal government reimburses the state for 47.83% of this cost which is returned to the general fund. Thus, a relatively small expenditure of state funds is necessary to address this problem.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

(Continuation)

ACTIVITY: PUBLIC ASSISTANCE

PROGRAM: LEGAL SERVICES

AGENCY: ATTORNEY GENERAL, OFFICE OF THE

ALTERNATIVES:

Prior to the 1985 legislative session the nursing homes and the intermediate care facilities held the money in dispute until the matter was resolved through the appeal process. Now the state holds the money until the appeal is settled. Attorneys for the nursing homes and the intermediate care facilities have sued the state because the appeals are not moving forward as quickly as they want. The Attorney General has appointed special counsel to assist with the old appeals. The hourly rate for outside counsel is \$75.00 compared to the \$45.00 rate billed by the Attorney General's Office. Legislative proposals to simplify the rate setting and dispute resolution process will be submitted to the legislature, but these proposals will not be able to dispose of the backlog. Our request is the most economical way to reduce it expeditiously.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Attorney General to present his budgetary needs directly to the Legislature for consideration.

ACTIVITY: PUBLIC PROTECTION
 Program: LEGAL SERVICES
 Agency: ATTORNEY GENERAL, OFFICE OF THE

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$1,066.5	\$1,337.2	\$1,331.6	\$1,331.6	\$1,331.6

ACTIVITY DESCRIPTION:

The Attorney General's Public Protection activity embraces enforcement of a wide range of fundamental laws on behalf of the individual citizens of Minnesota. Those laws can be grouped generally into four areas of responsibility: (I) protection of market place integrity; (II) protection of persons and property; (III) protection of employees' rights and responsibilities; and (IV) protection of personal rights against discrimination.

I. PROTECTION OF MARKET PLACE INTEGRITY

The Attorney General enforces a wide variety of laws which, collectively, work to protect the integrity of the marketplace and to maintain a fair, honest and healthy economic environment in Minnesota.

- A. The Attorney General is responsible for protecting consumers against false advertising, "bait-and-switch" sales practices, pyramid schemes, odometer tampering, home repair fraud, product safety hazards, fraudulent investment schemes, door-to-door sales frauds, auto repair scams, and a litany of other consumer frauds. The Attorney General maintains consumer protection offices in St. Paul and Duluth and "circuit riders" to visit 19 cities around the state to help consumers in their home towns.
- B. The Attorney General promotes free and open competition in the state. His primary role is to investigate and prosecute antitrust violators under state law, seeking civil and criminal penalties, damages and injunctive relief. He also represents the state and local governmental subdivisions in efforts to recover damages under federal law. As the advocate for competition, the Attorney General also responds to an increasing number of inquiries from governmental agencies concerning the antitrust implications of their actions and the possible exposure of governmental entities to liability under the federal antitrust laws.
- C. The Attorney General provides legal services to the Department of Commerce, seven professional licensing boards, and the World Trade Center. On behalf of its client, the Commerce Department, the Attorney General aggressively enforces regulation of the rapidly-evolving financial services industry, including banks and other financial institutions, insurance companies and agents, real estate companies and brokers, the securities industry, franchisors and other commercial activities to protect the public against deception and exploitation, and to insure the soundness of our financial institutions.

D. The Attorney General has supervisory and enforcement authority over 2,400 registered charitable organizations and charitable trusts, with a value of approximately \$3 billion. The Attorney General seeks to prevent the misuse of charitable funds through educational and legal efforts. He protects the interests of the state in probate matters in which the deceased leaves no heirs.

E. The Attorney General represents the Minnesota Racing Commission. On behalf of its client, the Attorney General seeks to protect the integrity of one of Minnesota's newest industries, horse racing. To maintain fair and honest racing and pari-mutuel wagering in Minnesota, the Attorney General has handled numerous disciplinary proceedings and has assisted the Commission in drafting and implementing a comprehensive set of rules to govern Minnesota's racing industry. In addition, the Attorney General has primary jurisdiction to prosecute criminal felony violations that occur on a licensed racetrack. The Attorney General also represents the new Charitable Gambling Control Board which regulates the lawful gambling industry, except for pari-mutuel wagering, throughout Minnesota.

II. PROTECTION OF PERSONS AND PROPERTY

The Attorney General is the chief law enforcement officer in the state, and in that role enforces a variety of statutes and provides assistance to law enforcement efforts throughout the state.

A. The Attorney General provides prosecutorial assistance on both the trial and appellate levels to the state's 87 county attorneys. The assistance is concentrated especially on handling criminal appeals before the new Minnesota Court of Appeals and the Minnesota Supreme Court. However, upon request of a county attorney, the Attorney General also handles prosecution of many types of complex crime, ranging from brutal murders, to odometer spinning, to sophisticated white collar schemes. During the past biennium, increasing emphasis has been placed by the Attorney General on prosecution of hazardous waste law violators and state tax law violators, as well as investigation and prosecution of farm frauds that prey on economically distressed rural Minnesotans. The Attorney General handles the great majority of criminal appeals for Minnesota's 87 counties except the five largest; handles all prison disciplinary proceedings; assists in police training through lectures and classes; and funds training for prosecutors statewide. His office also provides a full spectrum of legal services to the Bureau of Criminal Apprehension, the Governor's Extradition Staff, and the Minnesota Sentencing Guidelines Commission.

ACTIVITY: PUBLIC PROTECTION

1987-89 Biennial Budget

(Continuation)

Program: LEGAL SERVICES

Agency: ATTORNEY GENERAL, OFFICE OF THE

- B. The Attorney General provides legal services to the Department of Public Safety. Among those services is the continuing effort to remove drunken drivers from our highways through revocation of driving privileges under the Implied Consent Law. His office also prosecutes and collects civil penalties for overweight trucking violations.
- C. The Attorney General's Medicaid Fraud Division prosecutes vendors of health care services, such as doctors, dentists, pharmacists, and nursing home owners, who defraud the State of Minnesota. Additionally, this unit has statutory authority to recover treble civil damages from these offenders.

III. PROTECTION OF EMPLOYEES' RIGHTS AND RESPONSIBILITIES

The Attorney General represents the Department of Labor and Industry and the Department of Employee Relations, enforces laws to protect the rights of Minnesotans in the workplace, defends the workers' compensation fund for workers injured on the job against unwarranted claims, enforces safety and health laws to insure the safety of the workplace, and wage and hour standards to protect workers against economic exploitation.

IV. PROTECTION OF PERSONAL RIGHTS AGAINST DISCRIMINATION

On behalf of the Department of Human Rights, the Attorney General protects the rights of individuals against discrimination in employment, housing and public accommodations, public services, education, and public assistance on the basis of race, sex, age, religion, or handicapped status. The Attorney General also represents the Department of Corrections in state and federal court when personnel of the Corrections Department are sued in their capacity as supervisors of the state's prison system.

OBJECTIVE:

To enforce state laws that protect broad segments of the public through commercial and business regulations, criminal prosecution and the protection of personal and employee rights.

ACCOMPLISHMENTS:

Successful representation of the state's interests or the significance and impact of a case is not necessarily reflected in the won-lost record or immediately measurable in dollar terms. However, the following are some measures of effectiveness in F.Y. 1985-86:

1. Activity attorneys initiated approximately 40 formal consumer protection legal actions which resulted in approximately \$100.0 in fines and legal costs against defendants and several million dollars in restitution to consumers. Notable among these cases were the restitution of \$652.0 to growers of Jerusalem artichokes sold by A.E.F.S., Inc.; \$450.0 in refunds to customers of Regent Airlines, Inc.; \$150.0 in premiums obtained for consumers solicited by Quadra Mountain Resort Vacations, Inc.; a \$150.0 consumer protection bond for the benefit of members of Brookpark Athletic Club; and \$92.0 in refunds for clients of an invention development company. While F.Y. 1987-89 activity may uncover different schemes or fraudulent actions, the levels of restitution are expected to be at a similar level.
2. By mediating voluntary solutions to consumer complaints, the office is recovering approximately \$700.0 annually in direct monetary refunds. An analysis of the quarterly data suggests that F.Y. 1987-89 refunds will be greater than F.Y. 1985-86.
3. An informational campaign concerning certain General Motors automotive defects has assisted over 1,250 consumers in recovering more than \$350.0 in refunds. Work on this matter will continue in F.Y. 1987-89 and we expect to recover money for other consumers.
4. By continuing on a strong campaign during F.Y. 1985 and F.Y. 1986 against bid rigging on public road construction contracts in Minnesota, the office's antitrust efforts have resulted in 79 indictments against 26 individuals and 14 corporations resulting in 33 convictions against 23 individuals and 10 corporations to date. They paid a total of \$375.5 in fines. We recovered \$1,216.1 for the affected counties by pursuing civil actions against nine construction companies. We estimate that in the present biennium, antitrust activities will recover revenues (damages, fines, and costs) of approximately \$400.0.
5. Activity attorneys successfully prosecuted 17 cases against providers of health care who had defraud the Medicaid program (Minnesota Medical Assistance). Courts ordered the convicted defendants to pay fines and restitution of \$334.3.
6. In February, 1986, the Attorney General issued a report to the state legislature which highlighted five "loopholes" in the Medicaid program and recommended legislative solutions.
7. Activity attorneys have prosecuted numerous criminal trials; white collar crime cases; and cases for local prosecutors who have conflicts of interest. Forty criminal cases were opened during F.Y. 1986. These included: five homicide prosecutions, three hazardous waste felony prosecutions, three major securities fraud cases, and eight prosecutions of theft or other misconduct by public officials.

ACTIVITY: PUBLIC PROTECTION

1987-89 Biennial Budget

(Continuation)

Program: LEGAL SERVICES

Agency: ATTORNEY GENERAL, OFFICE OF THE

8. Activity attorneys have also written and filed 147 criminal appellate briefs between July 1, 1984, and June 30, 1986, and orally argued the cases when necessary.
9. The Commerce Division's activities F.Y. 1985-86 included a total of 716 administrative actions against persons licensed or otherwise regulated by the Minnesota Department of Commerce--insurance companies and agents, real estate brokers and salespersons, securities issuers, etc. This almost doubled the number of administrative actions brought in the prior biennium, F.Y. 1983-84. Commerce Department enforcement cases handled by the Division in F.Y. 1986 resulted in fines and other penalties of \$170.0. Fiscal Year 1987-89 estimates are that these enforcement efforts will continue at approximately the same level as F.Y. 1986.
10. In June, 1985, the Commerce and Consumer Divisions, in conjunction with the Minnesota Department of Commerce, obtained a settlement which resulted in refunds of more than \$2.5 million during F.Y. 1986 to over 13,000 Minnesota residents. The case was based on allegations of fraudulent conduct by a major industrial loan and thrift company in connection with its sale of insurance.
11. In May, 1985, activity attorneys settled a state court action which had been brought against the Minnesota Life and Health Insurance Guaranty Association. In the settlement, the Association agreed to guaranty to over 2,700 Minnesota residents the repayment of over \$50 million worth of annuities which they had purchased from two insurance companies that had become insolvent.
12. In F.Y. 1985-86, activity attorneys obtained over \$37 million for the State of Minnesota as a result of the settlement of oil overcharge cases. Current projections indicate that these and other oil overcharge cases will yield an additional \$11 million for the state in F.Y. 1987 and more than \$17 million in future years.
13. Activity staff have consulted with representatives of dozens of charities and written countless letters alerting charitable organizations to problems involving unscrupulous professional fund-raisers. These activities are ongoing and can be expected to be repeated in F.Y. 1987-89. The activity also expects to recover approximately \$192.6 in escheat proceedings associated with regulation of charitable organizations in F.Y. 1985-86. In addition, trustee and attorney fee challenges netted approximately \$140.0 more for charitable purposes.
14. In F.Y. 1985 and 1986, activity attorneys have recovered through award and settlement \$1.2 million in backpay or other damages for victims of discrimination. When appropriate, injunctive relief prohibiting discriminatory practices and requiring actions to eliminate the effect of those practices was also obtained.

ACTIVITY STATISTICS:

	F.Y.1986	F.Y.1987	F.Y.1988	F.Y.1989
1. Implied Consent Court Appearances	2,000	2,100	2,250	2,250
2. Implied Consent Petitions	3,000	3,250	3,500	3,500
3. Assistance to Farmers	1,200	1,200	1,200	1,200
4. Consumer inquiries Telephone	76,802	80,642	84,674	84,674
Written	6,733	7,070	7,423	7,423
5. Consumer Monetary Recoveries	\$750.0	\$750.0	\$800.0	\$850.0
6. Human Rights Cases	105	79	100	100
7. Criminal Cases Accepted for Prosecution	40	40	50	50
8. Appellate Cases: Public Safety	149	150	150	150
Criminal	72	75	75	75

BUDGET ISSUES:

The Attorney General's responsibilities have been sharply increased due to the general pull-back in federal public protection activity. This trend affects virtually all federal regulatory agencies, notably the Federal Trade Commission and the Consumer Product Safety Commission, and is especially pronounced in those areas that have undergone wholesale deregulation, such as the airline industry. The Attorney General's Office is attempting to fill the gap in Minnesota resulting from this trend. It sometimes necessitates taking on nationwide problems which were formerly left to federal attention, such as airline advertising and automotive design problems. An additional response on the part of the Attorney General's Office has been an increased outreach and consumer education effort, illustrated by the expansion of the "Circuit Rider" program, the development of informational brochures, and the preparation of public service announcements.

ACTIVITY: PUBLIC PROTECTION
 (Continuation)
 Program: LEGAL SERVICES
 Agency: ATTORNEY GENERAL, OFFICE OF THE

1987-89 Biennial Budget

Efforts are also being affected by the retrenchment of the federal government in the antitrust area. Therefore, we anticipate increased enforcement efforts, especially in public bidding areas, and increased activity in the merger area, such as the Attorney General's investigation of the Texaco-Getty merger and the proposed acquisition of National Steel Corporation by U.S. Steel.

The rapidly changing financial services industry is raising novel and unpredictable legal issues. At the same time, competition and economic difficulties are causing increasing numbers of bank failures and insurance company bankruptcies, each of which requires the attention of the office.

In the field of protection of life and property, the Attorney General has begun new initiatives in several areas of criminal law enforcement. These include the prosecution of hazardous waste crimes and state tax law violators, two relatively specialized areas in which local prosecutors benefit from the Attorney General's expertise and assistance. In addition, the Attorney General is now directly responsible for prosecuting most of the new felony crimes relating to racetrack operations in this state. We anticipate that these new responsibilities will require increased resources.

The rapid development of the new industry of horse racing and pari-mutuel wagering in Minnesota will produce a marked increase in the Attorney General's responsibilities. Two licensed racetracks (with thoroughbred, quarter horse, and harness racing), coupled with an increasingly sophisticated and litigious racing industry, will increase the volume of legal work required to protect the integrity of horse racing and pari-mutual wagering. In addition, the intense public scrutiny of this new industry has increased the need for prompt and effective legal representation by this office.

<u>CHANGE REQUESTS:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>Type</u>
Racing Commission Representation. See the Change Request sheet following the fiscal sheet for this activity.	\$ 36.1	\$ 33.5	Activity Specific
Consumer Litigation See the Change Request sheet following the fiscal sheet for this activity.	\$ 122.9	\$ 112.6	Activity Specific

Consumer Mediation Assistance. See the Change Request sheet following the fiscal sheet for this activity.	\$ 45.0	\$ 45.0	Activity Specific
Auto Engine Investigation. See the Change Request sheet following the fiscal sheet for this activity.	\$ 15.0	\$ 15.0	Activity Specific
Investigation into Hazardous Waste Crimes. See the Change Request sheet following the fiscal sheet for this activity.	\$ 35.5	\$ 33.4	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: PUBLIC PROTECTION

PROGRAM: ATTORNEY GENERAL

AGENCY: ATTORNEY GENERAL

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	4,544.1	4,741.6	4,766.2	4,856.2	254.5	5,110.7	4,856.2	4,855.3	239.5	5,094.8	4,855.3
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	4,544.1	4,741.6	4,766.2	4,856.2	254.5	5,110.7	4,856.2	4,855.3	239.5	5,094.8	4,855.3
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	4,111.2	4,485.2	4,522.3	4,618.0	239.5	4,857.5	4,618.0	4,617.1	224.5	4,841.6	4,617.1
EXPENSES & CONTRAC. SERV	402.4	213.3	207.9	208.2	15.0	223.2	208.2	208.2	15.0	223.2	208.2
SUPPLIES & MATERIALS	5.9	1.0									
EQUIPMENT	24.6	2.0									
OTHER EXPENSE ITEMS		40.1	36.0	30.0		30.0	30.0	30.0		30.0	30.0
TOTAL STATE OPERATIONS	4,544.1	4,741.6	4,766.2	4,856.2	254.5	5,110.7	4,856.2	4,855.3	239.5	5,094.8	4,855.3
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	4,175.2	4,353.2	4,405.0	4,555.3	254.5	4,809.8	4,555.3	4,555.3	239.5	4,794.8	4,555.3
DEDICATED APPROPRIATIONS:											
FEDERAL	368.9	388.4	361.2	300.9		300.9	300.9	300.0		300.0	300.0
TOTAL FINANCING	4,544.1	4,741.6	4,766.2	4,856.2	254.5	5,110.7	4,856.2	4,855.3	239.5	5,094.8	4,855.3
POSITIONS BY FUND											
GENERAL	110.5	113.0	113.0	112.3	6.0	118.3	112.3	112.3	6.0	118.3	112.3
FEDERAL	11.0	11.0	11.0	6.7		6.7	6.7	6.7		6.7	6.7
TOTAL POSITIONS	121.5	124.0	124.0	119.0	6.0	125.0	119.0	119.0	6.0	125.0	119.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: PUBLIC PROTECTION
 PROGRAM: LEGAL SERVICES
 AGENCY: ATTORNEY GENERAL, OFFICE OF THE

Request Title: RACING COMMISSION REPRESENTATION				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$36.1	1.0	\$33.5	1.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected: NONE				

STATEMENT OF REQUEST/OBJECTIVE:

The Attorney General requests the above amount for one attorney to represent the Minnesota Racing Commission. The objective is to adequately protect the public and to insure the integrity of horse racing and pari-mutuel wagering in Minnesota.

DESCRIPTION/BACKGROUND:

Chapter 240 of Minnesota Statutes establishes the Minnesota Racing Commission. The Commission is responsible for the regulation of horse racing and pari-mutuel wagering in Minnesota to ensure that it is conducted in the public interest. The first season of racing was 1985 at the only licensed racetrack in Minnesota. It is anticipated that a second racetrack will be licensed in 1987. Racing has expanded from thoroughbred racing in 1985 to thoroughbred, quarter horse, and harness racing in 1986.

To ensure the integrity of racing in Minnesota, the Attorney General has assisted the Commission in drafting and implementing a comprehensive set of rules and has represented the Commission at an ever-increasing number of disciplinary actions. The Attorney General also has primary jurisdiction for felony charges arising from conduct on a licensed racetrack. The first such felony charges were filed in 1986. The Attorney General received no additional staffing for the Racing Commission work.

The rapid growth of this new industry, which is under intense public scrutiny and which requires effective and comprehensive regulation, has presented novel and complex legal work. The volume of legal work has expanded with the growth and the sophisticated and litigious spirit of the industry.

STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Disciplinary Actions:	5	15	25	25
Felony Charges:	1	5	10	10

RATIONALE:

In F.Y. 1986, the first full year of horse racing in Minnesota, five disciplinary actions required protracted litigation by the Attorney General. In F.Y. 1987, from the thoroughbred meet alone, seven disciplinary actions arose. The issues have ranged from alleged tampering with racehorses through illegal drug use to alleged deception in the sale of race horses. Each issue presented legal questions that have never been addressed before in Minnesota. The quarter horse and harness races conducted for the first time in F.Y. 1987 are expected to generate an additional array of novel legal problems. The first year's "honeymoon" has ended.

The Commission's ability to swiftly and thoroughly regulate horse racing and pari-mutuel wagering in Minnesota depends upon effective legal representation. The ability to protect the integrity of racing in Minnesota must withstand intense public scrutiny or the new racing industry as a whole will suffer tremendously. A full-time attorney is required to protect the industry and the public. Failure to provide complete legal representation to the Commission will jeopardize the integrity of racing in Minnesota and will inhibit the growth of one of Minnesota's newest industries. The development of a second racetrack compounds the problem faced by this office in providing sound legal representation of the novel legal issues and the need for the Commission to fulfill its objectives require at least one full-time attorney who can assist the Commission in attempting to create a "clean" racing climate in Minnesota.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Attorney General to present his budgetary needs directly to the Legislature for consideration.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: PUBLIC PROTECTION
 PROGRAM: LEGAL SERVICES
 AGENCY: ATTORNEY GENERAL, OFFICE OF THE

Request Title: CONSUMER LITIGATION				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$122.9	4.0	\$112.6	4.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected: NONE				

STATEMENT OF REQUEST/OBJECTIVE:

The Attorney General requests an appropriation to add two attorneys, an investigator, and a legal secretary to handle an increase in the size, complexity, and number of consumer protection cases to be litigated by the Consumer Division.

BACKGROUND:

As the result of drastic budgetary reductions and a major shift in philosophy, the federal agencies historically responsible for consumer protection have withdrawn almost entirely from enforcement and litigation. The Attorney General has attempted to fill this gap, but the Consumer Division's current resources are inadequate to protect consumers.

RATIONALE:

The dismantling of federal consumer protection programs has made the Attorney General's Consumer Division the public's last defense against a wide array of frauds, hazards, and oppressive business practices formerly addressed at the national level. Many of these problems involve complex legal issues and large, sophisticated defendants represented by legions of corporate lawyers.

The absence of federal action has drawn the state into 4 specific new areas of consumer protection. First is the area of automotive defects. Deceptive practices in the sale and advertising of defective autos are no longer scrutinized closely by the Federal Trade Commission. In fact, not one legal action involving auto defects has been initiated by the FTC in the last 6 years. The Consumer Division currently has substantial evidence of apparent engine defects in a major manufacturer's autos, but is unable to pursue litigation for lack of the legal staff and the necessary funding for engineering analysis, testing, expert testimony, and litigation expenses.

A second problem area is that of product safety. The United States Consumer Product Safety Commission, which has seen its staff cut by 41% in the last 6 years, no longer aggressively prosecutes manufacturers of defective products. The Consumer Division, as the agency of last resort, has begun stepping in to fill this gap. The division first entered this area in 1984, when we obtained a permanent injunction and civil penalties against a manufacturer of dangerously flammable cellulose insulation; in 1986 we obtained \$20,000 in civil penalties and a product recall from a large national manufacturer of allegedly flammable tents. Several other product safety investigations are currently pending, but understaffed.

A third problem area involves the deregulation of air travel. Since the elimination of the U.S. Civil Aeronautics Board in 1984, shoestring-budget air carriers have proliferated and outright travel frauds have flourished, costing travelers millions of dollars. The Consumer Division has brought effective legal actions against 3 nationwide airline scams, resulting in eventual consumer refunds of \$1,500,000, but the division is stretched too thinly to monitor this rapidly-changing industry effectively.

A fourth problem area is that of health fraud and quackery, estimated to cost the American public billions of dollars annually. With its budget cut radically, the U.S. Food and Drug Administration no longer wages effective war on quackery; in the words of Consumer Reports magazine, "in the battle against health fraud, the FDA has pretty much thrown in the towel." State attorneys general, working cooperatively with the FDA and the medical professions, are now attempting to move into this area to combat the most blatant quack cures, phony diet products, and sham medical devices.

Four new positions will be used to assign 1 attorney half time to each of these subject areas: auto design, marketing and sales; product safety; airline and similar travel frauds; and health quackery. Together with the investigator and legal secretary, the two attorneys will enable the office to establish a minimal, but credible, presence in each field.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

(Continuation)

ACTIVITY: PUBLIC PROTECTION
PROGRAM: LEGAL SERVICES
AGENCY: ATTORNEY GENERAL, OFFICE OF THE

ALTERNATIVES:

The alternative favored by some is to leave frauds and product hazards unprosecuted, on the theory that the market will correct the problem. This alternative is ineffective. Market forces cannot correct frauds and deception because, by definition, a fraud deprives buyers of the full and truthful information they need to make informed, rational choices in the marketplace. Moreover, even if long-term market forces gradually weeded out dishonest businesses and dangerous products - an assumption which is not borne out by history - protection is essential for the many victims who would be defrauded or even injured physically in the interim.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Attorney General to present his budgetary needs directly to the Legislature for consideration.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: PUBLIC PROTECTION
 PROGRAM: LEGAL SERVICES
 AGENCY: ATTORNEY GENERAL, OFFICE OF THE

Request Title: CONSUMER MEDIATION ASSISTANCE				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 45.0	-0-	\$ 45.0	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected: NONE				

STATEMENT OF REQUEST/OBJECTIVE:

The Attorney General requests an appropriation to add 3 part-time mediators to help answer consumer questions for information and assistance on our consumer complaint line in the Consumer Mediation Unit. The objective is to provide faster and better handling of complaints received by the Attorney General's Consumer Services Unit from consumers, other government agencies, and elected officials.

DESCRIPTION/BACKGROUND:

Since the merger of the Office of Consumer Services with the Attorney General's Consumer Division (effective July, 1983), public awareness of consumer problems has increased and has resulted in a dramatic increase in the number of consumers calling our "complaint line" and the number of written consumer complaints filed with the Attorney General's Consumer Mediation Unit. The primary function of the Consumer Mediation Unit is to respond to consumer inquiries and complaints and attempt to mediate a voluntary settlement of disputes between individual consumers and companies.

Public awareness of the Consumer Mediation Unit has been enhanced over the past three and a half years by the creation of the Farm and Home Preservation Hotline and the active enforcement of Minnesota consumer laws. The hotline is a clearinghouse and resource for homeowners and farmers faced with the threat of mortgage foreclosure. Since its inception in June of 1983, this program has assisted approximately 7,000 Minnesotans. Additionally, greater use of our "consumer complaint line" has been triggered by lawsuits filed by the Consumer Enforcement Unit against Berman's, Inc., and other retailers, enforcement of Minnesota's Club Contract law, and legal action involving Region Airlines and Hawaiian Pacific Airlines.

RATIONALE:

As the statistics in the following section show, there has been a significant increase in the number of complaints received and the number of "complaint line" calls handled. In addition, our projections are that this trend will continue through Fiscal Years 1987, 1988, and 1989. In order to meet the challenge of these trends, it will be important to have additional staff available to assist consumers with problems that have arisen in the marketplace.

ALTERNATIVES:

During F.Y. 1987, the Attorney General's Consumer Division must rely on the use of Enforcement Unit staff to assist on the complaint line. This limits our ability to conduct investigations into large scale consumer fraud.

STATISTICS:

	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Written Complaints	5,883	6,733	7,070	7,423	7,423
Complaint Line Phone Calls	53,107	76,802	80,642	84,674	84,674

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Attorney General to present his budgetary needs directly to the Legislature for consideration.

CHANGE REQUEST

 Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: PUBLIC PROTECTION
 PROGRAM: LEGAL SERVICES
 AGENCY: ATTORNEY GENERAL, OFFICE OF THE

Request Title: CONSUMER INVESTIGATIVE ASSISTANCE	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$ 15.0	-0-	\$ 15.0	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:	NONE			

STATEMENT OF REQUEST/OBJECTIVE:

The Attorney General requests an appropriation for technical investigation and evaluation of apparent design and manufacturing defects in a series of auto engines sold by a major auto manufacturer from 1976 through the present.

BACKGROUND:

The Consumer Division has received numerous complaints from Minnesota consumers who report engine problems associated with the lubrication system of a series of engines manufactured by a large automaker over the last 10 years. In many instances, these problems have caused the engine to lose its oil suddenly, destroying the engine before the consumer was aware of a problem. The problem appears to be aggravated by cold weather, although some engine failures have occurred during the summer months.

Preliminary investigation suggests that the breakdowns are the result of several related defects in the design and manufacture of the engine's lubrication system. The manufacturer has itself identified one defect and has re-designed a part in an attempt to correct the problem, but has taken no steps to replace the defective parts in cars sold from 1976 through the present, or even to notify their owners of the problems.

Initial analysis rules out other causes as the source of the breakdowns.

STATISTICS:

The Consumer Division has received approximately 250 complaints from owners of these cars. The owners report total repair bills of more than \$225.0. While numbers are not yet available, hundreds of thousands of cars with these engines may have been sold in Minnesota alone.

If the initial findings are correct, these apparent defects may be costing Minnesota consumers millions of dollars in unnecessary repair bills, and in some instances may even be endangering lives - as when one car broke down last winter on a remote northern Minnesota road when the temperature was -30 zero F. The complaints received to date are undoubtedly the tip of an iceberg.

RATIONALE:

The appropriation would be used to employ automotive engineering and design consultants to evaluate the data available from consumer complaints, to conduct design analysis and testing on specimen engines, and to evaluate the manufacturer's explanations of the problem. If this expert analysis confirms the existence of defects, the appropriation would also be used to employ expert witnesses to testify in any necessary litigation.

ALTERNATIVES:

In the past, auto defect cases have usually been handled by federal agencies. With recent budget cutbacks and changes in philosophy, however, federal agencies show little interest in prosecuting these cases. In this instance, Federal Trade Commission staff members indicate informally that the FTC is unlikely to pursue this possible defect because cold weather-related defects are considered "regional" problems.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Attorney General to present his budgetary needs directly to the Legislature for consideration.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: PUBLIC PROTECTION
 PROGRAM: LEGAL SERVICES
 AGENCY: ATTORNEY GENERAL, OFFICE OF THE

Request Title: INVESTIGATION INTO HAZARDOUS WASTE CRIMES	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$35.5	1.0	\$33.4	1.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:	NONE			

STATEMENT OF REQUEST/OBJECTIVE:

The Attorney General requests an appropriation to add one legal assistant position to coordinate and help direct the current multi-agency effort into the investigation of hazardous waste crimes. The objective is to provide better protection for the state's citizens from those who violate criminal laws respecting the storage, transportation, treatment and disposal of hazardous waste.

DESCRIPTION/BACKGROUND:

Minn. Laws 1983, ch. 373 (effective date: June 15, 1983) for the first time made it a felony crime to knowingly, or with reason to know, dispose of hazardous wastes in violation of Minnesota's laws and rules relating to such disposal. The same law also made it a gross misdemeanor to negligently or wilfully violate any of the state's laws or rules relating to hazardous waste. However, no single agency was granted enforcement authority for these new crimes. The Pollution Control Agency and other state agencies with partial responsibility for hazardous substances lack criminal investigatory expertise and authority. Traditional law enforcement agencies lack technical expertise in the field of hazardous waste. Therefore, the Attorney General's Office has taken the lead in attempting to put together an effective mechanism; one that coordinates the efforts of the Pollution Control Agency, the Department of Transportation, the Bureau of Criminal Apprehension, local

law enforcement agencies, and the county attorneys. This effort, although it has resulted in several investigations being commenced and three cases actually prosecuted in the last biennium, has revealed the need for development of a full-time investigator position with specialized expertise in fighting these highly technical crimes. The need is to have one investigator, with criminal law experience, who can devote full time to developing and executing a coordinated program between all the agencies involved for the reporting, detection, investigation and prosecution of hazardous waste crimes occurring in this state. In addition, this legal assistant can develop an educational and training program on hazardous waste crimes for presentation to affected local officials such as police, sheriffs, fire marshalls, and building inspectors.

RATIONALE:

Because responsibility for the reporting and investigation of hazardous waste crimes is currently diffused through numerous state and local agencies, the Attorney General is in the best position to develop a comprehensive, coordinated effort aimed at the enforcement of these laws. Moreover, because of the specialized and technical nature of hazardous waste crime, the coordination effort should be done by a single investigator who can devote full time to learning about and doing the job. The addition of one investigator-legal assistant, working under the supervision of a staff attorney, will allow such a coordination program to be put together.

GOVERNOR'S RECOMMENDATIONS:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Attorney General to present his budgetary needs directly to the Legislature for consideration.

ACTIVITY: LEGAL POLICY AND ADMINISTRATION
 Program: LEGAL SERVICES
 Agency: ATTORNEY GENERAL, OFFICE OF THE

1987-89 Biennial Budget

ACTIVITY DESCRIPTION:

The Legal Policy and Administration Activity provides the Attorney General's Office with legal leadership and resources. The Attorney General and his chief deputy lead and coordinate the legal activity of the office's attorneys. They establish the policies and priorities for the office's 12 separate offices and 21 divisions.

The effective consolidation of state legal services continues to be essential to the maintenance, quality and consistency of the state's public policy itself. The state's legal policy must be articulated with a single voice.

As courts and legislatures better define the responsibilities of state government to its citizens, the role of preventive legal advice becomes even more critical. Court decisions can and do decide how public funds are spent. Without quality legal representation, legislative policy choices cannot be achieved or maintained. The office educates client agencies to recognize early those issues which will require the attention of legal counsel and works with them to establish priorities when staff and financial resources are limited.

The Attorney General's Office is ideally placed to function as a transmission belt between the public, the courts, and the legislature. Litigated cases, legal issues confronting public agencies, and problems addressed in the opinions function of the office all help to identify areas of legal confusion or statutory inadequacy. By attending to law reform responsibilities, the Attorney General's Office protects the legal rights and opportunities of Minnesota citizens. It also helps Minnesota state government function with greater simplicity and efficiency.

Activity attorneys provide counsel to the Attorney General about the progress of lawsuits. They work with all other office attorneys on a variety of matters which include pleadings review, strategy development, courtroom assistance, multi-agency lawsuit coordination and office-wide quality control for litigation efforts. Activity attorneys also handle cases for attorneys assigned to other activities when there are potential conflicts of interest or other staffing needs. In addition, they provide legal services to constitutional officers, the Legislature, and the Judiciary. They provide advice and formal opinions in response to legal questions posed by officials of local governmental units, state agencies, constitutional officers and the Legislature. Paralegal assistance is provided to members of the public requesting information on laws pertaining to marriage, divorce, name change and adoption. Finally, activity staff direct personnel, accounting, budgeting, purchasing, library, office automation, records management and space utilization services for all the divisions of the office.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$ 22.0	\$ 27.5	\$ 27.5	\$ 27.5	\$ 27.5

OBJECTIVE:

To articulate state legal policy and to assign the human and physical resources to ensure effective enforcement of state laws and defense of state interest in all legal matters.

STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Amicus Curiae Briefs to U.S. Supreme Court	3	5	5	5
Appearances before U.S. Supreme Court	0	2	2	2
Opinions Formal	18	15	15	15
Informal	74	75	75	75
Trial Court Cases Begun	1297	1300	1300	1300
Completed	1377	1350	1350	1350
Appellate Court Cases Begun	210	225	225	225
Completed	187	200	200	200
Administrative Proceedings Begun	839	800	800	800
Completed	620	700	700	700

Because legal resources must be devoted to cases already begun, while many of our clients have cases waiting development, a realistic caseload for the next biennium is dependent upon many factors outside the office's control. The number projected is based on a historical pattern that could be upset by a small number of major time-consuming matters.

ACTIVITY: LEGAL POLICY AND ADMINISTRATION
(Continuation)
Program: LEGAL SERVICES
Agency: ATTORNEY GENERAL, OFFICE OF THE

1987-89 Biennial Budget

<u>CHANGE REQUEST:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>TYPE</u>
Law Office Automated Systems. See the Change Request sheet following the fiscal sheet for this activity.	\$ 250.0	\$ 150.0	Activity Specific
Compensation increases for attorneys. See the Change Request sheet following the fiscal sheet for this activity.	\$ 248.0	\$ 248.0	Agency Wide
Child Protection Initiatives. See the Change Request sheet following the fiscal sheet for this activity.	\$ 26.7	\$ -0-	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: LEGAL POLICY & ADMIN

PROGRAM: ATTORNEY GENERAL

AGENCY: ATTORNEY GENERAL

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	3,744.1	3,833.7	3,969.0	4,072.2	524.7	4,596.9	4,072.2	4,070.7	398.0	4,468.7	4,070.7
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	3,744.1	3,833.7	3,969.0	4,072.2	524.7	4,596.9	4,072.2	4,070.7	398.0	4,468.7	4,070.7
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	2,257.4	2,120.3	2,144.7	2,228.8	274.7	2,503.5	2,228.8	2,228.8	248.0	2,476.8	2,228.8
EXPENSES & CONTRAC. SERV	1,133.8	1,355.1	1,419.3	1,438.4	250.0	1,688.4	1,438.4	1,483.6	150.0	1,633.6	1,483.6
SUPPLIES & MATERIALS	167.7	213.8	225.0	225.0		225.0	225.0	225.0		225.0	225.0
EQUIPMENT	185.2	144.5	160.0	180.0		180.0	180.0	133.3		133.3	133.3
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	3,744.1	3,833.7	3,969.0	4,072.2	524.7	4,596.9	4,072.2	4,070.7	398.0	4,468.7	4,070.7
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	3,744.1	3,814.4	3,969.0	4,072.2	524.7	4,596.9	4,072.2	4,070.7	398.0	4,468.7	4,070.7
DEDICATED APPROPRIATIONS:											
AGENCY		19.3									
TOTAL FINANCING	3,744.1	3,833.7	3,969.0	4,072.2	524.7	4,596.9	4,072.2	4,070.7	398.0	4,468.7	4,070.7
POSITIONS BY FUND											
GENERAL	60.0	56.5	55.5	53.0		53.0	53.0	53.0		53.0	53.0
TOTAL POSITIONS	60.0	56.5	55.5	53.0		53.0	53.0	53.0		53.0	53.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: LEGAL POLICY AND ADMINISTRATION
 PROGRAM: LEGAL SERVICES
 AGENCY: ATTORNEY GENERAL, OFFICE OF THE

Request Title: LAW OFFICE AUTOMATED SYSTEMS				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
General Fund	\$250.0	-0-	\$150.0	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected: NONE				

STATEMENT OF REQUEST:

The Attorney General requests an appropriation to purchase computer equipment and software to increase the efficiency of the Attorney General's legal representation.

OBJECTIVE:

Replace obsolete equipment and begin to increase the capacity of the Attorney General's Office to handle the expanding workload without significant increases of staff.

BACKGROUND:

In the past seven years, the Attorney General's Office has taken advantage of computerization to produce briefs, pleadings, legal memorandum and letters, to conduct legal research, to organize and search thousands of documents used in depositions and trial preparation, to docket its cases, and to bill its clients. Some of these systems are becoming obsolete and can no longer be maintained. Over the next four years, the Attorney General must replace and add to these tools that have become essential to a modern, efficient law office.

RATIONALE:

The department frequently confronts experienced opposing counsel from the private sector. It must be equipped with the latest developments in research and computer technology with which its opponents are already armed.

APPROPRIATION LANGUAGE:

The Attorney General requests that the following rider language be incorporated in State Departments bill:

\$250.0 the first year and \$150.0 the second year is for law office automation. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Attorney General to present his budgetary needs directly to the Legislature for consideration.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: LEGAL POLICY AND ADMINISTRATION
 PROGRAM: LEGAL SERVICES
 AGENCY: ATTORNEY GENERAL, OFFICE OF THE

	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Request Title: COMPENSATION INCREASES FOR ATTORNEYS				
Agency Request				
General Fund	\$248.0	-0-	\$248.0	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:	NONE			

STATEMENT OF REQUEST:

By statute the Attorney General appoints and sets the compensation for unclassified employees who are employed by the Attorney General. The Attorney General requests an appropriation of \$248.0 in F.Y. 1988 and F.Y. 1989 for extraordinary salary adjustments. Attorneys in the Attorney General's Office must competently advise and represent state agency clients in negotiations and adversarial proceedings against any major Twin City law firm. Adequate, competitive compensation is one important factor affecting the Attorney General's success at recruiting and retaining attorneys to do this.

OBJECTIVE:

To establish a starting salary and associate salary that is at least respectable compared to that offered by Twin Cities public law offices and major Twin Cities private law offices.

BACKGROUND:

Since F.Y. 1984, when compared with attorneys employed by other public and private law offices, attorneys on the Attorney General's staff have lost more ground than they did the previous four years.

STATISTICS:

	F.Y. 1980	F.Y. 1984	F.Y. 1986	F.Y. 1988-89 W/O Change Level	F.Y. 1988-89 With Change Level
Entry Level Salary in the Attorney General's Office as a percentage of that paid by:					
a. Private Law Firms	78.7%	72.0%	63.5	60%	65%
b. Public Law Firms	93.9%	92.3%	86.9	85%	90%
Associate Level Salary (4-6 years experience) in the Attorney General's Office as a percentage of that paid by:					
a. Private Law Firms	NA	NA	64.0%	60%	65%
b. Public Law Firms	NA	NA	86.0%	85%	90%
Attorney Turnover					
a. Private Law Firms	NA	NA	NA	NA	NA
b. Public Law Firms	NA	5.7%	6.2%	6.0%	6.0%
c. Attorney General	7.5%	9.0%	9.0%	12.0%	9.0%
d. State Government	11.7%	6.2%	6.0%	6.0%	6.0%

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

(Continuation)

ACTIVITY: LEGAL POLICY AND ADMINISTRATION

PROGRAM: LEGAL SERVICES

AGENCY: ATTORNEY GENERAL, OFFICE OF THE

RATIONALE:

Attorneys on the Attorney General's staff represent the citizens and departments of the state in all legal proceedings conducted on their behalf. The interests of the parties on the opposing side are frequently represented by major Twin Cities law firms. It is in the best interest of the state to offer competitive compensation to its staff attorneys in order to recruit and retain attorneys who can negotiate and argue on equal terms with attorneys from these firms. Also, in addition to these private law offices, the other major source of competition for lawyers recruited and hired by our office comes from the larger public law offices in the Twin Cities. The statistics provided above are indicative of a pattern that could reduce the Office's professional competitiveness. Our request is designed to limit the effect of this trend.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Attorney General to present his budgetary needs directly to the Legislature for consideration.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: LEGAL POLICY AND ADMINISTRATION
 PROGRAM: LEGAL SERVICES
 AGENCY: ATTORNEY GENERAL, OFFICE OF THE

Request Title: CHILD PROTECTION INITIATIVES				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$26.7	-0-	\$ -0-	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected: NONE				

STATEMENT OF REQUEST/OBJECTIVE:

The Attorney General requests an appropriation for the coordination and implementation of recommendations set forth in the report from the Attorney General's Task Force on Child Abuse Within the Family. This appropriation will provide staffing for one year to improve the quality of child protection and lessen trauma to victims and families involved in child abuse cases.

BACKGROUND:

On January 16, 1986, the Attorney General formed a task force on child abuse within the family. The task force held eleven public hearings, heard from over 75 witnesses and received written testimony from over 200 child protection professionals. Testimony was given from all segments of the criminal justice and human services communities. The task force's efforts were funded by a \$12,000 grant from the Blandin Foundation.

The task force issued a report containing 85 recommendations for improving child protection in Minnesota. Among other things, the recommendations call for a 24-hour hotline; a central information system or tracking system; improved procedures for handling complaints regarding local human services actions; efforts to increase

attention on the needs of adolescent male victims; additional local human services efforts to address worker "burnout"; more specialized training for child protection workers at the undergraduate and graduate levels; specialized training regarding child abuse in law, seminaries, and health related graduate schools; increased public awareness efforts aimed at preventing abuse with the assistance of the business and religious communities. Other recommendations include working with local counties to develop Child Advocacy Centers, and the development and monitoring of experimental programs aimed at increasing effective intervention and lessening trauma to victims and families in child abuse cases.

RATIONALE:

This request will insure that the concerns raised by the Attorney General's Task Force on Child Abuse Within the Family are adequately addressed by the appropriate agencies and organizations. It will also help coordinate public and private sector grants and foundation funding for programs which address the concerns raised in the task force report.

GOVERNOR' RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Attorney General to present his budgetary needs directly to the Legislature for consideration.

AGENCY: INVESTMENT, STATE BOARD OF

1987-89 Biennial Budget

AGENCY PURPOSE: The State Board of Investment (SBI) develops and implements investment policies and strategies for the state's retirement funds, trust funds and cash accounts. The primary goal is to increase the funds available for retirement benefits, state trusts and cash accounts by maximizing the total rate of return without incurring undue risk.

OPERATIONS AND CLIENTELE: The SBI, composed of 5 constitutional officers, provides investment management for the Basic Retirement Fund, the Post Retirement Fund, the Permanent School Fund, the Supplemental Investment Fund, and the Variable Annuity Fund. In addition, the SBI manages Invested Treasurer's Cash and approximately 100 other state cash accounts. On 6-30-86, assets managed by the board totaled \$11.0 billion. All activities of the board are governed by M.S. Chapter 11A.

The State Board of Investment sets specific asset allocation targets and performance objectives for each fund under its management. The board retains an Executive Director, an internal investment management staff, and external investment managers to execute its policies. In performing these duties, the board works in conjunction with the Investment Advisory Council which is composed of 17 persons with investment and retirement fund expertise.

The SBI staff recommends strategic planning alternatives to the board and the council and executes the board's asset allocation decisions. The staff also provides internal management for a portion of the board's assets, closely monitors the performance of all external managers retained by the board, and reviews prospective investment vehicles for legislative consideration.

Approximately 57% of the funds invested by the SBI are under internal management. This includes all the assets of the Post Retirement Fund and all money in cash accounts. A portion of several smaller retirement funds are also invested by internal investment staff.

Approximately 43% of the funds are managed by external money managers: 11 active common stock managers; 1 passive common stock manager, 6 fixed income managers; and 7 real estate, 2 resource funds, and 9 venture capital commingled fund managers. The board also retains a Master Custodian to assist the SBI in a variety of accounting and management functions. All the assets of the Basic Retirement Funds are under external management. The balance of the smaller retirement funds referenced above also utilize external management.

Since the majority of the board's activity relates to investment of retirement funds, its primary clients are the current and retired members of the three major retirement systems (PERA, TRA, MSRS). For activity involving cash accounts, the board's largest clients are the State Treasurer, the Department of Finance, and the Department of Transportation.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$ 987.3	\$1,133.1	\$1,200.0	\$1,250.0	\$1,250.0

MAJOR ISSUES:

After implementing many fundamental changes in the management of the retirement funds in recent years, the board has devoted much of the 1985-87 biennium to consolidation and refinement of its investment program. Several significant developments were completed or are currently underway, including: a review of the needs and objectives of the Post Retirement Fund; development of a performance-based fee system for external active stock and bond managers; construction of a dedicated bond portfolio for the Post Fund; an analysis and possible reorganization of the external managers retained by the board; and, a restructuring of investment options for participants in the Supplemental Investment Fund. In addition, the board has provided the retirement systems with an analysis of trends in retiree benefit increases derived through the formula currently in statute.

ACTIVITY STATISTICS:

	Long-Term Policy Target	June 30 1985	June 30 1986
1. Asset Allocation			
Basic Retirement Funds:			
Common Stocks	60%	59.9%	62.2%
Bonds/Fixed Income	25%	23.4%	22.8%
Alternative Investments	15%	7.1%	9.4%
Cash Equivalents		9.6%	5.6%
Post Retirement Funds:			
Common Stocks	25%	27.1%	18.6%
Bonds/Fixed Income	75%	65.7%	67.2%
Cash Equivalents		7.2%	14.2%

2. Performance Comparisons	F.Y. 1985	F.Y. 1986	Five Years
			Annualized Ending 6/30/86
a) Total Return			
Basic Retirement Fund	26.9%	26.2%	16.8%
Post Retirement Fund	30.6%	24.9%	18.0%
Wilshire TUCS Funds median balanced fund return	26.2%	25.1%	17.6%
b) Common Stock			
Basic Retirement Fund	30.9%	33.8%	16.6%
Post Retirement Fund	33.8%	19.5%	15.2%
Standard and Poor's 500	31.0%	35.8%	19.3%
Wilshire 5000 Stock Index	31.2%	35.3%	18.1%
c) Bond/Fixed Income			
Basic Retirement Fund	26.5%	17.6%	18.5%
Post Retirement Fund	32.1%	28.9%	20.9%
Salomon Broad Bond Index total return	29.9%	19.9%	18.3%
d) Short Term Securities			
SBI yield on short term securities	10.0%	7.9%	10.3%
91 day Treasury bill yield	9.3%	7.3%	10.0%
3. Retiree Benefit Increases Generated by the Post Fund	F.Y. 1985	F.Y. 1986	Five Years Annualized 1982-1986
Benefit Increases provided	7.9%	9.8%	7.8%
One-half inflation (CPI)	1.9%	0.9%	2.0%

AGENCY FISCAL SUMMARY - BIENNIAL BUDGET

AGENCY: BOARD OF INVESTMENT

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY PROGRAM:											
INVESTMENT OF FUNDS	1,344.6	1,468.9	1,597.8	1,602.3		1,602.3	1,602.3	1,600.6		1,600.6	1,600.6
REFUNDS/RETIRE FUNDS	11,207.5	8,933.8	12,400.0	12,400.0		12,400.0	12,400.0	12,400.0		12,400.0	12,400.0
TOTAL	12,552.1	10,402.7	13,997.8	14,002.3		14,002.3	14,002.3	14,000.6		14,000.6	14,000.6
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	12,552.1	10,402.6	13,997.8	14,002.3		14,002.3	14,002.3	14,000.6		14,000.6	14,000.6
LOCAL ASSISTANCE		.1									
AIDS TO INDS.											
TOTAL EXPENDITURES	12,552.1	10,402.7	13,997.8	14,002.3		14,002.3	14,002.3	14,000.6		14,000.6	14,000.6
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	1,344.6	1,468.9	1,597.8	1,602.3		1,602.3	1,602.3	1,600.6		1,600.6	1,600.6
DEDICATED APPROPRIATIONS:											
SUPP INVEST INDEX			100.0	100.0		100.0	100.0	100.0		100.0	100.0
SUPP BOND MARKET			100.0	100.0		100.0	100.0	100.0		100.0	100.0
SUPP INVEST G.I.C.			100.0	100.0		100.0	100.0	100.0		100.0	100.0
MN SUPPL RETR FXD RE	15.0	50.0	100.0	100.0		100.0	100.0	100.0		100.0	100.0
MN SUPPL RETIR INCOM	250.0	300.1	100.0	100.0		100.0	100.0	100.0		100.0	100.0
MN SUPPL RETIR GRWTH	350.0	300.0	100.0	100.0		100.0	100.0	100.0		100.0	100.0
POST RETIREMENT	462.5	637.5	500.0	500.0		500.0	500.0	500.0		500.0	500.0
MN VARIABLE ANNUITY	800.0	50.0	200.0	200.0		200.0	200.0	200.0		200.0	200.0
MONEY MGR FIXED INC	2,625.0	3,210.4	3,900.0	3,900.0		3,900.0	3,900.0	3,900.0		3,900.0	3,900.0
MONEY MGR EQUITY	6,700.0	4,335.8	7,100.0	7,100.0		7,100.0	7,100.0	7,100.0		7,100.0	7,100.0
SUPPLEMENT BOND	5.0	50.0	100.0	100.0		100.0	100.0	100.0		100.0	100.0
TOTAL FINANCING	12,552.1	10,402.7	13,997.8	14,002.3		14,002.3	14,002.3	14,000.6		14,000.6	14,000.6
POSITIONS BY FUND:											
GENERAL	30.0	25.0	25.0	25.0		25.0	25.0	25.0		25.0	25.0
TOTAL POSITIONS	30.0	25.0	25.0	25.0		25.0	25.0	25.0		25.0	25.0

AGENCY PURPOSE: The office is a non-regulatory, service agency which conducts rulemaking and contested case hearings pursuant to the Administrative Procedure Act and adjudicates the rights of injured employees pursuant to the Workers' Compensation Law. The office conducts hearings, compiles the official record of the hearing, and issues recommendations for action or final orders, depending on the law under which the hearing is conducted.

The primary aim of the office is to provide fair and expeditious administrative hearings at the lowest possible cost to all participants.

OPERATION AND CLIENTELE: The office operates out of a main office in Minneapolis where 13 hearing rooms and 52.5 of the 54.5 authorized complement positions are headquartered. We have 2 hearing rooms in St. Paul and an office and hearing room in Duluth where 2 employees are located. Additionally, the office conducts hearings in every county in the state, the specific locations being selected on the basis of convenience to the parties involved in the hearings. Most of the non-metropolitan area hearings are conducted in county courthouses or city halls at no cost to this office or the participants.

Primary clients of the office are state agencies, injured workers and/or their dependents, employers and their workers' compensation carriers, attorneys, local units of government including school districts, and citizens of the state whose rights may be affected by state agencies' actions.

The office has one program, the conduct of administrative hearings. The program is divided into 2 activity areas, workers' compensation, M.S. 1986, Ch. 176, and those hearings conducted pursuant to the Minnesota Administrative Procedure Act (APA), M.S. 1986, Ch. 14. The workers' compensation activity is funded by a direct legislative appropriation from the Special Workers' Compensation Fund, while the APA activity is funded entirely by a revolving account.

In general, the goals of both activities are to increase the efficiency of the hearing process by reducing the time required to conclude the hearing process. The specific accomplishments, goals and objectives are detailed in the activity sections of this budget request. We had been successful in reducing time delays in both activity areas until last year when, due to an increase in the number and complexity of workers' compensation cases filed for hearing, the length of time to process cases has slowly increased. Without a change, this will get worse. With additional help, the trend can be reversed.

Details of the office's operation are provided on the activity pages which follow.

EXPLANATION OF BUDGET REQUEST: The office receives a direct appropriation for the workers' compensation activity from the Special Workers' Compensation Fund and operates on a revolving fund for the Administrative Procedure Act activity. The agency SAME level request is to continue at the SAME level of effort. Details of the budget requests for each activity are found in the activity narratives.

A CHANGE item is requested for the Workers' Compensation activity. \$1,018,176 in

F.Y. 1988 and \$862,110 in F.Y. 1989 and 16.0 positions are requested in order to reduce the delays in concluding contested workers' compensation cases.

<u>INDEX</u>	<u>Agency Request 1987-89 Biennium All Funds</u>	<u>Governor's Recommendation 1987-89 Biennium All Funds</u>	<u>Page</u>
SAME Level Request	\$ 5,735.0	\$ 5,735.0	
CHANGE Level Request Special Compensation Fund	1,880.3	1,165.2	7
AGENCY TOTAL	<u>\$ 7,615.3</u>	<u>\$ 6,900.2</u>	

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: ADMINISTRTRV HEARINGS

AGENCY: ADMINISTRATIVE HRNGS

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
ADMINISTRTRV PROCEDURES ACT	819.6	907.3	919.7	919.7		919.7	919.7	919.7		919.7	919.7
WORKERS COMPENSATION	1,731.3	1,813.3	1,942.3	1,948.9	1,018.2	2,967.1	2,602.0	1,946.7	862.1	2,808.8	2,458.8
TOTAL	2,550.9	2,720.6	2,862.0	2,868.6	1,018.2	3,886.8	3,521.7	2,866.4	862.1	3,728.5	3,378.5
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	2,550.9	2,720.6	2,862.0	2,868.6	1,018.2	3,886.8	3,521.7	2,866.4	862.1	3,728.5	3,378.5
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	2,550.9	2,720.6	2,862.0	2,868.6	1,018.2	3,886.8	3,521.7	2,866.4	862.1	3,728.5	3,378.5
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	1,715.7										
WORKERS COMP SPECIAL		1,785.3	1,915.9	1,922.5	1,018.2	2,940.7	2,575.6	1,920.3	862.1	2,782.4	2,432.4
DEDICATED APPROPRIATIONS:											
ENTERPRISE	835.2	935.3	946.1	946.1		946.1	946.1	946.1		946.1	946.1
TOTAL FINANCING	2,550.9	2,720.6	2,862.0	2,868.6	1,018.2	3,886.8	3,521.7	2,866.4	862.1	3,728.5	3,378.5
POSITIONS BY FUND:											
GENERAL	36.0										
WORKERS COMP SPECIAL		36.0	36.0	36.0	16.0	52.0	46.0	36.0	16.0	52.0	46.0
ENTERPRISE	20.5	18.5	18.5	18.5		18.5	18.5	18.5		18.5	18.5
TOTAL POSITIONS	56.5	54.5	54.5	54.5	16.0	70.5	64.5	54.5	16.0	70.5	64.5

ACTIVITY: ADMINISTRATIVE PROCEDURE ACT
 Program: ADMINISTRATIVE HEARINGS
 Agency: ADMINISTRATIVE HEARINGS, OFFICE OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVE: To conduct fair and expeditious administrative hearings, both rulemaking and contested cases, as required by the Minnesota Administrative Procedure Act (APA) at the lowest possible cost to all participants. This objective and the following effectiveness measures are not shared with other activities.

DESCRIPTION: This activity conducts hearings for approximately 120 state agencies and political subdivisions of the state pursuant to authority in M.S. 1986, Ch. 14. The administrative law judges conduct all prehearing conferences and hearings, complete all necessary legal research and issue recommendations for final agency action except for cases involving OSHA, the Human Rights Act, special education, personnel disciplinary actions and appeals from certificate of need determinations of the Commissioner of Health where the report is a final decision and appealable to the courts.

Hearings conducted involve the rights, duties or privileges of the citizens of this state and those outside of the state who do business within the state. These hearings involve practically all administrative hearings conducted by the state, the major exceptions being corrections, unemployment compensation, those within the jurisdiction of the Bureau of Mediation services and appeals from welfare decisions, all of which are exempt from M.S. 1986, Ch. 14, and workers' compensation hearings which are conducted by the other activity within this office.

This activity operates on a total revolving fund, billing the user agencies for services provided. Fees charged are approved on an annual basis by the Department of Finance.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Hearings Completed and Reports/Orders Issued	296	290	280	270
Average Days to Issue Reports/Orders	15	14	13	12
Total Hours of Hearings	2,103	2,200	2,300	2,500
Agency Expenditures	\$ 895,324	\$ 919,729	\$ 919,729	\$ 919,729

ACTIVITY STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Files Opened/Closed	576/528	575/600	575/575	575/575
Hearing Days	2,103	2,200	2,300	2,500
Hours Billed	12,899	12,500	12,750	12,800

EXPLANATION OF BUDGET REQUEST: The office is not requesting a direct appropriation for this activity as it operates entirely on a revolving fund.

SAME LEVEL: No new positions are being requested. The anticipated increase in hours of hearing will be offset by efficiencies in producing the resulting reports with existing complement and through the use of technical-professional contracts, as the need may arise.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: ADMINISTRTV PROCEDURES ACT

PROGRAM: ADMINISTRTV HEARINGS

AGENCY: ADMINISTRATIVE HRNGS

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	819.6	907.3	919.7	919.7		919.7	919.7	919.7		919.7	919.7
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	819.6	907.3	919.7	919.7		919.7	919.7	919.7		919.7	919.7
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	626.7	677.5	706.2	706.2		706.2	706.2	706.2		706.2	706.2
EXPENSES & CONTRAC. SERV	158.7	196.6	189.7	189.7		189.7	189.7	189.7		189.7	189.7
SUPPLIES & MATERIALS	5.2	9.6	10.8	10.8		10.8	10.8	10.8		10.8	10.8
EQUIPMENT	2.1	17.1	2.0	2.0		2.0	2.0	2.0		2.0	2.0
OTHER EXPENSE ITEMS	26.9	6.5	11.0	11.0		11.0	11.0	11.0		11.0	11.0
TOTAL STATE OPERATIONS	819.6	907.3	919.7	919.7		919.7	919.7	919.7		919.7	919.7
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
DEDICATED APPROPRIATIONS:											
ENTERPRISE	819.6	907.3	919.7	919.7		919.7	919.7	919.7		919.7	919.7
TOTAL FINANCING	819.6	907.3	919.7	919.7		919.7	919.7	919.7		919.7	919.7
POSITIONS BY FUND											
ENTERPRISE	20.5	18.5	18.5	18.5		18.5	18.5	18.5		18.5	18.5
TOTAL POSITIONS	20.5	18.5	18.5	18.5		18.5	18.5	18.5		18.5	18.5

ACTIVITY: WORKERS' COMPENSATION 1987-89 Biennial Budget
 Program: ADMINISTRATIVE HEARINGS
 Agency: ADMINISTRATIVE HEARINGS, OFFICE OF

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVE: To conduct fairly and expeditiously all workers' compensation hearings within the jurisdiction conferred on Workers' Compensation Judges. This objective is shared, in part, with the Department of Labor and Industry. The effectiveness measures produced below are not shared with other activities.

DESCRIPTION: This activity requires the office to handle to a conclusion all contested workers' compensation cases, within our jurisdiction, which are not settled prior to certification to our office from the Department of Labor and Industry. Included are the review of settlements and issuance of awards on these settlements; deciding motions and issuing orders granting or denying the motions; issuance of pretrial orders; scheduling and conducting pretrial and settlement conferences and regular hearings; scheduling of court reporters or arranging for the tape recording of all hearings; issuance of final decisions; awarding of attorneys' fees; taxation of costs to prevailing parties; processing all appeals; and handling cases remanded from the Court of Appeals. The end result of these services is the awarding of compensation to injured workers when they are entitled to the benefits pursuant to M.S. 1986, Ch. 176. The activity impacts all injured workers and their families, all employers and their insurers, and the State Special Compensation Fund.

Approximately 75% of the hearings are conducted in the metropolitan area with the remainder conducted all around the state. Presently, the office annually schedules approximately 4,600 contested hearings and 2,250 pretrial or settlement conferences. During F.Y. 1986, the office issued approximately 12,050 orders which included the hearing notices: 816 Findings of Fact, Conclusions of Law and Orders; 2,322 awards following receipt of stipulated settlements; 258 Orders for Dismissal; 389 orders striking cases from the calendar; 257 orders allowing joinder; 848 orders allowing intervention; 218 orders awarding attorneys' fees; 92 orders awarding costs and disbursements; 1478 orders relating to medical testimony in person or by deposition; and 416 miscellaneous orders. The office also processed 349 appeals to the Court of Appeals. We are currently entering data into the computerized claim tracking system for cases pending in our office.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Average Number of Days to Issue Decisions	28	25	25	24
Number of Days to Issue Awards on Settlements	4	4	4	3
Number of Awards Issued on Settlements	2322	2300	3200	3500
Number of Decisions Issued	816	820	1165	1280
Number of Months Between Filing a Claim Petition and Hearing Date	12-13	13-14	9	6

ACTIVITY STATISTICS:

	F.Y. 1983	F.Y. 1984	F.Y. 1985	F.Y. 1986
Files Received/Cases Disposed	6200/6329	5555/6163	5336/6143	6174/6401
Average Time From Close of Record to Issue of Decision	53 days	31 days	31 days	28 days
Average Time from Receipt of Stipulation to Issue Award on Stipulation	6 days	4 days	4 days	4 days

EXPLANATION OF BUDGET REQUEST: This is the third biennial budget request submitted by this agency for the workers' compensation activity. Funding for the 1982-83 biennium was furnished by a transfer of funds from the Department of Labor and Industry. Funding for the 1984-85 biennium was from the General Fund. Funding was transferred to the Special Compensation Fund for the 1986-87 biennium.

CHANGE REQUEST:

	F.Y. 1988	F.Y. 1989
Staff Increase	\$1,018.2	\$ 862.1

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: WORKERS COMPENSATION

PROGRAM: ADMINISTRTRV HEARINGS

AGENCY: ADMINISTRATIVE HRNGS

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,731.3	1,813.3	1,942.3	1,948.9	1,018.2	2,967.1	2,602.0	1,946.7	862.1	2,808.8	2,458.8
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	1,731.3	1,813.3	1,942.3	1,948.9	1,018.2	2,967.1	2,602.0	1,946.7	862.1	2,808.8	2,458.8
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	1,387.0	1,516.9	1,575.1	1,581.0	704.2	2,285.2	2,014.0	1,578.8	704.2	2,283.0	2,011.8
EXPENSES & CONTRAC. SERV	251.8	270.9	340.9	341.6	131.4	473.0	406.2	341.6	111.4	453.0	397.2
SUPPLIES & MATERIALS	15.7	17.1	20.6	20.6	11.0	31.6	26.1	20.6	11.0	31.6	26.1
EQUIPMENT	76.8	8.4	5.7	5.7	171.6	177.3	155.7	5.7	35.5	41.2	23.7
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	1,731.3	1,813.3	1,942.3	1,948.9	1,018.2	2,967.1	2,602.0	1,946.7	862.1	2,808.8	2,458.8
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	1,715.7										
WORKERS COMP SPECIAL		1,785.3	1,915.9	1,922.5	1,018.2	2,940.7	2,575.6	1,920.3	862.1	2,782.4	2,432.4
DEDICATED APPROPRIATIONS:											
ENTERPRISE	15.6	28.0	26.4	26.4		26.4	26.4	26.4		26.4	26.4
TOTAL FINANCING	1,731.3	1,813.3	1,942.3	1,948.9	1,018.2	2,967.1	2,602.0	1,946.7	862.1	2,808.8	2,458.8
POSITIONS BY FUND											
GENERAL	36.0										
WORKERS COMP SPECIAL		36.0	36.0	36.0	16.0	52.0	46.0	36.0	16.0	52.0	46.0
TOTAL POSITIONS	36.0	36.0	36.0	36.0	16.0	52.0	46.0	36.0	16.0	52.0	46.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: WORKERS' COMPENSATION JUDGES
 PROGRAM: ADMINISTRATIVE HEARINGS
 AGENCY: ADMINISTRATIVE HEARINGS, OFFICE OF

Request Title: STAFF INCREASE				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
Special Compensation Fund	\$1,018.2	16.0	\$862.1	16.0
Governor's Recommendation				
Special Compensation Fund	\$ 653.1	10.0	\$512.1	10.0
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds to increase the capacity of the workers' compensation section to handle more litigated cases. The objective is to reduce the time between the filing of a workers' compensation claim petition and determination of the merits of the claim by a workers' compensation judge.

DESCRIPTION/BACKGROUND:

In 1983, the legislature changed the workers' compensation law dramatically. Consequently, the number of litigated matters has increased because parties are now uncertain of the value of their claims and therefore less willing to settle their cases before going to court. Those cases that do go to trial are more complex and have more disputed issues than cases that were litigated before the 1983 law. It follows in both logic and practice that the more issues there are to be litigated, the longer a case will take to be heard and a decision issued. Longer and more complex cases present scheduling problems and delays because of conflicts and prior commitments of the parties and their attorneys.

When both the number of cases and the time required to hear those cases increases, the negative effect on the time required to move a case through the system is magnified if the number of judges remains constant. Thus, where November 1984 claim petitions were scheduled for hearing in October 1985 (11 months between claim petition and hearing date), December 1985 claim petitions are not scheduled to be heard until January 1987 at the earliest (13 months between claim petition and hearing date). The current trend is for that delay to become greater.

The following statistics illustrate and confirm the problem of increased and increasing delay in the movement of workers' compensation litigation:

Case Settings

	1 Day or Less	1-1/2 Days	2 Days or More
April 1980	84.0%	9.0%	7.0%
March 1983	68.2%	14.6%	17.2%
Nov. 1984	75.0%	16.8%	8.2%
March 1985	69.6%	21.8%	8.6%
Sept. 1985	63.0%	23.5%	13.5%
Oct. 1985	59.5%	25.7%	14.8%
Nov. 1985	51.7%	35.5%	12.8%
Jan. 1986	57.6%	32.3%	9.8%
April 1986	67.5%	24.5%	8.0%
July 1986	61.3%	28.5%	10.2%

	F.Y. 1981	F.Y. 1982	F.Y. 1983	F.Y. 1984	F.Y. 1985	F.Y. 1986
Claim Petitions	4627	4428	4858	4808	4680	5268
Discontinuances	991	987	1029	566	519	735
WCJ Decisions	1068	929	924	891	871	816

Time from Claim Petition to Hearing Date

Month of Claim Petition	Number of Months Until Pretrial Order Issued	Number of Months Until First Available Hearing Date
1/83	7	14
4/83	8	13
7/83	8	13
10/83	9	13
1/84	10	13
4/84	10	12
7/84	8	11
10/84	8	11
1/85	8	12
4/85	6	12
7/85	6	12
10/85	8	13

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

(Continuation)

ACTIVITY: WORKERS' COMPENSATION JUDGES
PROGRAM: ADMINISTRATIVE HEARINGS
AGENCY: ADMINISTRATIVE HEARINGS, OFFICE OF

RATIONALE:

As noted in the tables set forth above, the length of hearings is increasing as is the number of workers' compensation matters filed for litigation. If the number of workers' compensation judges available to hear an increased number of more complex and lengthy cases remains fixed, the delay associated with the scheduling and trial of these matters will become greater. The addition of 10 workers' compensation judges and 6 support staff will allow for the scheduling of sufficient numbers of cases to immediately curb the increase in delay and dramatically reduce the time between claim petition and hearing within the biennium.

GOVERNOR'S RECOMMENDATION:

The Governor recommends 6.0 workers' compensation judges and 4.0 support staff to curb the increase in delay and to reduce time between claim petition and hearing within the biennium. The Department of Labor and Industry has also received 5.0 positions and funding of \$442.0 for settlement staff which will increase capacity for holding conferences which will prevent cases from going to formal hearings by the judges in the Office of Administrative Hearings.

1987-89 BIENNIAL BUDGET
PROGRAM STRUCTURE

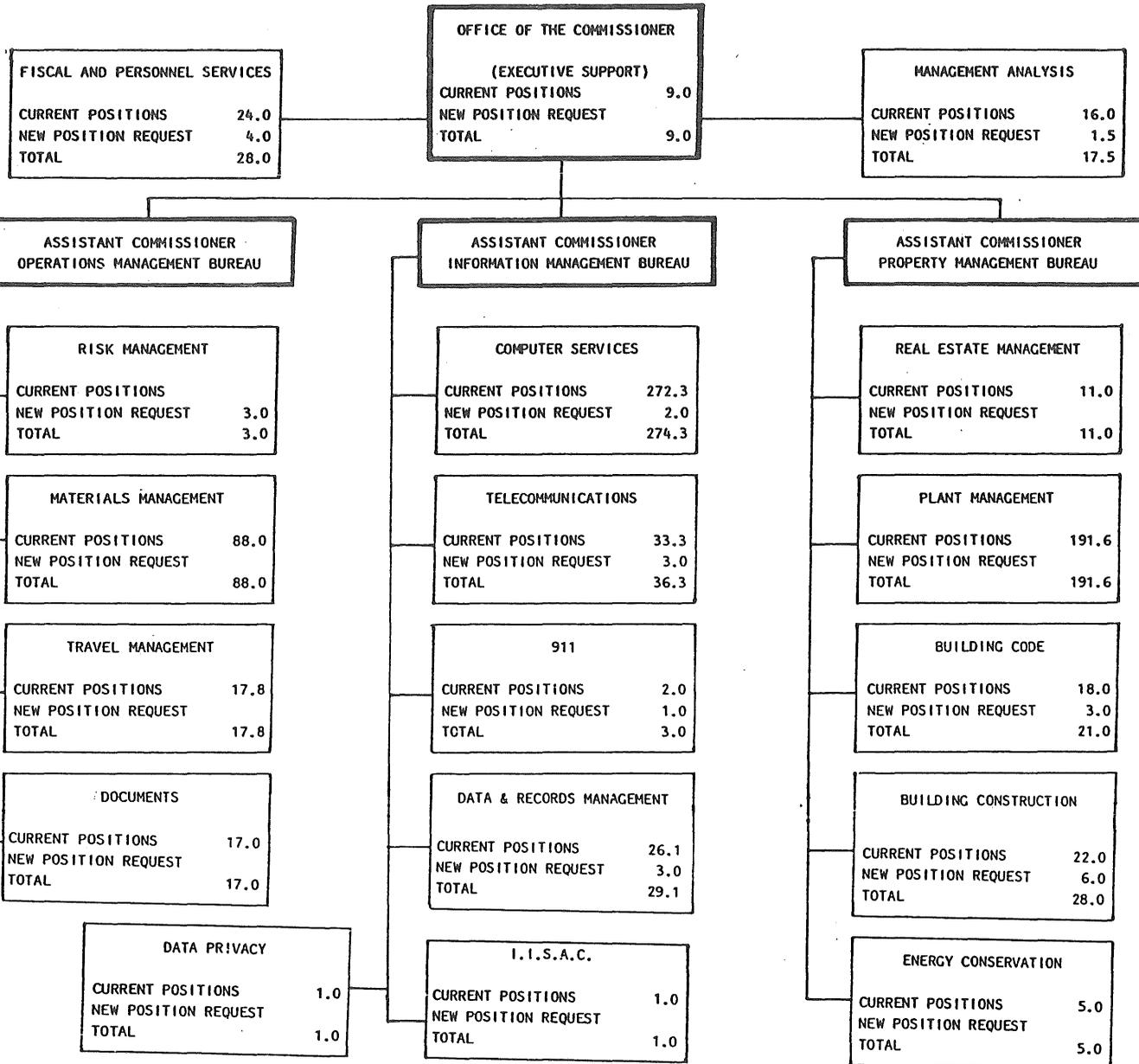
AGENCY: ADMINISTRATION, DEPARTMENT OF

<u>PROGRAMS</u>	<u>ACTIVITIES</u>	<u>SECTION</u>	<u>PAGE</u>
Operations Management _____	Risk Management	20	10
	Materials Management		13
	Travel Management		20
	Documents		23
	Printing and Mailing Services		26
	State Employee Assistance Program		30
	Minnesota Office on Volunteer Services		33
Information Management _____	Computer Services		41
	Telecommunications		46
	911 Emergency Telephone Service		49
	Data and Records Management		52
	Data Privacy		56
	Intergovernmental Information Systems Advisory Council (IISAC)		58
Property Management _____	Real Estate Management		65
	Plant Management		67
	Building Code		73
	Building Construction		77
	Energy Conservation		81
Administrative Management _____	Fiscal and Personnel Services		86
	Management Analysis		89
	Executive Support		93
	Public Broadcasting		95

DEPARTMENT OF ADMINISTRATION

ORGANIZATION CHART
AT 09/30/86

POSITION RECONCILIATION		
AUTHORITY:	CURRENT FY 87	REQUESTED FOR 6/30/89
LEGISLATIVE COMPLEMENT		
GENERAL FUND	184.6	213.1
SPECIAL REVENUE	37.6	46.6
REVOLVING	602.9	597.9
BUILDING FUND		7.0
GIFTS	1.0	1.0
BUDGETARY AUTHORIZED		
BUILDING FUND	7.0	
TOTAL PERMANENT POSITIONS	833.1	865.6
OTHER COMPLEMENT (FTE)		
	89.0	89.0
TOTAL AUTHORIZED POSITIONS	922.1	954.6
EMPLOYEES ON 6/30/86	807.0	



AGENCY PURPOSE:

The Department of Administration (DOA) is a staff agency with the mission of providing professional centralized services and leadership to other agencies on effective, efficient and innovative ways to manage and operate their own programs.

OPERATION AND CLIENTELE:

DOA provides 3 kinds of services to state government. The method of funding, accountability and management in each case is different to allow DOA to best serve various clientele.

1. Statewide Services. DOA provides services which require the exercise of control and oversight over certain aspects of state government. Additionally, some services are offered statewide for which it is not wise to bill agencies since the costs would discourage agency use of the service or make the service available only on an ability-to-pay basis. These activities are funded with direct appropriations because the Governor and the Legislature are DOA's clients for these services.
2. Utilities. DOA provides services which, due to economies of scale, are most efficiently provided from a central source. These services are funded through revolving funds with costs fairly allocated to the state agencies who use the services. Local governments also may choose to use some of these services.
3. Competitive Marketplace. DOA provides services in which it has some sort of competitive advantage over alternative sources of the same service. In these areas, agencies have choice over whether to consume the service from DOA or from an alternative source. Competition in the marketplace works to assure quality and cost-effectiveness of these revolving fund services. Local governments may also choose to use some of these services.

These services are provided in 4 program areas:

1. Operations Management provides efficient general services to state agencies. These services are in 7 activities: Risk Management, Materials Management, Travel Management, Documents, Printing and Mailing, Employee Assistance and Volunteer Services.
2. Information Management provides efficient centralized information management services. These services are in 6 activities: Computer Services, Telecommunications, 911 Emergency Telephone Service, Data and Records Management, Intergovernmental Information Systems and Data Privacy.
3. Property Management provides for the management of the state's real property, including land and physical plant. There are 5 activities in this program: Real Estate Management, Plant Management, Building Code, Building Construction and Energy Conservation.
4. Administrative Management provides centralized leadership and management, basic support services and management and program analysis to the department. There are 4 budget activities in this program: Fiscal and Personnel Services, Management Analysis, Executive Support and Public Broadcasting.

INDEX	Agency Request 1987-89 Biennium All Funds	Governor's Recommendation 1987-89 Biennium All Funds	Page
SAME Level Request	\$ 54,438.7	\$ 54,438.7	
Agencywide CHANGE Requests			
Departmentwide Budget Needs	495.6	-0-	6
Subtotal	\$ 495.6	\$ -0-	
Operations Management			
Risk Management Complement			12
Resource Recovery	99.4	-0-	17
Small Business Procurement-			
Advisory Council Reimbursement	30.0	-0-	18
Fixed Asset Records Management			
Systems (FARMS)	240.0	120.0	19
Strengthening Employee Assistance	365.0	180.0	32
Volunteer Mobilization Project	305.6	-0-	35
Subtotal	\$ 1,040.0	\$ 300.0	
Information Management			
Programwide CHANGE Request			
Statewide Information Management	1,027.6	654.0	39
Critical Statewide Systems	1,346.0	-0-	45
Collecting 911 Fees	-0-		51
Local Government Records Management	89.3	-0-	55
Intergovernmental Systems Coordinator	-0-	-0-	61
Subtotal	\$ 2,462.9	\$ 654.0	
Property Management			
Ceremonial and Statutorily Free Space	875.2	875.2	71
Repairs and Replacements	-0-	1,400.0	72
Plan Review for Public Buildings	296.0	296.0	76
Coordinating and Monitoring Building			
Projects	680.4	680.4	80
Steam Trap Program and Energy Training	185.0	-0-	83
Subtotal	\$ 2,036.6	\$ 3,251.6	
Administrative Management			
Information Systems and Administrative			
Services Support	282.8	-0-	88
STEP Program Matching Funds	215.0	-0-	91
Productivity Loan Fund	2,500.0	-0-	92
Public Broadcasting Grant Increases	1,223.4	-0-	97
World Theater Grant	200.0	200.0	98
Subtotal	\$ 4,421.2	\$ 200.0	
AGENCY TOTAL	\$ 64,895.0	\$ 58,844.3	

AGENCY FISCAL SUMMARY - BIENNIAL BUDGET

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY PROGRAM:											
OPERATIONS MANAGEMENT	9,112.7	10,109.9	10,946.6	10,967.9	500.0	11,467.9	11,134.9	10,960.7	540.0	11,500.7	11,093.7
INFORMATION MANAGEMENT	6,338.5	7,632.6	5,903.0	5,642.9	1,104.1	6,747.0	5,969.9	5,630.3	1,358.8	6,989.1	5,957.3
PROPERTY MANAGEMENT	16,836.4	7,726.4	6,062.4	6,200.6	908.6	7,109.2	7,716.7	6,207.3	1,128.0	7,335.3	7,942.8
ADMINISTRATIVE MANAGEMENT	5,465.0	4,577.9	4,158.4	4,403.0	2,571.3	6,974.3	4,603.0	4,426.0	2,345.5	6,771.5	4,426.0
TOTAL	37,752.6	30,046.8	27,070.4	27,214.4	5,084.0	32,298.4	29,424.5	27,224.3	5,372.3	32,596.6	29,419.8
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	28,114.3	26,480.4	24,629.8	25,153.9	3,086.6	28,240.5	27,164.0	25,163.8	3,593.3	28,757.1	27,359.3
LOCAL ASSISTANCE	9,638.3	3,539.7	2,440.6	2,060.5	7.0	2,067.5	2,060.5	2,060.5	3.6	2,064.1	2,060.5
AIDS TO INDS.		26.7			1,990.4	1,990.4	200.0		1,775.4	1,775.4	
TOTAL EXPENDITURES	37,752.6	30,046.8	27,070.4	27,214.4	5,084.0	32,298.4	29,424.5	27,224.3	5,372.3	32,596.6	29,419.8
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	30,440.5	18,817.4	15,314.2	13,677.4	4,664.2	18,341.6	15,467.7	13,680.6	4,927.5	18,608.1	15,431.3
SP REV DIRECT APPROP		983.9	2,744.7	4,590.3	475.7	5,066.0	5,066.0	4,597.0	500.7	5,097.7	5,097.7
GAME AND FISH	9.9	11.9									
BUILDING		286.1	312.1	312.1		312.1	312.1	312.1		312.1	312.1
DEDICATED APPROPRIATIONS:											
GENERAL	66.3										
SPECIAL REVENUE	553.1	2,567.5	800.9	800.9	55.9-	745.0	745.0	800.9	55.9-	745.0	745.0
AGENCY	6,227.0	7,086.3	7,746.0	7,746.0		7,746.0	7,746.0	7,746.0		7,746.0	7,746.0
GIFTS AND DEPOSITS	332.9	178.7	87.7	87.7		87.7	87.7	87.7		87.7	87.7
FEDERAL	122.9	115.0	64.8								
TOTAL FINANCING	37,752.6	30,046.8	27,070.4	27,214.4	5,084.0	32,298.4	29,424.5	27,224.3	5,372.3	32,596.6	29,419.8
POSITIONS BY FUND:											
GENERAL	376.2	185.6	184.6	182.6	28.5	211.1	194.6	182.6	30.5	213.1	194.6
SP REV DIRECT APPROP		18.0	20.0	20.0	10.0	30.0	30.0	20.0	10.0	30.0	30.0
SPECIAL REVENUE	8.6	16.6	17.6	17.6	1.0-	16.6	16.6	17.6	1.0-	16.6	16.6
BUILDING		7.0	7.0	7.0		7.0	7.0	7.0		7.0	7.0
GIFTS AND DEPOSITS	1.0	1.0	1.0	1.0		1.0	1.0	1.0		1.0	1.0
PLANT MANAGEMENT		166.9	165.8	165.8		165.8	165.8	165.8		165.8	165.8
DOCUMENTS & PUB(ENT)	17.0	17.0	17.0	17.0		17.0	17.0	17.0		17.0	17.0
MICROGRAPHICS (ISF)	15.5	15.5	15.5	17.5		17.5	17.5	17.5		17.5	17.5
OFFICE EQUIPMENT (ISF)	2.1	2.1	2.1	2.1		2.1	2.1	2.1		2.1	2.1
TELECOMM (ISF)	4.1	6.3	6.3	6.3		6.3	6.3	6.3		6.3	6.3
MOTOR POOL (ISF)	17.0	17.0	17.0	17.0		17.0	17.0	17.0		17.0	17.0
PRINTING (ISF)	45.2	47.5	47.5	47.5		47.5	47.5	47.5		47.5	47.5
CENTRAL STORES (ISF)	14.0	17.0	20.0	20.0		20.0	20.0	20.0		20.0	20.0
FEDERAL SURPLUS (ENT)	7.0	7.0	7.0	7.0		7.0	7.0	7.0		7.0	7.0
GENERAL ENTERPRISE	3.8	4.8	5.8	5.8	1.0-	4.8	5.8	5.8	1.0-	4.8	5.8
COMPUTER SVS (ISF)	244.3	271.3	272.3	272.3	4.0-	268.3	270.3	272.3	4.0-	268.3	270.3
GENERAL INT SERVICE	21.7	23.5	24.6	24.6		24.6	24.6	24.6		24.6	24.6
FEDERAL		2.0	2.0								
TOTAL POSITIONS	777.5	826.1	833.1	831.1	32.5	863.6	850.1	831.1	34.5	865.6	850.1

----- OPERATIONS DATA -----

	----- ACTUAL -----		EST. FY 1987	----- PROJECTED -----	
	FY 1985	FY 1986		FY 1988	FY 1989
OPERATING REVENUES:					
NET SALES	34,242.8	47,260.8	55,853.8	58,659.5	60,719.6
LESS: COST OF SALES	8,637.4	9,228.3	11,667.3	12,391.3	12,627.2
GROSS PROFIT ON SALES	25,605.4	38,032.5	44,186.5	46,268.2	48,092.4
OTHER REVENUE	88.8	514.9	485.0	376.6	378.8
NET REVENUES	25,694.2	38,547.4	44,671.5	46,644.8	48,471.2
LESS: OPERATING EXPENSES:					
SALARIES	10,861.8	14,895.3	16,753.1	16,812.5	16,836.6
SUPPLIES & EXPENSES	9,846.4	14,819.2	18,096.4	18,469.9	19,635.8
INTEREST EXPENSE	1,016.8	1,929.2	1,364.1	1,414.4	1,450.8
INDIRECT COSTS	958.6	1,819.5	1,585.3	1,680.4	1,781.0
AMORTIZATION & DEPRECIATION	4,245.7	6,823.6	7,525.6	8,094.1	8,192.6
TOTAL OPERATING EXPENSES	26,129.3	40,286.8	45,324.5	46,471.3	47,896.8
FOOTNOTES TO STATEMENTS:					

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY:

PROGRAM:

AGENCY: ADMINISTRATION, DEPARTMENT OF

RATIONALE:

Providing some relief for squeezed general fund budgets will allow services and productivity to be improved. Other CHANGE requests in this budget reflect specific needs. This request reflects the general need that has developed over the last half-dozen years, as outlined above.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

Request Title: DEPARTMENTWIDE BUDGET NEEDS				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$243.5	-0-	\$252.1	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVES:

This request is for \$243,500 in F.Y. 1988 and \$252,100 in F.Y. 1989 to fund unfunded liabilities and needs throughout the department. The request is based on 3 1/2% of the department's supply and expense budget.

DESCRIPTION/BACKGROUND:

Throughout the 1980's, a number of developments have limited the department's ability to carry out its responsibilities in general fund activities. Budget reductions, underfunding of inflation and salaries, increased demand for service from state agencies throughout the state, and absorption of costs that are not allowed to be budgeted (such as workers' compensation, unemployment compensation and legal costs) have limited the ability of activity managers and employees to serve agencies as well as they would like and to improve services by making productivity investments.

The funds for this request appear in the Fiscal and Personnel Services budget activity and will be allocated to general fund activities throughout the department based on need.

PROGRAM: OPERATIONS MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

PROGRAM PURPOSE:

The Operations Management Bureau (OMB) exists to provide efficient and effective general services to state agencies. The bureau is efficient when quality services are provided at costs which are less than the private sector. It is effective when agencies are satisfied with our services and standards. The mission of OMB is to provide support to the operating agencies of state government by helping them get more from their budget dollars.

OPERATION:

Risk Management: To review the state's exposures to various types of losses, evaluate existing insurance policies, coordinate the purchase of new insurance, initiate programs of self-insurance, develop loss-control programs and investigate options for eliminating duplicate efforts in management of state losses.

Materials Management: To forecast, purchase, control, maintain status and recycle all assets and services required by state agencies to perform their mission.

Travel Management: To provide safe transportation and travel services for state employees conducting official business at the lowest possible cost to the state.

Documents: To serve as a central source of published information and material about Minnesota.

Printing and Mailing Services: To provide state agencies quality printing, copying, mailing and equipment rental services to meet their graphic communication needs at less cost to the state than any other option.

State Employee Assistance Program: To provide leadership and professional services to state agencies on effective, efficient and innovative ways to promote and maintain a healthy work force.

Minnesota Office on Volunteer Services: To encourage and sustain volunteer programs, citizen participation efforts and public/private partnerships that contribute to the quality of life for Minnesota citizens.

MAJOR POLICY ISSUES:

1. The Materials Management Division integrates a number of smaller divisions into 1 division. Each of the former divisions had a piece of materials management as a function. Because of bureaucratic boundaries, each of these functions was treated separately and not as a functional whole. With the materials management concept, the state will manage material flow in such a way as to minimize costs.

2. Two issues have arisen in the Resource Recovery function: a) the independent administration of the program; and b) its financing as an enterprise fund. Resource Recovery should clearly be fully integrated into Materials Management. In this way, the state can account for the disposal of products when we purchase them. Second, most benefits from the activity accrue to the general fund and to the public. Having this activity be an enterprise fund has caused the activity supervisor to concentrate on money-making activities rather than keeping waste out of landfills.
3. The crisis in liability insurance brought to the attention of the administration the need for a risk management function in state government. State and local governments across the country have had to face astronomically increasing premiums or the unavailability of insurance at any price. Although vehicle liability insurance has created the impetus, there are numerous other risk areas which present opportunities to save tax dollars if risks are carefully managed.
4. The state spends over \$20 million on travel that can be better managed due to new trends in the travel industry. Airlines, hotel chains and charge card companies are now open to negotiations with large organizations. For instance, it is possible to negotiate prices on well-traveled plane routes. Data is needed to take advantage of these opportunities and both a preferred travel agency and/or a charge card company could provide data to the state.

RECENT BUDGET HISTORY:

The divisions of Employee Assistance Program (EAP) and Volunteer Services moved to this bureau during the past biennium. Also during the biennium, the function of Risk Management was formed and the old Central Motor Pool added new travel responsibilities to become the Travel Management Division. Most significant is the creation of the Materials Management Division which unites a number of different funds.

Rates for the different services in the bureau have generally held steady despite the natural tendency for service price increases. Of the six internal service funds, three had rate decreases, one stayed the same and two had rate increases. Only vehicle rental increased significantly, and this was due to some factors beyond management control (license fee increase, liability insurance increase and no reimbursement for lease interest payments). Despite the rate increase for vehicles, the State of Minnesota's charges to agencies are still less than the private sector and neighboring states.

(Continuation)

Agency: ADMINISTRATION, DEPARTMENT OF

PROGRAM STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
(Annual Workload)				
1. Documents sales volume	\$1,300.0	\$1,290.7	\$1,400.0	\$1,550.0
2. Printing number of requisitions	8,191	8,200	8,210	8,210
3. EAP percent of employees served	3.2%	3.4%	3.4%	3.4%
4. Volunteer Services number of leaders trained	1,838	1,400	1,600	1,600
5. Volume of purchases (in millions)	\$85,800	\$85,800	\$95,000	\$95,500
6. Number of miles traveled (in thousands)	14,920.9	15,500.0	16,250.0	17,000.0

EXPLANATION OF BUDGET REQUEST:

This program has 6 CHANGE requests: 1) 3 complement positions for the Risk Management activity; 2) \$49,700 per year for the Resource Recovery Program; 3) \$15,000 per year for the Small Business Procurement Advisory Council; 4) \$120,000 per year for the Fixed Assets Records Management System; 5) \$187,500 in F.Y. 1988 and \$177,500 in F.Y. 1989 and 4 positions for the State Employee Assistance Program; and 6) \$127,800 and 2 positions in F.Y. 1988 and \$177,800 and 4 positions in F.Y. 1989 for the Minnesota Office on Volunteer Services.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following: 3.0 additional positions for the Risk Management activity; \$120.0 for Fixed Assets Records Management System (FARMS) and \$180.0 plus 2.0 additional positions for strengthening Employee Assistance.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: OPERATIONS MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
RISK MANAGEMENT			138.7	139.4		139.4	139.4	139.2		139.2	139.2
MATERIALS MANAGEMENT	2,415.9	2,533.1	2,519.2	2,546.8	184.7	2,731.5	2,636.8	2,540.8	184.7	2,725.5	2,570.8
PRINTING AND MAILING	6,329.4	7,186.7	7,886.7	7,882.4		7,882.4	7,882.4	7,882.4		7,882.4	7,882.4
STATE EMPLOYEE ASSISTANCE	191.0	217.4	229.3	229.2	187.5	416.7	306.2	228.2	177.5	405.7	331.2
MN OFFICE VOLUNTEER SERV	176.4	172.7	172.7	170.1	127.8	297.9	170.1	170.1	177.8	347.9	170.1
TOTAL	9,112.7	10,109.9	10,946.6	10,967.9	500.0	11,467.9	11,134.9	10,960.7	540.0	11,500.7	11,093.7
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	9,112.7	10,109.9	10,946.6	10,967.9	500.0	11,467.9	11,134.9	10,960.7	540.0	11,500.7	11,093.7
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	9,112.7	10,109.9	10,946.6	10,967.9	500.0	11,467.9	11,134.9	10,960.7	540.0	11,500.7	11,093.7
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	3,106.0	3,188.9	3,406.0	3,427.3	500.0	3,927.3	3,594.3	3,420.1	540.0	3,960.1	3,553.1
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	15.1	62.2	40.6	40.6		40.6	40.6	40.6		40.6	40.6
AGENCY	5,988.0	6,858.8	7,500.0	7,500.0		7,500.0	7,500.0	7,500.0		7,500.0	7,500.0
GIFTS AND DEPOSITS	3.6										
TOTAL FINANCING	9,112.7	10,109.9	10,946.6	10,967.9	500.0	11,467.9	11,134.9	10,960.7	540.0	11,500.7	11,093.7
POSITIONS BY FUND:											
GENERAL	74.0	71.0	71.0	71.0	10.0	81.0	76.0	71.0	12.0	83.0	76.0
SPECIAL REVENUE		4.0	4.0	4.0		4.0	4.0	4.0		4.0	4.0
DOCUMENTS & PUB(ENT)	17.0	17.0	17.0	17.0		17.0	17.0	17.0		17.0	17.0
OFFICE EQUIPMENT (ISF)	2.1	2.1	2.1	2.1		2.1	2.1	2.1		2.1	2.1
MOTOR POOL (ISF)	17.0	17.0	17.0	17.0		17.0	17.0	17.0		17.0	17.0
PRINTING (ISF)	45.2	47.5	47.5	47.5		47.5	47.5	47.5		47.5	47.5
CENTRAL STORES (ISF)	14.0	17.0	20.0	20.0		20.0	20.0	20.0		20.0	20.0
FEDERAL SURPLUS (ENT)	7.0	7.0	7.0	7.0		7.0	7.0	7.0		7.0	7.0
GENERAL ENTERPRISE	3.8	4.8	5.8	5.8	1.0-	4.8	5.8	5.8	1.0-	4.8	5.8
GENERAL INT SERVICE	6.9	7.4	7.4	7.4		7.4	7.4	7.4		7.4	7.4
TOTAL POSITIONS	187.0	194.8	198.8	198.8	9.0	207.8	203.8	198.8	11.0	209.8	203.8

ACTIVITY: RISK MANAGEMENT
 Program: OPERATIONS MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY OBJECTIVE AND DESCRIPTION:

To minimize the adverse effects of loss through preplanning and prefunding of all risk exposures. The risk manager is responsible for:

1. Reviewing the state's exposure to various types of losses in consultation with affected agencies.
2. Reviewing existing insurance policies and companies to evaluate the adequacy of protection, prospects for continuing to receive coverage and the financial health of the insurers.
3. Coordinating the purchase of new insurance to include negotiation with insurers and developing policy specifications in consultation with affected agencies.
4. Initiating a program of self-insurance or noninsurance for vehicle liability or other types of coverage (with the approval of the advisory committee) should that prove necessary or desirable. This would include managing claims adjusting, legal services and claims payments.
5. Advising agencies on methods of reducing various types of losses and on the fiscal management of losses.
6. Investigating options for elimination of duplicate efforts among actors involved in the management of state losses and the development of a coordinated effort.
7. Implementation of a risk and insurance management information system designed to coordinate all aspects of loss, risk and premium, information of all agencies and branches of government.
8. To serve as a risk management consultant for the agencies and branches of government.

The statutory authority for the risk management activity is M.S. 16B.85.

BENEFITS:

- ° Long-term reduction of insurance costs through the implementation of sound risk management principals and safety programs.
- ° Implementation of risk information and loss control systems to identify and reduce loss exposures.
- ° A coordinated approach to develop plans for how to deal with potential risks, the minimization of their impact on the agencies and their delivery of services to those served.
- ° Utilization of the risk management fund which will provide greater loss settlement alternatives and capture of investment income lost to insurance companies in the translational purchase of insurance.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Premium for vehicle liability insurance	\$1.2 mil	\$1.6 mil	\$1.2 mil	\$1.0 mil

ISSUES:

1. Vehicle liability insurance premiums tripled for Calendar Year 1986 in Minnesota. Some states (Wyoming, Colorado, etc.) were not able to get coverage at any cost. A major decision has to be made on how much risk to retain through self-insurance in future years.
2. Minnesota has been a noninsured state for most items. In this way we have retained risk in a number of areas such as on property like the State Capitol Building. What is the appropriate level of risk to retain and how much should we transfer? At what cost?
3. Risk exposure in some activities may be so great that the activity should be curtailed.

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Number of insurance policies negotiated	0	10	20	20
Number of agencies with exposures reviewed and plans developed	0	10	30	50
Development of Risk Management Policy (and Statement)	X			
Development of Risk Management Manual for distribution to agencies		X		
Evaluation of all policies currently purchased by the state to determine if needed	X	X	X	X
Development of loss reporting	X	X	X	X

CHANGE REQUESTS:

	F.Y. 1988	F.Y. 1989	Type
Complement for staff See the CHANGE request sheet following the fiscal sheet for this activity.			Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: RISK MANAGEMENT

PROGRAM: OPERATIONS MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS			138.7	139.4		139.4	139.4	139.2		139.2	139.2
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES			138.7	139.4		139.4	139.4	139.2		139.2	139.2
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES			61.7	62.4		62.4	62.4	62.2		62.2	62.2
EXPENSES & CONTRAC. SERV			77.0	77.0		77.0	77.0	77.0		77.0	77.0
SUPPLIES & MATERIALS											
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS			138.7	139.4		139.4	139.4	139.2		139.2	139.2
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL			138.7	139.4		139.4	139.4	139.2		139.2	139.2
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING			138.7	139.4		139.4	139.4	139.2		139.2	139.2
POSITIONS BY FUND											
GENERAL					3.0	3.0	3.0		3.0	3.0	3.0
TOTAL POSITIONS					3.0	3.0	3.0		3.0	3.0	3.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: RISK MANAGEMENT
 PROGRAM: OPERATIONS MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

Request Title: RISK MANAGEMENT COMPLEMENT				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ -0-	3.0	\$ -0-	3.0
Governor's Recommendation				
General Fund	\$ -0-	3.0	\$ -0-	3.0
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVES:

This request is for 3 general fund positions for the Risk Management Division. These positions are for the Risk Management Director, Analyst and Secretary.

DESCRIPTION/BACKGROUND:

The department established the division in F.Y. 1987. Legislation creating the Risk Management fund was passed by the 1986 Legislature in the Omnibus Insurance Bill. Funding and complement for this new activity was included in the decisions made by the Conference Committee on the Omnibus Budget Bill; however, that bill never passed. The Department of Administration funded the activity anyway by reducing budgets elsewhere in the department and by borrowing complement from other activities. This request would allow those complement to be returned to the original activities.

ACTIVITY STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Number of insurance policies negotiated	0	10	20	20
Number of agencies with exposures reviewed and plans developed	0	10	30	50
Development of Risk Management Policy (and Statement)	X			
Development of Risk Management Manual for distribution to agencies		X		

ACTIVITY STATISTICS: (Contd.)

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Evaluation of all policies currently purchased by the state to determine if needed	X	X	X	X
Development of loss reporting	X	X	X	X

RATIONALE:

The insurance crisis has made us all painfully aware of the costs of managing risk. There are many exposures facing the State of Minnesota which have traditionally been managed in a laissez faire manner. One example is vehicle liability insurance which increased threefold last year in cost; this is the first area that the division will manage. The discipline of risk management has become fully developed over the last 20 years as many corporations and governments have started risk management programs. It is sensible for the State of Minnesota to take advantage of this knowledge in its operations.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

ACTIVITY: MATERIALS MANAGEMENT
 Program: OPERATIONS MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY OBJECTIVE AND DESCRIPTION:

The purpose of the Materials Management Division is to forecast, purchase, control and recycle all assets and services required by state agencies. Materials management is responsible for governing the flow and cost of materials and services -- from establishing the specifications through monitoring inventory turns to property disposal. The division must understand agency needs in order to combine demand to take advantage of economies of scale and to provide for proper inventory level of supplies. It should take into account the value or cost of disposing material when its useful life to the state has been expended. This means trying to reduce hazardous waste and landfilling beginning with wise decisions in purchasing.

BENEFITS:

- ° Reduced cost of goods for state government through economies of scale created by central purchasing.
- ° Greater return for state government at less administrative expense on disposal of property through specialized, central function.
- ° Lower cost of inventory held through coordinated planning of material flow.
- ° Higher quality of products and service through vendor management at a single location.

ACCOMPLISHMENTS:

1. Implementation of both the Procurement Automated Logistics System (PALS) and the Fixed Assets Record Management System (FARMS) during F.Y. 1986 which has resulted in a reduction in paperwork and improved information for planning.
2. Centralization of information flow through the combination of PALS and FARMS to ensure accurate and adequate status of the process.
3. Successfully specified and awarded a number of statewide contracts which considered quality and reliability into cost, such as the modular office furniture contract which resulted in a 72% discount.
4. Established a program extending state contracts to local units of government which is resulting in major savings for political subdivisions.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
<u>Central Purchasing</u>				
Percent of requisitions processed in 15 calendar days	46%	55%	60%	65%
Percent of processed commodity purchased from Socially and Economically Disadvantaged (SED) vendors	9.06%	10%	10.5%	11%
Percent of requisitions under \$1,100.00	46%	40%	35%	30%
<u>Central Stores</u>				
Market share in office supplies	30%	30%	37%	45%
<u>Federal Surplus Property</u>				
Increase the average federal surplus dollar amount purchased	\$155	\$160	\$170	\$180
Decrease the number of slow-moving items in stock	990	1,000	1,200	1,500
<u>Inventory Management</u>				
<u>Consumable Inventory:</u>				
Reported on hand (%)	30%	29%	27%	25%
<u>Fixed Asset:</u>				
Decrease the number of line items carried by (%)	3%	5%	10%	15%
<u>Resource Recovery</u>				
Sales/paper	\$ 49,675	\$ 55,000	\$ 57,000	\$ 59,000
<u>State Surplus Property</u>				
Public auctions/sales	\$ 1,484.0	\$ 1,500.0	\$ 1,600.0	\$ 1,700.0
Interagency transfers	\$ 729.0	\$ 735.0	\$ 745.0	\$ 755.0

ISSUES:

1. There is an estimated \$33 million in on-hand inventory controlled by 88 inventory centers in the state. The cost of carrying this inventory is an area of concern. These inventory centers, which process between \$57 and \$65 million in inventory, have between 215 to 245 people assigned to control this inventory. Actual inventory storage is contained at approximately 300 geographically separated storage locations. We feel that significant cost benefits could accrue to the agencies and to state government through the use of just-in-time inventory management techniques by a centralized materials management concept.

ACTIVITY: MATERIALS MANAGEMENT
 (Continuation)
 Program: OPERATIONS MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ISSUES: (Contd.)

2. A major effort must be undertaken to include the Resource Recovery philosophy into all activities of the Materials Management Division. The resource recovery staff person should be dedicated to advising, consulting, assisting and providing technical support to state agencies on how to best deal with resource recovery and solid waste management. This will be possible by moving a staff person from the enterprise fund to the general fund. More than \$40,000 in benefits accrued to the general fund in F.Y. 1986 due to resource recovery efforts (not to mention benefits to the environment) and are not accrued in the resource recovery enterprise fund. As a result, without the transfer of a staff position to the general fund, the resource recovery activity may not be able to continue.
3. An issue that Materials Management faces is the movement of human resources within the division. There are a number of different funding sources for the division. The different funding sources create a barrier to integrating resources. A simpler funding mechanism should be established.
4. Funding for major automated systems is often done through the agency operating the system rather than through the user agencies. This is the case with PALS and FARMS. A problem develops because these systems are user driven, thus the agency with the funding does not have control over use and, thus, cost. Cost overruns are possible when management cannot control the costs created by those using the system.

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
<u>Central Purchasing</u>				
Requisitions received	20,074	21,000	18,000	18,000
Purchase orders issued	22,635	23,000	19,000	19,000
Purchase orders issued (thousands)	\$ 85,800	\$ 85,800	\$ 95,000	\$ 95,500
Construction contracts (thousands)	\$ 49,685	\$ 47,000	\$ 56,000	\$ 57,000
<u>Central Stores</u>				
Gross sales (in thousands)	\$ 2,796	\$ 2,992	\$ 3,231	\$ 3,554
Number of orders processed	18,844	20,000	23,000	25,000
Service level	99.2%	99%	99%	99%
<u>Federal Surplus Property</u>				
Total sales (in thousands)	\$ 334	\$ 360	\$ 390	\$ 410
Number of participants served	1,846	2,200	2,400	2,600

ACTIVITY STATISTICS: (Contd.)

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
<u>Inventory Management</u>				
Dollar value of consumable inventory reported on hand (thousands)	\$ 33,000	\$ 32,670	\$ 32,017	\$ 31,377
Number of line items reported in the Fixed Assets System	497,658	472,775	425,497	361,672
<u>Resource Recovery</u>				
Revenue - waste paper	\$ 49,675	\$ 48,000	\$ 49,000	\$ 50,000
Tons of paper recovered	1,617	1,650	1,700	1,750
Hauling and landfill cost savings	\$ 50,555	\$ 52,000	\$ 53,000	\$ 54,000
<u>State Surplus Property</u>				
Public auction/sales (thousands)	\$ 1,484	\$ 1,600	\$ 1,700	\$ 1,800
Interagency transfers (thousands)	\$ 729	\$ 700	\$ 650	\$ 600
Number of auctions held	15	16	16	16

CHANGE REQUESTS:

	F.Y. 1988	F.Y. 1989	Type
Resource Recovery	\$ 49.7	\$ 49.7	Activity
Small Business Advisory Council	\$ 15.0	\$ 15.0	Specific
FARMS	\$120.0	\$120.0	

See the CHANGE request sheets following the fiscal sheets for this activity.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: MATERIALS MANAGEMENT

PROGRAM: OPERATIONS MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	2,415.9	2,533.1	2,519.2	2,546.8	184.7	2,731.5	2,636.8	2,540.8	184.7	2,725.5	2,570.8
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	2,415.9	2,533.1	2,519.2	2,546.8	184.7	2,731.5	2,636.8	2,540.8	184.7	2,725.5	2,570.8
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	1,522.8	1,659.3	1,583.5	1,611.1	42.2	1,653.3	1,611.1	1,605.1	42.2	1,647.3	1,605.1
EXPENSES & CONTRAC. SERV	873.5	834.0	914.4	914.4	142.0	1,056.4	1,004.4	914.4	142.0	1,056.4	944.4
SUPPLIES & MATERIALS	16.0	25.1	20.1	20.1	.5	20.6	20.1	20.1	.5	20.6	20.1
EQUIPMENT	3.6	14.7	1.2	1.2		1.2	1.2	1.2		1.2	1.2
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	2,415.9	2,533.1	2,519.2	2,546.8	184.7	2,731.5	2,636.8	2,540.8	184.7	2,725.5	2,570.8
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	2,400.8	2,470.9	2,478.6	2,506.2	184.7	2,690.9	2,596.2	2,500.2	184.7	2,684.9	2,530.2
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	15.1	62.2	40.6	40.6		40.6	40.6	40.6		40.6	40.6
TOTAL FINANCING	2,415.9	2,533.1	2,519.2	2,546.8	184.7	2,731.5	2,636.8	2,540.8	184.7	2,725.5	2,570.8
POSITIONS BY FUND											
GENERAL	55.0	52.0	52.0	52.0	1.0	53.0	52.0	52.0	1.0	53.0	52.0
SPECIAL REVENUE		4.0	4.0	4.0		4.0	4.0	4.0		4.0	4.0
CENTRAL STORES (ISF)	14.0	17.0	20.0	20.0		20.0	20.0	20.0		20.0	20.0
FEDERAL SURPLUS (ENT)	7.0	7.0	7.0	7.0		7.0	7.0	7.0		7.0	7.0
GENERAL ENTERPRISE	3.0	4.0	5.0	5.0	1.0-	4.0	5.0	5.0	1.0-	4.0	5.0
TOTAL POSITIONS	79.0	84.0	88.0	88.0		88.0	88.0	88.0		88.0	88.0

OPERATIONS DATA

FINANCIAL DATA

	ACTUAL			PROJECTED		FINANCIAL DATA		
	FY 1985	FY 1986	EST. FY 1987	FY 1988	FY 1989	FY 1985	FY 1986	EST. FY 1987
OPERATING REVENUES:						ASSETS:		
NET SALES	3,286.0	3,211.4	3,438.6	3,926.8	4,112.7	CURRENT ASSETS:		
LESS: COST OF SALES	2,217.5	2,178.5	2,362.2	2,725.8	2,881.8	CASH		
GROSS PROFIT ON SALES	1,068.5	1,032.9	1,076.4	1,201.0	1,230.9	219.8	246.2	283.5
OTHER REVENUE	70.3	57.9	35.0	37.1	39.3	OTHER CURRENT ASSETS		
NET REVENUES	1,138.8	1,090.8	1,111.4	1,238.1	1,270.2	732.3	696.9	685.1
LESS: OPERATING EXPENSES:						TOTAL CURRENT ASSETS		
SALARIES	544.9	561.5	660.5	660.5	660.5	952.1	943.1	888.6
SUPPLIES & EXPENSES	376.8	392.3	423.7	433.7	466.3	NON-CURRENT ASSETS:		
INTEREST EXPENSE	0.0	0.0	0.0	0.0	0.0	314.4	298.1	304.6
INDIRECT COSTS	123.1	157.7	158.5	168.0	178.1	TOTAL ASSETS		
AMORTIZATION & DEPRECIATION	18.7	18.3	19.6	29.8	30.0	1,266.5	1,241.2	1,193.2
TOTAL OPERATING EXPENSES	1,063.5	1,129.8	1,262.3	1,292.0	1,334.9	LIABILITIES & FUND EQUITY		
OPERATING INCOME (LOSS)	75.3	(39.0)	(150.9)	(53.9)	(64.7)	LIABILITIES:		
NON-OPERATING REVENUES (EXPENSE)	22.9	25.0	64.0	66.5	69.2	CURRENT LIABILITIES		
NET INCOME (LOSS)	98.2	(14.0)	(86.9)	12.6	4.5	DUE GENERAL FUND - CURRENT		
BEGINNING RETAINED EARNINGS	(32.9)	53.5	39.5	(47.4)	(34.8)	2.2	3.9	8.3
PRIOR PERIOD ADJUSTMENT	(11.8)	0.0	0.0	0.0	0.0	OTHER CURRENT LIABILITIES		
ENDING RETAINED EARNINGS	53.5	39.5	(47.4)	(34.8)	(30.3)	223.8	209.2	231.1
FOOTNOTES TO STATEMENTS:						TOTAL CURRENT LIABILITIES		
Rate changes: increase/(decrease):	16.7%	-8.6%	-7.4%	5.2%	0.0%	226.0	213.1	239.4
Five year average increase/(decrease):	1.2%					NON-CURRENT LIABILITIES		
Activities included are: Central Stores, Resource Recovery, and Federal Surplus Property. Rate increase/(decrease) applies only to Central Stores.						DUE GENERAL FUND - NON-CURRENT		
						172.6	172.1	187.8
						OTHER NON-CURRENT LIABILITIES		
						18.4	20.5	17.4
						TOTAL NON-CURRENT LIABILITIES		
						191.0	192.6	205.2
						TOTAL LIABILITIES		
						417.0	405.7	444.6
						FUND EQUITY:		
						CONTRIBUTED CAPITAL		
						796.0	796.0	796.0
						RETAINED EARNINGS		
						53.5	39.5	(47.4)
						TOTAL FUND EQUITY		
						849.5	835.5	748.6
						TOTAL LIABILITIES & FUND EQUITY		
						1,266.5	1,241.2	1,193.2

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: MATERIALS MANAGEMENT
 PROGRAM: OPERATIONS MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

RATIONALE:

When this request is approved, the Resource Recovery program will have 2 integrated segments. One segment, a general fund position, would provide advice, consultation, assistance and technical support to government agencies on resource recovery and solid waste management. The second segment, supported by the existing revolving fund, would administer recycling and recovery contracts. The 2 segments will support each other, but by segmenting the program, we will be able to provide legislatively mandated outreach to government agencies and to continue recovering and recycling used products in a more efficient and effective manner. Failure to fund the request will severely restrict our ability to provide the services foreseen in M.S. 115A.15 because of the lack of revenue in the revolving fund and may require the elimination of the activity.

Request Title: RESOURCE RECOVERY	F.Y. 1988		F.Y. 1989	
	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Agency Request				
General Fund	\$ 49.7	1.0	\$ 49.7	1.0
General Enterprise Fund	\$ -0-	(1.0)	\$ -0-	(1.0)
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
General Enterprise Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional spending.

STATEMENT OF REQUEST/OBJECTIVES:

This request is to transfer an enterprise fund position to the general fund in order to provide advice, consultation, assistance and technical support to state agencies and local units of government on resource recovery and solid waste management. An objective of the Resource Recovery program should be to provide this service; however, staff has had to concentrate on keeping the fund solvent.

DESCRIPTION/BACKGROUND:

In 1980, the Resource Recovery program was established by M.S. 115A.15 as an enterprise fund. Based on projections made at that time, the income generated by recycling and recovery should have covered the cost of the recycling and recovery process plus the provision of advice and support to agencies and local units of government. Our experience with the prices received for recyclable and recoverable materials over the last 6 years is that those projections were optimistic. The current income flow dictates that the staff paid by the recyclable and recoverable materials contracts have to concentrate almost exclusively on maintaining those contracts to keep sufficient funds in the account to pay their costs. Still the fund has had a deficit in almost every year, in part because it is not possible to capture all of the benefits produced by the fund in the way of landfill disposal avoidance savings. Requests from agencies and opportunities to expand into different areas are postponed or denied. The needs to expand and to provide outreach to local units of government are delayed.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: MATERIALS MANAGEMENT
 PROGRAM: OPERATIONS MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

Request Title: SMALL BUSINESS PROCUREMENT ADVISORY COUNCIL REIMBURSEMENT				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 15.0	-0-	\$ 15.0	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
Statutes Affected: M.S. 16B.20.				

STATEMENT OF REQUEST/OBJECTIVES:

The objective of this request is to increase participation on the Small Business Procurement Advisory Council, particularly by citizens from greater Minnesota. This will be accomplished by paying per diem and expenses to offset the costs of participation that act as a disincentive to citizens, especially those who reside in greater Minnesota. This request will fund per diem and expenses. A statutory amendment to allow this payment is included in the department's housekeeping bill.

DESCRIPTION/BACKGROUND:

The members of the Small Business Procurement Advisory Council have been prohibited by statutory language from receiving per diem or expenses. Despite this, a number of individuals have volunteered many hours to the work of the council. Unfortunately, attendance has lagged and no members have attended from greater Minnesota.

ACTIVITY STATISTICS:

Monthly meetings of council and task forces.

RATIONALE:

The expense of volunteering, particularly for citizens from outside of the metro area, can be somewhat relieved by this CHANGE request. Also, the only interest in membership has been by vendors hoping to benefit personally from membership. It is hoped that per diem and expenses will improve the quality of membership, increase participation and provide broader representation.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: MATERIALS MANAGEMENT
 PROGRAM: OPERATIONS MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

RATIONALE:

Data maintained on FARMS is important for the state's Annual Financial Report since it assures conformity with Generally Accepted Accounting Principles (GAAP) for the reporting of fixed assets. Depreciation schedules for financial reporting are supported by FARMS. Agencies rely on the system to manage, control and keep track of their fixed assets. The state's purchasing information system is linked to FARMS in order to provide an efficient means of entering fixed assets into the system.

The system's increased cost is related to the usefulness of the system and its increased flexibility. As such, it is part of the anticipated improvement in inventory efficiency that has resulted from the original investment in an on-line, flexible system.

Alternatives to this general fund request would be to charge agencies for the cost of their use of the system (for which they are not funded) or to eliminate smaller cost fixed assets from the system (which would probably force agencies to develop duplicative systems for those items).

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding this request at a reduced level to achieve 1987-89 objectives. Department of Administration should attempt to eliminate smaller cost fixed assets from the system. If agencies wish to maintain smaller items on the system, they may be charged a fee for this service.

	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Request Title: FIXED ASSET RECORDS MANAGEMENT SYSTEMS (FARMS)				
Agency Request				
General Fund	\$120.0	-0-	\$120.0	-0-
Governor's Recommendation				
General Fund	\$ 90.0	-0-	\$ 30.0	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVES:

The Department of Administration (DOA) requests an increase in the funding for the Fixed Asset Records Management System (FARMS). State agencies have been using the system at a level of activity in excess of that anticipated in established budgets. The department requests that additional funds be appropriated to operate the system.

DESCRIPTION/BACKGROUND:

FARMS was designed to be an on-line, user accessible system. Based on historic data, it was estimated that FARMS would have between 13,000 and 15,000 transactions a month. Actual operating data for F.Y. 1986 indicates that the system has been processing between 40,000 and 50,000 transactions per month. This increase has caused the system's cost to rise significantly beyond the budget provided in the F.Y. 1985-87 biennium.

The new system is user driven. The agencies have the ability to access the system and move asset locations, change asset owners, look up and change asset depreciation data and perform a number of other activities in an on-line mode. This freedom and flexibility has been utilized by the agencies to improve the management of their fixed assets. The system ran out of funds during F.Y. 1986, and DOA had to reduce budgets elsewhere in the department to keep the system operating through April of 1986. The Department of Transportation, which uses the system as part of its process of federal reimbursement, provided funds to keep the system operating for the last 2 months of F.Y. 1986.

ACTIVITY: TRAVEL MANAGEMENT
 Program: OPERATIONS MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

ACTIVITY OBJECTIVE AND DESCRIPTION:

To provide safe transportation and travel services for state employees conducting official business at the lowest possible cost to the state.

Travel Management offers three major services to state agencies: 1) daily, weekly or monthly vehicle rental from a fleet of 987 vehicles (subcompacts to trucks); 2) a fleet of 30 passenger vans available to state employees who commute to work in a van pool; and 3) travel management services to take advantage of economies of scale and simplify the making of travel arrangements.

Departments pay a basic rate for the time the vehicle is used (includes depreciation, insurance, license plates and overhead) plus a mileage charge (gasoline, repairs, preventive maintenance). Fifty percent of the fleet is in the metro area and is serviced by shop personnel at Travel Management when possible. The statutory authority for this activity is M.S. 16B.54.

BENEFITS:

- Cost Savings: Cost of obtaining vehicle from state fleet is less than either private rental rates or the cost of buying and maintaining agency-owned vehicles;
- Economies of scale make all travel services cheaper when provided and/or contracted for centrally.
- Centralized expertise: Agencies work with only one entity, the Travel Management Division, for information on all state travel needs.
- Efficiency: Selection and use of a "preferred" travel agency will allow travel arrangers to confirm air, hotel and rental car reservations with one phone call, saving employee time.
- Revenue generation: Volume purchasing through one travel agency may produce revenue for the state in the form of airline commission rebates.
- Travel Information System: New travel services will provide monthly reports to state departments allowing them to better manage and control their travel expenses.
- Reduction in personal vehicle reimbursement (PVR): The division maintains a list of state employees receiving annual reimbursement for personal car use in excess of \$2,700. As cars are added to the fleet, they are offered to individuals on the list, thereby saving state money.

ACCOMPLISHMENTS:

1. Achieved increased productivity and better customer service through the automation of reservation, billing and parts inventory control systems allowing for: a) increased fleet size with no increase in staff, and b) addition of new travel management function with no increase in staff.
2. Began implementation of new travel management system which will: a) save state travel dollars, b) provide improved information so departments can manage travel more effectively, c) generate revenue from travel agencies and d) simplify the making of travel arrangements.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Targeted preventable accident ratio/million miles	N/A	N/A	4%	4%
Daily rental pool vehicle utilization	82%	90%	92%	92%
Fleet operation costs/mile	.22	.23	.23	.23
Maximum private vehicle reimbursement/mile	.27	.27	(negotiated)	(contract item)
Savings on airline fares (percent off full coach)	N/A	15%	25%	30%
Number of discount rates negotiated (hotel, car rental)	N/A	N/A	4	6

BUDGET ISSUES:

1. Unpredictability of gasoline prices makes rate setting and budgeting difficult.
2. Rapidly escalating insurance rates have affected the rate structure for the fleet and, thus, customer costs.
3. In the recent past, interest rates for new cars have been low, and it has been more difficult to recover full salvage value when Travel Management auctions used state vehicles to the public.

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Average number of reservations filled monthly (from daily pool of vehicles)	553	565	580	600
Fleet miles per year (thousands)	14,920.9	15,500.0	16,250.0	17,000.0
Number of vehicles in fleet	897	973	1023	1073
Number of commuter van routes	28	22	25	25
<u>Major Customers</u>				
Agriculture	\$ 444,436	\$ 533,323		
Health	317,826	365,500		
Public Safety	248,813	281,159		
Natural Resources	211,257	236,608		
Corrections	198,562	218,418		

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: TRAVEL MANAGEMENT

PROGRAM: OPERATIONS MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS											
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES											
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES											
EXPENSES & CONTRAC. SERV											
SUPPLIES & MATERIALS											
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS											
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
DEDICATED APPROPRIATIONS:											
MOTOR POOL (ISF)											
GENERAL ENTERPRISE											
TOTAL FINANCING											
POSITIONS BY FUND											
MOTOR POOL (ISF)	17.0	17.0	17.0	17.0		17.0	17.0	17.0		17.0	17.0
GENERAL ENTERPRISE	.8	.8	.8	.8		.8	.8	.8		.8	.8
TOTAL POSITIONS	17.8	17.8	17.8	17.8		17.8	17.8	17.8		17.8	17.8

----- OPERATIONS DATA -----

----- FINANCIAL DATA -----

	----- ACTUAL -----			----- PROJECTED -----		----- ACTUAL -----			
	FY 1985	FY 1986	EST. FY 1987	FY 1988	FY 1989	FY 1985	FY 1986	EST. FY 1987	
OPERATING REVENUES:						ASSETS:			
NET SALES	2,934.9	3,032.8	3,712.2	3,864.9	4,017.7	CURRENT ASSETS:			
LESS: COST OF SALES	0.0	0.0	0.0	0.0	0.0	CASH	340.2	198.4	198.1
GROSS PROFIT ON SALES	2,934.9	3,032.8	3,712.2	3,864.9	4,017.7	OTHER CURRENT ASSETS	455.0	586.6	515.9
OTHER REVENUE	4.4	1.9	0.0	0.0	0.0	TOTAL CURRENT ASSETS	795.2	785.0	714.0
NET REVENUES	2,939.3	3,034.7	3,712.2	3,864.9	4,017.7	NON-CURRENT ASSETS:	4,073.4	5,305.1	5,623.6
LESS: OPERATING EXPENSES:						TOTAL ASSETS	4,868.6	6,090.1	6,337.6
SALARIES	449.6	442.3	516.0	516.0	516.0	LIABILITIES & FUND EQUITY			
SUPPLIES & EXPENSES	1,297.5	1,365.3	1,327.4	1,430.7	1,553.5	LIABILITIES:			
INTEREST EXPENSE	95.0	284.7	261.6	275.7	313.7	CURRENT LIABILITIES			
INDIRECT COSTS	120.4	170.8	188.1	199.4	211.3	DUE GENERAL FUND - CURRENT	532.5	861.5	861.5
AMORTIZATION & DEPRECIATION	954.1	1,338.8	1,409.6	1,450.6	1,544.5	OTHER CURRENT LIABILITIES	882.5	1,819.2	1,605.7
TOTAL OPERATING EXPENSES	2,916.6	3,601.9	3,702.7	3,872.4	4,139.0	TOTAL CURRENT LIABILITIES	1,415.0	2,680.7	2,467.2
OPERATING INCOME (LOSS)	22.7	(567.2)	9.5	(7.5)	(121.3)	NON-CURRENT LIABILITIES			
NON-OPERATING REVENUES (EXPENSE)	52.1	36.8	166.7	180.5	218.8	DUE GENERAL FUND - NON-CURRENT	1,278.3	269.5	269.5
NET INCOME (LOSS)	74.8	(530.4)	176.2	173.0	97.5	OTHER NON-CURRENT LIABILITIES	1,595.9	2,833.0	3,133.8
BEGINNING RETAINED EARNINGS	21.3	96.1	(434.3)	(258.1)	(85.1)	TOTAL NON-CURRENT LIABILITIES	2,874.2	3,102.5	3,403.3
PRIOR PERIOD ADJUSTMENT	0.0	0.0	0.0	0.0	0.0	TOTAL LIABILITIES	4,289.2	5,783.2	5,870.5
ENDING RETAINED EARNINGS	96.1	(434.3)	(258.1)	(85.1)	12.4	FUND EQUITY:			
FOOTNOTES TO STATEMENTS:						CONTRIBUTED CAPITAL	483.3	741.2	725.2
FY8 numbers include impact of expansion of fleet: 50 compacts effective 2/87.						RETAINED EARNINGS	96.1	(434.3)	(258.1)
FY9 numbers include impact of expansion of fleet: 50 compacts effective 2/89.						TOTAL FUND EQUITY	579.4	306.9	467.1
Activities included are Travel Management and Commuter Van.						TOTAL LIABILITIES & FUND EQUITY	4,868.6	6,090.1	6,337.6
Rate changes: % Inc (-Dec)	-4.8%	4.59%	12.28%	2.5%	0.0%				
Five year average increase is:	2.91%								

ACTIVITY: DOCUMENTS
 Program: OPERATIONS MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

ACTIVITY OBJECTIVE AND DESCRIPTION:

The Documents Division serves as a central source of published material and information about Minnesota. It publishes the State Register, Guidebook to Agency Services and other publications and profitably serves as a distribution point/sales outlet to the public. It produces and purchases for sale useful publications about many topics of interest about the state. This material is marketed, sold and distributed through its bookstore at 117 University Avenue in St. Paul and by mail throughout the United States and internationally.

It is a business enterprise fund selling its products and services primarily to nonstate government customers. Only about 2% of its sales are made to state governmental agencies. No funds are appropriated by the Legislature for this division. In fact, during the F.Y. 1985-87 biennium, \$125,000 was transferred from the division to the general fund to help offset a budget shortfall. The division hopes to be able to make such contributions in the future as a result of sustained profitable operations.

Documents Division has maintained its significant growth in sales during the biennium. The trend is for continued growth supported by product development and acquisition, aggressive marketing and efficient order fulfillment efforts. Documents Division, its products and services are authorized by M.S. 16B.51, Subd. 3; 14.04; and 14.46 (1984).

BENEFITS:

- ° Provides customers with a central source of printed information about Minnesota.
- ° Saves tax revenues by having the user of a publication, rather than the taxpayer at large, pay for it.
- ° Saves agencies time and money that would otherwise be spent on printing, distribution and mailing.
- ° Provides a source of revenue for the state in both sales tax and publication revenue dollars.

ACCOMPLISHMENTS:

1. Completely automated our inventory, order processing, customer service and office support operations ahead of schedule and under budget.
2. Added more than 50 state-produced publications to our product line.
3. Operated profitably, transferring \$125,000 to the general fund.

4. Through our consignment sales program, returned funds to numerous agencies to offset printing costs and aid in new product development.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Dollar sales per customer	\$ 29.93	\$ 33.00	\$ 35.00	\$ 36.50
Net income	\$ 45,000	\$ 50,000	\$ 60,000	\$ 70,000
Sales volume	\$ 1,300.0	\$ 1,290.7	\$ 1,400.0	\$ 1,550.0
Mail order sales of \$4.00	7.5%	6%	5.5%	5%
Mail order sales of \$10.00-\$24.00	43%	47%	49%	50%
Percentage of sales targets reached	55%	75%	80%	80%
Paid <u>State Register</u> subscribers	725	850	1,000	1,000

ISSUE:

Agencies continue to produce large quantities of publications for free distribution at high cost to taxpayers. The publications sales program provides a viable alternative to free distribution, with the user paying for it. Documents is positioned to handle a much larger number of saleable publications. Agencies should be encouraged to use the sales program and be allowed to receive monies into their budgets for new product development. In many cases, there is no mechanism for agencies to receive publication revenue from documents and reprogram to other useful publications. Legislative action is needed to make this possible.

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Customer transactions	34,300	36,500	37,500	38,000
Telephone inquiries	55,039	56,500	58,000	60,000
Inventory turns	1.85	2.5	3	3
Billable pages in <u>State Register</u>	1,758	1,750	1,900	1,900

Customer Revenue
(State Register only)

Human Services	\$35,290	\$36,000
Education	21,695	22,000
Labor and Industry	14,303	15,000
Energy & Economic Development	9,753	10,000
Commerce	9,400	9,500

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: DOCUMENTS

PROGRAM: OPERATIONS MANAGEMENT

AGENCY: ADMINISTRATION,DPT OF 02000

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS											
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES											
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES											
EXPENSES & CONTRAC. SERV											
SUPPLIES & MATERIALS											
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS											
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
DEDICATED APPROPRIATIONS:											
DOCUMENTS & PUB(ENT)											
TOTAL FINANCING											
POSITIONS BY FUND											
DOCUMENTS & PUB(ENT)	17.0	17.0	17.0	17.0		17.0	17.0	17.0		17.0	17.0
TOTAL POSITIONS	17.0	17.0	17.0	17.0		17.0	17.0	17.0		17.0	17.0

OPERATIONS DATA

FINANCIAL DATA

	OPERATIONS DATA					FINANCIAL DATA		
	ACTUAL FY 1985	ACTUAL FY 1986	EST. FY 1987	PROJECTED FY 1988	PROJECTED FY 1989	ACTUAL FY 1985	ACTUAL FY 1986	EST. FY 1987
OPERATING REVENUES:						ASSETS:		
NET SALES	1,122.0	1,232.2	1,290.0	1,358.1	1,462.9	CURRENT ASSETS:		
LESS: COST OF SALES	419.7	428.4	453.6	492.0	544.7	CASH		
						534.6	424.7	431.3
GROSS PROFIT ON SALES	702.3	803.8	837.2	866.1	918.2	OTHER CURRENT ASSETS		
OTHER REVENUE	0.0	0.0	0.0	0.0	0.0	161.1	191.0	169.1
NET REVENUES	702.3	803.8	837.2	866.1	918.2	TOTAL CURRENT ASSETS		
LESS: OPERATING EXPENSES:						695.7	615.7	600.4
SALARIES	383.7	458.2	522.9	522.9	522.9	NON-CURRENT ASSETS:		
SUPPLIES & EXPENSES	104.8	216.4	204.4	207.0	220.0	88.5	96.5	76.5
INTEREST EXPENSE	0.0	0.0	0.0	0.0	0.0	TOTAL ASSETS		
INDIRECT COSTS	54.6	52.9	70.1	74.3	78.8	784.2	712.2	676.9
AMORTIZATION & DEPRECIATION	14.8	22.7	25.0	25.0	25.0	LIABILITIES & FUND EQUITY		
TOTAL OPERATING EXPENSES	637.9	750.2	822.4	829.2	846.7	LIABILITIES:		
OPERATING INCOME (LOSS)	64.4	53.6	14.8	36.9	71.5	CURRENT LIABILITIES		
NON-OPERATING REVENUES (EXPENSE)	0.3	(0.1)	0.0	0.0	0.0	DUE GENERAL FUND - CURRENT		
NET INCOME (LOSS)	64.7	53.5	14.8	36.9	71.5	0.0	0.0	0.0
BEGINNING RETAINED EARNINGS	25.9	90.6	44.1	33.9	70.8	OTHER CURRENT LIABILITIES		
RESIDUAL EQUITY TRANSFER TO GEN. FUND	0.0	(100.0)	(25.0)	0.0	0.0	198.6	173.1	148.0
ENDING RETAINED EARNINGS	90.6	44.1	33.9	70.8	142.3	TOTAL CURRENT LIABILITIES		
FOOTNOTES TO STATEMENTS:						198.6	173.1	148.0
Rate Increase/(Decrease):	1.7%	-1.0%	0.0%	1.7%	2.4%	NON-CURRENT LIABILITIES		
Five year average Increase/(Decrease):	1.0%					DUE GENERAL FUND - NON-CURRENT		
Rate figures apply only to the State Register portion of Documents.						0.0	0.0	0.0
						OTHER NON-CURRENT LIABILITIES		
						0.0	0.0	0.0
						TOTAL NON-CURRENT LIABILITIES		
						0.0	0.0	0.0
						TOTAL LIABILITIES		
						198.6	173.1	148.0
						FUND EQUITY:		
						CONTRIBUTED CAPITAL		
						495.0	495.0	495.0
						RETAINED EARNINGS		
						90.6	44.1	33.9
						TOTAL FUND EQUITY		
						585.6	539.1	528.9
						TOTAL LIABILITIES & FUND EQUITY		
						784.2	712.2	676.9

ACTIVITY: PRINTING AND MAILING SERVICES
 Program: OPERATIONS MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

ACTIVITY OBJECTIVE AND DESCRIPTION:

To provide state agencies quality printing, copying, mailing and rental services to meet their graphic communication needs.

Printing: The Printing activity provides graphic services to all three branches of state government. These services include preparation of specifications, estimates, technical consultation, design, typesetting, disk transfer/conversion, printing and finishing. Additionally, convenience copying is available at 4 satellite copy centers located in the Capitol Complex area. This activity also solicits competitive bids for printing orders whenever the specifications exceed in-house capabilities. The Printing activity operates from a revolving account and charges for its services on a unit cost basis. The unit costs, after adjustments for statewide indirect costs, charged to agencies have actually decreased over the past biennium due to improvements in equipment technology and employee productivity. During the coming biennium, modernization of equipment will continue as well as the competence of trained employees. (M.S. 16B.50)

Equipment Rental: The Equipment Rental activity rents electronic typewriters to all state departments and agencies. Additionally, during the coming biennium these services will expand to include personal computers and related products. (M.S. 16B.04)

Central Mail: This activity (operating from two locations) sorts interoffice mail, meters outgoing federal mail and provides addressing and inserting services for all state agencies. Other services include advising agencies on postal savings and distributing information on postal regulations. (M.S. 16B.49)

BENEFITS:

- Centralization of printing and mailing services reduces taxpayer expenses by providing better utilization of equipment, space, staff and emerging technologies.
- The division's staff of mailing and printing professionals assist line agencies on any and all jobs, providing expert consultation on costs, cost effectiveness, technical questions, expediting questions, aesthetics and alternatives in graphic communications. Additionally, they provide formal training at least twice a year to enhance the knowledge of other state employees and improve their productivity within line agencies.
- Provides cost-effective alternatives to purchase, through "state-of-the-art" office equipment rental, to meet short-term agency requests.
- Postage savings are realized by combining mail of various agencies and using bulk and presort rates.
- Better performance from printing vendors is achieved through the division's categorization of vendors by equipment, technology, staff and specializations to ensure that bidders on printing purchases are appropriate and capable.

ACCOMPLISHMENTS:

1. Mail volume increased by 10%. The mail unit effectively handled this increase without adding staff or expense.
2. The division established 2 "commodity" contracts. This benefits agencies and taxpayers by reducing the cost of purchased printing and improving turnaround time. Cost savings are achieved by combining "like" orders with 1 vendor--because of the significant increase in volume, cost savings result. The improvement in turnaround is achieved because these orders no longer need to be bid individually.
3. Of all F.Y. 1986 orders produced in-house, 96.4% were delivered within the division's published turnaround guidelines or as negotiated.
4. All jobs produced in-house over \$200 are estimated prior to production, allowing agencies better control of their budgets.
5. Improved efficiency in postage billings, through computerization, eliminating the need for manual sorting. Billed agencies benefited by having charges broken down by department/division/sequence number. (This task was completed manually by each agency or by Fiscal Services prior to computerization.) This division benefited with improved cash flow.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
<u>Printing Activity</u>				
Percent of on-time deliveries	96.4%	98.5%	98.5%	99.0%
Percent of client satisfaction	94.0%	95.0%	96.0%	97.0%
Cost per printed sheet	\$0.040	\$0.038	\$0.036	\$0.036
Spoilage as percent of sales	2.3%	2.2%	2.0%	1.9%
<u>Rental Activity</u>				
Percent of client satisfaction	89.5%	92.0%	95.0%	95.0%
<u>Central Mail</u>				
Postage Savings	\$280,000	\$285,000	\$320,000	\$340,000
Percent of client satisfaction	98.0%	98.5%	99.0%	99.0%

ISSUES:

1. Technological changes in information processing, e.g., laser printers, disk transfer, telecommunications, typesetting/pre-press systems will require intensive research and capital investment (or capital leasing) for the division to stay up to date.
2. Potential savings from current and emerging technologies will not make money for the division but will save agencies and taxpayers dollars.

ACTIVITY: PRINTING AND MAILING SERVICES
 (Continuation)
 Program: OPERATIONS MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY STATISTICS:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
1. Number of requisitions				
a. Makes	6,657	6,660	6,840	6,940
b. Buys	1,534	1,540	1,360	1,270
2. Value of requisitions (thousands)				
a. Makes	\$3,117.1	\$3,272.9	\$3,436.5	\$3,436.5
b. Buys	\$4,300.0	\$4,300.0	\$4,085.0	\$4,085.0
c. Copy Center	\$536.9	\$563.7	\$563.7	\$563.7
3. Number of sheets printed (thousands)	54,866.7	54,900.0	54,950.0	54,950.0
4. Units Rented				
a. Typewriters	111	177	180	180
b. Personal Computers	0	6	7	7
5. Mail volume (thousands)	26,900.0	27,100.0	27,300.0	27,500.0
6. Address impressions (thousands)	2,600.0	2,580.0	2,610.0	2,636.0
7. Inserts (thousands)	23,600.0	26,000.0	26,260.0	26,522.0

CUSTOMER REVENUE:	F.Y. 1985	F.Y. 1986
<u>Printing</u>		
Human Services	\$ 405.5	\$ 363.0
Natural Resources	312.5	312.5
DEED	250.3	243.6
Education	238.8	224.4
Jobs and Training	176.1	182.7
Public Safety	161.7	152.7
Revenue	146.9	174.6
Transportation	142.2	195.6
Administration	89.4	138.0
Other	1,082.0	1,142.5

CUSTOMER REVENUE: (Contd.)

	F.Y. 1985	F.Y. 1986
<u>Addressing/Inserting</u>		
Public Safety	\$ 84.3	\$ 75.9
Revenue	41.6	59.9
Human Services	36.5	42.3
Transportation	15.0	12.6
Natural Resources	8.0	10.2
Other	48.2	53.8
<u>Equipment Rental</u>		
Public Safety	\$ 39.8	\$ 39.8
Waste Management Board	19.5	19.5
Transportation	12.9	12.9
Human Services	10.6	10.6
Employee Relations	10.0	10.0
Other	146.0	103.7

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: PRINTING AND MAILING

PROGRAM: OPERATIONS MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	6,329.4	7,186.7	7,886.7	7,882.4		7,882.4	7,882.4	7,882.4		7,882.4	7,882.4
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	6,329.4	7,186.7	7,886.7	7,882.4		7,882.4	7,882.4	7,882.4		7,882.4	7,882.4
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	212.4	202.5	226.7	222.4		222.4	222.4	222.4		222.4	222.4
EXPENSES & CONTRAC. SERV	6,106.4	6,981.2	7,651.6	7,651.6		7,651.6	7,651.6	7,651.6		7,651.6	7,651.6
SUPPLIES & MATERIALS	4.9	3.0	3.3	3.3		3.3	3.3	3.3		3.3	3.3
EQUIPMENT	5.7		5.1	5.1		5.1	5.1	5.1		5.1	5.1
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	6,329.4	7,186.7	7,886.7	7,882.4		7,882.4	7,882.4	7,882.4		7,882.4	7,882.4
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	341.4	327.9	386.7	382.4		382.4	382.4	382.4		382.4	382.4
DEDICATED APPROPRIATIONS:											
AGENCY	5,988.0	6,858.8	7,500.0	7,500.0		7,500.0	7,500.0	7,500.0		7,500.0	7,500.0
POSITIONS BY FUND											
GENERAL	10.0	10.0	10.0	10.0		10.0	10.0	10.0		10.0	10.0
OFFICE EQUIPMENT (ISF)	2.1	2.1	2.1	2.1		2.1	2.1	2.1		2.1	2.1
PRINTING (ISF)	45.2	47.5	47.5	47.5		47.5	47.5	47.5		47.5	47.5
GENERAL INT SERVICE	6.9	7.4	7.4	7.4		7.4	7.4	7.4		7.4	7.4
TOTAL POSITIONS	64.2	67.0	67.0	67.0		67.0	67.0	67.0		67.0	67.0

	OPERATIONS DATA					FINANCIAL DATA			
	ACTUAL		EST. FY 1987	PROJECTED		ACTUAL		EST. FY 1987	
	FY 1985	FY 1986		FY 1988	FY 1989	FY 1985	FY 1986		
OPERATING REVENUES:						ASSETS:			
NET SALES	3,488.6	3,603.1	3,871.9	4,002.4	4,107.7	CURRENT ASSETS:			
LESS: COST OF SALES	2,817.2	2,798.7	3,008.8	3,050.2	3,077.4	CASH	460.0	332.6	162.4
GROSS PROFIT ON SALES	663.4	804.4	863.1	952.2	1,030.3	OTHER CURRENT ASSETS	557.9	546.6	515.0
OTHER REVENUE	14.1	0.0	0.0	0.0	0.0	TOTAL CURRENT ASSETS	1,017.9	879.2	677.4
NET REVENUES	677.5	804.4	863.1	952.2	1,030.3	NON-CURRENT ASSETS:	798.4	851.0	808.0
LESS: OPERATING EXPENSES:						TOTAL ASSETS	1,816.3	1,730.2	1,485.4
SALARIES	346.9	376.3	404.7	404.7	404.7	LIABILITIES & FUND EQUITY			
SUPPLIES & EXPENSES	168.3	125.4	160.2	160.9	162.5	LIABILITIES:			
INTEREST EXPENSE	17.1	27.8	17.7	17.7	17.8	CURRENT LIABILITIES			
INDIRECT COSTS	145.4	249.2	241.1	255.6	270.9	DUE GENERAL FUND - CURRENT	119.1	52.2	88.0
AMORTIZATION & DEPRECIATION	119.3	72.2	101.0	101.3	102.1	OTHER CURRENT LIABILITIES	427.5	477.1	364.5
TOTAL OPERATING EXPENSES	797.0	850.9	924.7	940.2	958.0	TOTAL CURRENT LIABILITIES	546.6	529.3	452.5
OPERATING INCOME (LOSS)	(119.5)	(46.5)	(61.6)	12.0	72.3	NON-CURRENT LIABILITIES			
NON-OPERATING REVENUES (EXPENSE)	52.2	91.1	7.0	9.8	9.8	DUE GENERAL FUND - NON-CURRENT	244.2	171.4	59.2
NET INCOME (LOSS)	(67.3)	44.6	(54.6)	21.8	82.1	OTHER NON-CURRENT LIABILITIES	329.7	289.1	287.9
BEGINNING RETAINED EARNINGS	(11.1)	(78.4)	(33.8)	(88.4)	(66.6)	TOTAL NON-CURRENT LIABILITIES	573.9	460.5	347.1
PRIOR PERIOD ADJUSTMENT	0.0	0.0	0.0	0.0	0.0	TOTAL LIABILITIES	1,120.5	989.8	799.6
ENDING RETAINED EARNINGS	(78.4)	(33.8)	(88.4)	(66.6)	15.5	FUND EQUITY:			
FOOTNOTES TO STATEMENTS:						CONTRIBUTED CAPITAL	774.2	774.2	774.2
Rate Increase/(Decrease):	-3.9%	3.5%	2.2%	2.4%	2.0%	RETAINED EARNINGS	(78.4)	(33.8)	(88.4)
Five year average rate increase is:	1.2%					TOTAL FUND EQUITY	695.8	740.4	685.8
Activities included are State Printer, Electronic Equipment Rental, and Addressing and Inserting.						TOTAL LIABILITIES & FUND EQUITY			
(1) Overall rate change is based on change in overall revenue.						1,816.3	1,730.2	1,485.4	
Total revenue based on rates: FY 1988 - 4,055.2									
FY 1989 - 3,965.6									
Difference is due to anticipated revenue from rental equipment sales.									

ACTIVITY: STATE EMPLOYEE ASSISTANCE PROGRAM
 Program: OPERATIONS MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

ACTIVITY OBJECTIVE AND DESCRIPTION:

To provide leadership and professional services to state agencies on effective, efficient and innovative ways to promote and maintain a healthy work force. Services include cost-free and confidential assistance to help individual employees and their families resolve personal problems that may be affecting their job performance. The State Employee Assistance Program (EAP) is an assessment, short-term counseling and referral agency. EAP utilization is also identified as an integral component of the state's performance management system. By means of its consultation and training component, the EAP has become an essential resource for managers, supervisors and union leaders to rely on when addressing an employee's pattern of deteriorating performance, attendance or behavior. The EAP places great emphasis on reaching people before personal stress interferes with the job. Expanded services and new initiatives geared toward health education and life-style risk assessment should be integrated with existing programs. The statutory authority for this activity is found in M.S. 16B.39, 1984.

BENEFITS: The State of Minnesota, as an employer, must be concerned with the savings derived from the EAP. Research has shown that savings can range from \$3.00 to \$5.00 for every dollar spent on an EAP. Even higher savings have been realized in some specific locations studies, and on individual cases.

Other cost-benefit findings by various EAP's include:

- Reduced sick leave by as much as 80%. The figures in this study represented the absenteeism 1 year prior to entering the EAP and 1 year after participation in the program.
- Savings apply to hiring, training, and discipline and grievance costs as well as savings from reduced health insurance benefits and increased productivity.
- A major commercial airline came up with a 17 to 1 net benefit cost ratio, which is spread out over the expected career span of EAP participants.
- Employee turnover rates are 50% lower for people utilizing the EAP as compared with the general employee population.

It is for certain that the EAP works. Not only can it save money, it saves lives, tax dollars and families, and ultimately benefits society. It just makes good business sense to intervene when the troubled employee first begins to show problems.

ACCOMPLISHMENTS:

1. The percentage of employees utilizing the Employee Assistance Program has been increasing annually. F.Y. 1986 cases numbered 1,007, representing a 30% increase in utilization over the F.Y. 1985 rate.
2. There is wide distribution among state agencies who use the State Employee Assistance Program. In F.Y. 1986, 51 different departments either contacted the EAP for advice or referred troubled employees to the EAP counselors.

3. A comprehensive course which teaches proper referral methods was produced and presented to more than 1,600 state managers, supervisors and union leaders.
4. Special services were provided by the EAP such as facilitating team-building groups as a measure against internal work unit conflicts, and crisis intervention services in response to job site suicide and other sudden deaths of employees, forced job layoffs and drugs in the work place.

EFFECTIVENESS MEASURES:

F.Y. 1986 Survey results of those using the State Employee Assistance Program:

- 97% reported that the State Employee Assistance Program referrals were helpful.
- 60% reported that the quality of work performed by EAP assisted employees improved.
- 72% reported that problems would have worsened if they had not used the state EAP.
- 78% of state managers reported satisfaction with the state EAP.
- 4.2 overall rating of State Employee Assistance Program training course by participants on a scale of 1 to 5 with 1 being poor and 5 being excellent.

ISSUES:

1. Minnesota state government must continue to devote resources and opportunities designed to enhance its employees work environment, as do other large employers in both the private and public sector, as a means to attract and retain a highly skilled and creative work force.
2. Due to limited resources the EAP is being utilized at a rate below industry standards. The EAP's optimum beneficial impact will not be realized unless utilization percentages reach 6% to 8%.
3. All indications are that the number of troubled employees will increase in the future and that troubled employees come from a segment of the employee population characterized as high risk because of their health, habits and general lifestyle.
4. While current levels of client satisfaction are extremely high, the immediate demand for EAP services exceeds the capability of existing resources.

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Number of employees served	1,007	1,150	1,150	1,150
Percent of employee population	3.2%	3.4%	3.4%	3.4%
Number of supervisors trained	1,600	1,600	1,600	1,600
Number of agencies oriented	51	60	60	60

CHANGE REQUESTS:

	F.Y. 1988	F.Y. 1989	Type
Employee Assistance Program Staff Covers support costs for increased staff. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 187.5	\$ 177.5	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: STATE EMPLOYEE ASSISTANCE

PROGRAM: OPERATIONS MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	191.0	217.4	229.3	229.2	187.5	416.7	306.2	228.2	177.5	405.7	331.2
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	191.0	217.4	229.3	229.2	187.5	416.7	306.2	228.2	177.5	405.7	331.2
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	118.8	141.7	147.1	147.0	120.0	267.0	197.0	146.0	120.0	266.0	216.0
EXPENSES & CONTRAC. SERV	61.8	72.6	78.5	78.5	52.5	131.0	99.0	78.5	52.5	131.0	103.0
SUPPLIES & MATERIALS	5.5	3.1	3.7	3.7	5.0	8.7	5.2	3.7	5.0	8.7	7.2
EQUIPMENT	4.9				10.0	10.0	5.0				5.0
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	191.0	217.4	229.3	229.2	187.5	416.7	306.2	228.2	177.5	405.7	331.2
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	191.0	217.4	229.3	229.2	187.5	416.7	306.2	228.2	177.5	405.7	331.2
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	191.0	217.4	229.3	229.2	187.5	416.7	306.2	228.2	177.5	405.7	331.2
POSITIONS BY FUND											
GENERAL	5.0	5.0	5.0	5.0	4.0	9.0	7.0	5.0	4.0	9.0	7.0
TOTAL POSITIONS	5.0	5.0	5.0	5.0	4.0	9.0	7.0	5.0	4.0	9.0	7.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: STATE EMPLOYEE ASSISTANCE PROGRAM
 PROGRAM: OPERATIONS MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

Request Title: STRENGTHENING EMPLOYEE ASSISTANCE				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$187.5	4.0	\$177.5	4.0
Governor's Recommendation				
General Fund	\$ 77.0	2.0	\$103.0	2.0
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVES:

The Department of Administration requests the above funds in order to strengthen the ability of the State Employee Assistance Program (EAP) to meet the needs of state government agencies and state employees. With this increase, the EAP will be able to:

1. Strengthen its training and education component in order to enhance supervisors' and managers' competence in addressing poorly performing, troubled employees.
2. More effectively respond to an increasing number of troubled employees and the employee population at risk with quality assessment and referral counseling services, thereby improving the level of employee job satisfaction and performance.
3. Develop and implement services to reduce the number of state employees with health risks, emphasizing that the state encourages and supports healthier lifestyle choices.

DESCRIPTION/BACKGROUND:

Throughout the United States, employers of all sizes from both the private and public sector have established employee assistance programs in response to the acknowledgment that people have problems and at times bring their problems to work with them. As a result, the organization ends up with unhappy employees and a potential for job performance problems. Also recognized is that employee problems may lead to financial wastes due to lost productivity, excessive absenteeism and sick leave, and health claims paid on the side effects of problems rather than treating the real problem.

The sooner intervention occurs on problems such as alcoholism and other forms of drug abuse, mental illness, stress, and family dysfunction, the better the chances of a corrective treatment and a successful outcome. The same is true with job performance problems. By the State Employee Assistance Program providing assessment and referral services for state employees who are currently experiencing or are at risk of experiencing difficulties in their personal lives or at work, job performance problems can be reduced.

The State Employee Assistance Program makes two main assumptions about the future: 1) the number of troubled employees and those seeking help will increase in the future (It is estimated that between 18%-21% of a work organization is experiencing difficulties at any given time.), and 2) that troubled employees come from a segment of the employee population characterized as high risk because of their health, habits and general lifestyle. Future program development is based on these projections.

ACTIVITY STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Number of employees served	1,007	1,150	1,650	1,980
Percent of employee population	3.2%	3.4%	5%	6%

A study of a similar EAP in the Twin Cities showed dramatic impacts on employee performance when the EAP is staffed to serve 6% of the employee population. Some of the positive impacts are: 1) 70% reduction in tardiness, 2) 20% reduction in sick days taken, and 3) 6% fewer health insurance claims.

RATIONALE:

The EAP has been provided to the state work force as a means to address personal problems which have the potential for creating job performance problems. In the state's effort to achieve optimum organizational function, the EAP must be more than reactive with respect to the health of its work force. The state can do more than meet basic needs. It must go further by encouraging and supporting healthier lifestyle choices and, ultimately, creating an organizational climate which is healthy and alive. By approving this relatively small investment in the EAP, the program's far reaching positive services will prove cost effective and will have a beneficial impact on the morale of the state work force. A sufficiently staffed and managed EAP will produce operating cost reductions in the areas of absenteeism, disability absenteeism, health insurance, on-the-job accidents, grievances and replacement costs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a reduced level of funding to achieve 1987-89 objectives.

ACTIVITY: MINNESOTA OFFICE ON VOLUNTEER SERVICES
 Program: OPERATIONS MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

ACTIVITY OBJECTIVES AND DESCRIPTION:

The Minnesota Office on Volunteer Services (M.O.V.S.) is the statewide leader and primary service provider to Minnesota's voluntary sector. Its mission is to encourage and sustain volunteer programs, citizen participation efforts and public/private partnerships that contribute to the quality of life for Minnesota citizens. This is done by 1) advocating for volunteer issues; 2) communicating with volunteer and community leaders; 3) increasing the visibility and status of volunteers; 4) responding to requests for technical assistance; 5) training in volunteer-related issues, trends and techniques; and 6) promoting the values of volunteerism. M.O.V.S. was created under M.S. 4.31.

BENEFITS:

- ° Increases the level of volunteerism through visibility and advocacy efforts.
- ° Improves the quality of volunteer services through training and technical assistance to volunteer leaders and policymakers.
- ° Serves as a catalyst to develop local public/private partnerships by linking community leaders and providing training and resource materials.
- ° Develops benefits and protections for volunteers, which enable new people to volunteer.
- ° Provides a statewide network on volunteerism and corresponding development of community leadership through M.O.V.S. training, consulting, convening, information and advocacy efforts.

ACCOMPLISHMENTS:

1. Creation of VOLUNTEER FOR MINNESOTA, a project for developing public/private partnerships in communities (recipient of the 1984 President's Volunteer Action Award).
2. Increased the willingness of employers to consider volunteer experience in their hiring practices. Increased the willingness of colleges to grant credit for the learning which occurred through volunteer work.
3. Key player in the establishment of the Metropolitan State University academic program for volunteers and administrators of volunteers.
4. Establishment of the best library system on volunteerism in the country.
5. Development of sought after resources and training materials on volunteerism.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Number of volunteers in state	1.6 mil	1.6 mil	1.6 mil	1.6 mil
Number of leaders trained	1,838	1,400	1,600	1,600
Number of consultations provided	397	300	300	300
Completed responses to requests	2,539	2,000	2,000	2,000
Number of leaders receiving regular communications	4,300	4,300	4,300	4,300

ISSUES:

1. Public officials are encouraging the use of volunteers and other private-sector resources to fill service gaps created by government budget changes. M.O.V.S. is the only organization today that has the expertise, network, experience and community credibility to serve as a catalyst to mobilize the volunteer community and address a variety of pressing needs and issues.
2. Changing community needs, heavy emphasis on volunteerism and struggles to find alternative service delivery systems have led to increased demand for M.O.V.S. services. Without staff and financial resources to expand M.O.V.S. staff and services, many organizations will be without the necessary "tools" for developing alternative resources. This will perpetuate the status quo and, for many, decrease their capability for survival. M.O.V.S. can provide little or no response to the current increased demand for service without an increase in funding for the office.

<u>ACTIVITY STATISTICS:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Pieces of resource materials distributed	21,672	15,000	12,000	12,000
Number of library publications distributed	822	800	850	900
Number of training plans developed	7	7	7	7
Number of TV public service announcements (PSA's) developed	1	1	1	1
Research issues	0	1	1	1
Newsletter editions	6	4	4	4

<u>CHANGE REQUESTS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Volunteer Mobilization Project See the CHANGE request sheet following the fiscal sheet for this activity.	\$127.8	\$177.8	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: MN OFFICE VOLUNTEER SERV

PROGRAM: OPERATIONS MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	176.4	172.7	172.7	170.1	127.8	297.9	170.1	170.1	177.8	347.9	170.1
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	176.4	172.7	172.7	170.1	127.8	297.9	170.1	170.1	177.8	347.9	170.1
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	123.2	133.0	139.1	136.5	55.0	191.5	136.5	136.5	121.2	257.7	136.5
EXPENSES & CONTRAC. SERV	44.5	36.2	31.2	31.2	60.0	91.2	31.2	31.2	47.1	78.3	31.2
SUPPLIES & MATERIALS	4.9	3.2	2.4	2.4	6.3	8.7	2.4	2.4	4.6	7.0	2.4
EQUIPMENT	3.8	.3			6.5	6.5			4.9	4.9	
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	176.4	172.7	172.7	170.1	127.8	297.9	170.1	170.1	177.8	347.9	170.1
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	172.8	172.7	172.7	170.1	127.8	297.9	170.1	170.1	177.8	347.9	170.1
DEDICATED APPROPRIATIONS:											
GIFTS AND DEPOSITS	3.6										
TOTAL FINANCING	176.4	172.7	172.7	170.1	127.8	297.9	170.1	170.1	177.8	347.9	170.1
POSITIONS BY FUND											
GENERAL	4.0	4.0	4.0	4.0	2.0	6.0	4.0	4.0	4.0	8.0	4.0
TOTAL POSITIONS	4.0	4.0	4.0	4.0	2.0	6.0	4.0	4.0	4.0	8.0	4.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: MINNESOTA OFFICE ON VOLUNTEER SERVICES
 PROGRAM: OPERATIONS MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

Request Title: VOLUNTEER MOBILIZATION PROJECT				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$127.8	2.0	\$177.8	4.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVES:

The Minnesota Office on Volunteer Services (M.O.V.S.) requests the above funds in order to expand the contributions of volunteers in meeting community needs. With this increase, M.O.V.S. will be able to 1) strengthen its leadership role by being futuristic, visionary and proactive in areas where volunteers can improve the quality of life in Minnesota; 2) reduce increased government expenditures to meet needs due to local self-sufficiency; 3) expand services to local volunteer programs to empower them to handle the increased demand for volunteers; 4) provide services more efficiently by, for example, increased use of technology; 5) advocate to eliminate barriers to volunteerism; and 6) increase the number of volunteers from 1.6 million in F.Y. 1986 to 2 million in F.Y. 1989. The increase is a 1-time only investment which will bring M.O.V.S. to capacity functioning and leverage other funds to maintain the capacity, resulting in fewer state funds needed in future years.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Percent of state funding	100%	100%	85%	70%
Number of volunteers in state	1.6 mil	1.6 mil	1.8 mil	2.0 mil
Number of trained leaders	1,838	1,400	2,000	3,000
Number of consultations provided	397	300	500	600
Number of responses to requests for assistance	2,539	2,000	3,000	4,000
Number of leaders receiving regular communications	4,300	4,300	6,000	8,000

DESCRIPTION/BACKGROUND:

The public sector is in austere times. Volunteers and voluntary, nonprofit organizations can make a substantial contribution to meet needs created by government budget cuts. M.O.V.S. can provide the leadership and planning needed to fully utilize the voluntary sector.

A Gallup survey released in April 1986 indicates that 48% of Americans volunteer, averaging 3.5 hours per week, an increase of 27% over 1980 figures. This volunteer time is valued at \$110 billion, compared to \$74 billion in 1980. Volunteers are also more likely to give financially to charitable causes and, thus, further impact services provided at nongovernment expense. Despite the current extent and diversity of volunteering in this country, studies have shown that with proper support and direction, both volunteer time and financial contributions can be increased. With additional funds, M.O.V.S. will serve as a catalyst to increase citizen involvement in the delivery of state and local services. This is more than offset by the potential savings to the state of volunteer-provided services.

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Resource materials distributed	21,672	15,000	30,000	40,000
Library publications distributed	822	800	1,200	1,600

RATIONALE:

With fewer dollars available for direct service, state government has a responsibility to assure that appropriate existing delivery systems are strengthened and the transition to any new delivery methods is carried out sensitively. A relatively small investment in volunteerism will result in more people getting involved, giving more money to the priority causes and maintaining their own commitment to service to Minnesotans for the long-term future. M.O.V.S. is the only organization today that has the expertise, network, experience and community credibility to serve as a catalyst to address, through the volunteer community, critical problems facing our state. While M.O.V.S. has a history of leadership and innovative services, today's problems require that a great deal more leadership and advocacy efforts be developed in order to substantially expand volunteer participation in Minnesota. With an enterprise fund, M.O.V.S. will be able to charge for some services and diversify its funding base. In order to do this, an infusion of funding is first needed so that M.O.V.S. can strengthen its services and expand its constituent base.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

PROGRAM: INFORMATION MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

PROGRAM PURPOSE:

To increase the efficiency, effectiveness and productivity of state and local government agencies by improving their use and management of information technology and resources.

OPERATION:

Information Management provides efficient centralized information management services. It also provides assistance and leadership on effective ways for state and local government agencies to manage and share their information resources.

Computer Services is responsible for the operation of the state's central data processing facility, system consulting, programming, data entry and the management of related information resources.

Telecommunications plans, designs, coordinates, provides and approves telecommunications systems and services, provides operator and other referral services to the public and to government agencies, and represents the state in regulatory matters.

911 Emergency Telephone Service coordinates implementation of 911 emergency telephone service, certifies and approves telephone company costs, accepts user fee collections submitted by telephone companies, and disburses payments to telephone companies.

Data and Records Management establishes policies, guidelines and standards for managing data and records retained by state and local government agencies, manages a records center for semiactive records and operates a micrographics laboratory.

Data Privacy promotes compliance with the Minnesota Government Data Practices Act by providing information, education and advice to state and local government agencies, the Legislature, the public and the media.

Intergovernmental Information Systems (IISAC), through its 25-member advisory council, awards grants and sponsors programs that emphasize the improvement of data interchange between state and local government entities and the effective use of information technology by local government jurisdictions.

MAJOR POLICY ISSUES:

1. Due to changes in technology and in agency expectations and needs, there is a need to continually re-evaluate and modify the services that are offered to revolving-fund clients.
2. Large amounts of data are collected from and distributed among local government jurisdictions and state agencies. Much of this data interchange is on paper and through the mail.

MAJOR POLICY ISSUES: (Contd.)

3. The major business of state government is collecting, handling and processing information and most state employees handle information as a main part of their jobs. The state needs to develop an overall strategy and direction to ensure that this information is interchanged and managed as the costly and valuable resource that it is.
4. In order to use all of the state's computer resources at the lowest cost and with the greatest productivity payback, additional management activities are required of the Information Management Bureau. The overall coordination and control aspects of these management activities cannot be provided on a fee-for-service basis through the computer revolving fund. These functions are important to state government and should be funded via the general fund.
5. Revolving fund services are designed to be cost competitive when compared with alternatives offered by the private sector. Lack of salary supplements for pay equity issues have made it difficult to remain competitive for some service offerings.

RECENT BUDGET HISTORY:

1. Effective October 1, 1986, funding for the North Star Network, which supports voice communications between the metro area and about 40 communities in greater Minnesota, was removed from the general fund and is now supported by the Telecommunications revolving fund. This step reduced the general fund budget by approximately \$1.4 million.
2. Effective July 1, 1986, the funding for the IISAC staff person was changed from general fund to revolving fund.
3. Effective July 1, 1985, the Cable Communications Board was eliminated. Reduced funding at a level of \$25,000 per year was allocated to the Department of Commerce to continue some of the board's functions.
4. Effective January 1, 1987, funding for 911, which has been general fund, was converted to a user fee basis.

PROGRAM STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Number of In-WATS Pool calls	318,000	380,000	410,000	450,000
Data Privacy phone inquiries	2,031	2,150	2,250	2,320
Timesharing sessions per month	20,000	21,600	23,200	24,800
Paper documents microfilmed	12.9m	13.8m	14.3m	14.3m
Counties with 911 costs certified and paid (cumulative)	46	67	87	87
Number of workstations supported by teleprocessing network	2,600	2,800	3,100	3,350
Number of programmer/analyst projects completed	542	600	630	650

PROGRAM: INFORMATION MANAGEMENT
(Continuation)
Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

EXPLANATION OF BUDGET REQUEST:

There are 5 change items requested for this program: 1) a program level change request for \$513,800 in F.Y. 1988, \$513,800 in F.Y. 1989 and 10 positions for statewide information management; 2) \$548,000 in F.Y. 1988 and \$798,000 in F.Y. 1989 and 1 position for upgrade and protection of critical state systems; 3) 1 position for the 911 activity; 4) \$42,300 in F.Y. 1988, \$47,000 in F.Y. 1989 and 1 position for local governmental records management; and 5) \$55,900 in F.Y. 1988 and \$55,900 in F.Y. 1989 for reverting the IISAC staff person back to the general fund.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following funding: \$654.0 plus 6.0 positions for the biennium for statewide information management; \$111.8 plus 1.0 additional position for the biennium for reverting ISSAC to the General Fund. The Governor also recommends 1.0 additional position for the 911 activity from the Special Revenue Fund.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: INFORMATION MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
COMPUTER SERVICES					781.5	781.5	46.7		1,031.5	1,031.5	46.7
TELECOMMUNICATIONS	2,784.2	2,856.3	1,686.8	1,373.6	166.5	1,540.1	1,540.1	1,361.0	166.5	1,527.5	1,527.5
911 EMERGENCY	2,838.3	4,175.2	3,491.5	3,612.8		3,612.8	3,612.8	3,612.8		3,612.8	3,612.8
DATA & RECORDS MANAGEMENT	445.9	508.8	514.4	443.4	156.1	599.5	557.2	443.4	160.8	604.2	557.2
DATA PRIVACY	37.5	.6	51.5	54.3		54.3	54.3	54.3		54.3	54.3
IISAC	232.6	91.7	158.8	158.8		158.8	158.8	158.8		158.8	158.8
TOTAL	6,338.5	7,632.6	5,903.0	5,642.9	1,104.1	6,747.0	5,969.9	5,630.3	1,358.8	6,989.1	5,957.3
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	5,433.7	6,336.3	5,273.3	5,563.2	1,104.1	6,667.3	5,890.2	5,550.6	1,358.8	6,909.4	5,877.6
LOCAL ASSISTANCE	904.8	1,269.6	629.7	79.7		79.7	79.7	79.7		79.7	79.7
AIDS TO INDS.		26.7									
TOTAL EXPENDITURES	6,338.5	7,632.6	5,903.0	5,642.9	1,104.1	6,747.0	5,969.9	5,630.3	1,358.8	6,989.1	5,957.3
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	6,224.3	7,521.9	3,976.5	1,974.2	1,160.0	3,134.2	2,357.1	1,961.6	1,414.7	3,376.3	2,344.5
SP REV DIRECT APPROP			1,805.8	3,612.8		3,612.8	3,612.8	3,612.8		3,612.8	3,612.8
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE			55.9	55.9	55.9-			55.9	55.9-		
FEDERAL	114.2	110.7	64.8								
TOTAL FINANCING	6,338.5	7,632.6	5,903.0	5,642.9	1,104.1	6,747.0	5,969.9	5,630.3	1,358.8	6,989.1	5,957.3
POSITIONS BY FUND:											
GENERAL	42.6	39.6	38.6	36.6	13.0	49.6	43.6	36.6	13.0	49.6	43.6
SP REV DIRECT APPROP			2.0	2.0	1.0	3.0	3.0	2.0	1.0	3.0	3.0
SPECIAL REVENUE			1.0	1.0	1.0-			1.0	1.0-		
MICROGRAPHICS (ISF)	15.5	15.5	15.5	17.5		17.5	17.5	17.5		17.5	17.5
TELECOMM (ISF)	4.1	6.3	6.3	6.3		6.3	6.3	6.3		6.3	6.3
COMPUTER SVS (ISF)	244.3	271.3	272.3	272.3	4.0-	268.3	270.3	272.3	4.0-	268.3	270.3
FEDERAL		2.0	2.0								
TOTAL POSITIONS	306.5	334.7	337.7	335.7	9.0	344.7	340.7	335.7	9.0	344.7	340.7

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: INFORMATION MANAGEMENT

AGENCY: ADMINISTRATION, DEPARTMENT OF

Request Title: STATEWIDE INFORMATION MANAGEMENT	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$513.8	10.0	\$513.8	10.0
Computer Services Fund	\$ -0-	(4.0)	\$ -0-	(4.0)
Governor's Recommendation				
General Fund	\$327.0	6.0	\$327.0	6.0
Computer Services Fund	\$ -0-	(2.0)	\$ -0-	(2.0)
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVES:

M.S. 16B.40 and M.S. 138.17 assign to the Commissioner of Administration responsibility for the integration and management of computer and data resources, statewide. The Department of Administration is requesting general fund support for a number of coordination, review and approval responsibilities which the department is not currently able to address.

DESCRIPTION/BACKGROUND:

State agencies have built large, critical, state systems which operate on the Information Management Bureau's (IMB) centralized mainframe computers and networks. During the past 10 years, the state has evolved a distributed environment in which micro, mini and mainframe computer systems are located within individual state agencies rather than centrally. These systems are used to supplement the information requirements of the central state systems. In order to use all of these computer resources at the lowest cost and with the greatest productivity payback, additional standards, coordination and control activities are required. Due to the statewide coordination and control aspects of these management activities, they cannot be provided on a fee-for-service basis through the computer revolving fund. For this reason, there are currently a number of responsibilities and activities which are only minimally provided, or which are not provided at all.

DESCRIPTION/BACKGROUND: (Contd.)

General funds are needed for the following management functions:

1. Policy Council. The Information Policy Council (IPC) is chartered, in conjunction with the Department of Administration, to set policy related to critical state systems. To accomplish this leadership role, staff support is required to research and document the strategies and directions set by the IPC and the department. 1 position.
2. Technology Architecture. A technology architecture considers both changing state service needs caused by economic impacts, increases in population, new or altered services and the evolutionary changes in technology. It then defines a cost-effective path from current levels of service to projected levels of service. Without an architecture, the state will find itself unprepared to serve the public and forced into expensive, short-term, nonstandard technology investments. The architecture must be developed consistent with state policies, as approved by the IPC, and must support necessary linkages between state and local government. It must be maintained and published centrally to ensure a coordinated state direction in computer equipment, networks and support software. 2 positions.
3. Standards and Guidelines. This function will develop, publish and distribute standards and guidelines to ensure that state agencies implement information systems consistent with state policy and the state technology architecture. This function will promote compatibility and integration of information resources, including those that involve local government, and will ensure that unnecessary duplication does not occur. 2 positions.
4. Information Needs Analysis. This function will develop and support a process called "enterprise analysis" that agencies will use to determine the information needed to accomplish their mandated mission. One of the benefits of this function will be a statewide direction for the management of data so that data will be uniform, accurate and reusable. This will ensure reductions in the cost of state information. 2 positions.
5. Statewide Contracts. Although the Materials Management Division is primarily responsible for various portions of the bid, procurement and contractual process, the Information Management Bureau is relied upon by Materials Management to provide technical expertise when the procurement is related to computer equipment, software and consultants. IMB staff will work with above and related issues as they impact both state and local government. 1 position.
6. Education and Training. This function would provide training to state agencies in the effective uses and applications of technology. Training would be oriented toward security, adherence to standards, data management and proper resource usage. 2 positions.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

(Continuation)

ACTIVITY:

PROGRAM: INFORMATION MANAGEMENT

AGENCY: ADMINISTRATION, DEPARTMENT OF

RATIONALE:

Numerous outside independent studies, dating back as far as 4 years ago and as recently as August 1986, have highlighted the critical need for a centralized leadership and coordinating role to be played by the Information Management Bureau.

The consequences of neglecting the integration, coordination and control responsibilities outlined here are significant. Some examples of those negative consequences are: a) the same data will be collected from the public sector, from the private sector and from local governments by multiple government agencies; b) line item 17 expenditures will grow unchecked as duplicative distributed systems are built and agencies fail to take into account the technical progress made elsewhere in the state; c) conflicting information will be used for decision-making since data will be collected and managed inconsistently; d) the exchange of information among state and local government entities will be hampered by incompatible systems; e) agencies will make decisions about their distributed systems without being informed of technological changes, either at the central site or in the industry, that will affect them; and f) the interfaces between critical state systems and local and state government entities will be increasingly more expensive to establish, maintain and enhance.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding at a reduced level with emphasis on the areas of technology architecture, development of standards and guidelines, coordination of statewide contracts and information needs analysis.

ACTIVITY: COMPUTER SERVICES
 Program: INFORMATION MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

ACTIVITY OBJECTIVE AND DESCRIPTION:

The purpose of computer services is to operate the state's central data processing facility and manage related information resources. The activity enables state and local government agencies to operate their programs more effectively and economically by 1) providing services for the development of data processing systems; 2) routinely upgrading and maintaining existing systems; 3) operating efficient and cost-effective data communications networks and central site data processing facilities; 4) testing and introducing new, automated productivity tools and ensuring smooth implementation of these tools; 5) actively seeking out potential clients and assisting them in problem-solving and identifying opportunities for automation; and 6) providing education and training on the use and management of information resources.

This activity also includes the computer revolving fund's internal requirements for clerical, accounting, billing, inventory and other administrative support activities. The statutory authority for this activity is found in M.S. 16B.40.

BENEFITS:

- ° Rates are lower than those of competitive outside suppliers.
- ° The Information Management Bureau (IMB) takes advantage of economies of scale when purchasing and operating large-scale computer equipment and network facilities.
- ° IMB establishes "overload" contracts to ensure that programmer and analyst services are available as needed by state agencies.
- ° Of the computer jobs run at the central site, 99% are processed on an automated schedule, ensuring reliability of service.
- ° IMB ensures the security of data from both physical harm and unauthorized access.
- ° IMB's staff of technical experts ensures that hardware and software are kept current and cost effective, ensures that disruptions due to change are minimized and ensures that service levels meet clients' expectations.
- ° Use of statewide, standard contracts for micro and minicomputers ensures network compatibility, offers pricing advantages and simplified acquisition.

ACCOMPLISHMENTS:

1. Implemented a "Help Desk" phone-in service to respond to clients' questions and resolve technical problems. The Help Desk provides a point of contact for resolving questions about all IMB services.

2. The Training and Information Center offered approximately 130 classes to state employees during F.Y. 1986.
3. IMB completed the first phase of a strategic planning process which served as an example to client agencies, targeted the bureau's markets and strengthened the bureau's service orientation.
4. "Fourth generation language" software was acquired which allows agencies to extract information from centrally maintained databases using their own distributed hardware.
5. IMB formed a multiagency project team which identified office automation services needed by state agencies and which recommended implementation steps.
6. IMB sponsored an interagency data communications planning team which identified data communications needs of state government, developed a conceptual design to address these needs and recommended a planning and budgeting strategy to meet the needs.
7. Major remodeling of the IMB work environment was completed to improve staff productivity.
8. IMB began conversion to "relational database" software which will reduce the amount of programming effort and will improve clients' access to data and ability to share data among agencies.
9. The installation of new computers, disk drives, tape drives and mainframe operating system have provided faster response and expanded data storage capacity with fewer errors.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
<u>Programmers' projects completed:</u>				
Within cost parameters	84.0%	85.0%	85.0%	86.0%
Within time parameters	87.0%	88.0%	88.0%	89.0%
Central processor availability	98.0%	98.4%	98.8%	99.0%
<u>Help Desk Phone Inquiries:</u>				
Resolved during initial call	86.0%	86.0%	86.0%	86.0%
Resolved without assistance from second-level support	93.0%	93.0%	93.0%	93.0%

ISSUES:

1. The state needs to take advantage of more office automation tools directed at improving the productivity of the state's professionals. This requires large investments to acquire the tools and train staff.

ACTIVITY: COMPUTER SERVICES
 (Continuation)
 Program: INFORMATION MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ISSUES: (Contd.)

2. IMB has upgraded its computer software and hardware to keep pace with the growth of the state's data-processing needs. Data-processing applications which were developed before these improvements were made do not take advantage of the upgrades and are impeding applications that do. Even with careful management, systems rapidly become obsolete. See the CHANGE request sheet following the fiscal sheet for this activity.

<u>ACTIVITY STATISTICS:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Hours analysis & project work/year	85,000	90,000	95,000	100,000
Hours of consulting services/year	6,700	7,300	8,000	8,800
Number of jobs completed/year	32,000	34,500	37,200	39,700
Number of timesharing sessions/month	20,000	21,600	23,200	24,800
Number of transactions/month	4.5 mil	5.0 mil	6.0 mil	6.6 mil
Number of phone inquiries to Help Desk/month	3,500	3,800	4,300	4,600
Number of training classes/year	130	140	150	160
Number of workstations supported by teleprocessing network	2,600	2,800	3,100	3,350
<u>Client Revenue</u>				
Public Safety	\$ 4,484.3			
Revenue	4,223.0			
Human Services	4,084.8			
Transportation	1,711.0			
Finance	1,424.6			

<u>CHANGE REQUESTS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Statewide Information Management See the CHANGE request sheet following the Information Management Program fiscal page.	\$ 233.5	\$ 233.5	Program Wide
Upgrade and Protection of Critical State Systems See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 548.0	\$ 798.0	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: COMPUTER SERVICES

PROGRAM: INFORMATION MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS					781.5	781.5	46.7		1,031.5	1,031.5	46.7
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES					781.5	781.5	46.7		1,031.5	1,031.5	46.7
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES					239.5	239.5	38.3		239.5	239.5	38.3
EXPENSES & CONTRAC. SERV					542.0	542.0	8.4		792.0	792.0	8.4
SUPPLIES & MATERIALS											
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS					781.5	781.5	46.7		1,031.5	1,031.5	46.7
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL					781.5	781.5	46.7		1,031.5	1,031.5	46.7
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING					781.5	781.5	46.7		1,031.5	1,031.5	46.7
POSITIONS BY FUND											
GENERAL						6.0	1.0		6.0	6.0	1.0
COMPUTER SVS (ISF)	244.3	271.3	272.3	272.3	4.0-	268.3	270.3	272.3	4.0-	268.3	270.3
TOTAL POSITIONS	244.3	271.3	272.3	272.3	2.0	274.3	271.3	272.3	2.0	274.3	271.3

----- OPERATIONS DATA -----

----- FINANCIAL DATA -----

	----- ACTUAL -----		EST. FY 1987	----- PROJECTED -----		----- ACTUAL -----		
	FY 1985	FY 1986		FY 1988	FY 1989	FY 1985	FY 1986	EST. FY 1987
OPERATING REVENUES:						ASSETS:		
NET SALES	18,764.6	18,716.3	23,847.2	24,562.6	25,422.3	CURRENT ASSETS:		
LESS: COST OF SALES	0.0	0.0	0.0	0.0	0.0	CASH		
GROSS PROFIT ON SALES	18,764.6	18,716.3	23,847.2	24,562.6	25,422.3	827.6	317.2	350.3
OTHER REVENUE	0.0	39.5	0.0	0.0	0.0	2,179.7	2,527.9	2,590.0
NET REVENUES	18,764.6	18,755.8	23,847.2	24,562.6	25,422.3	TOTAL CURRENT ASSETS		
LESS: OPERATING EXPENSES:						3,007.3	2,845.1	2,940.3
SALARIES	7,469.0	7,941.7	9,191.2	9,014.3	9,014.3	NON-CURRENT ASSETS:		
SUPPLIES & EXPENSES	7,544.6	7,050.7	9,065.4	9,428.0	9,805.1	12,461.2	10,341.7	6,749.0
INTEREST EXPENSE	904.7	1,339.1	804.0	804.0	804.0	TOTAL ASSETS		
INDIRECT COSTS	365.2	478.9	487.1	516.3	547.3	15,468.5	13,186.8	9,689.3
AMORTIZATION & DEPRECIATION	3,091.8	3,652.0	4,256.9	4,435.8	4,435.8	LIABILITIES & FUND EQUITY		
TOTAL OPERATING EXPENSES	19,375.3	20,462.4	23,804.6	24,198.4	24,606.5	LIABILITIES:		
OPERATING INCOME (LOSS)	(610.7)	(1,706.6)	42.6	364.2	815.8	CURRENT LIABILITIES		
NON-OPERATING REVENUES (EXPENSE)	(4.2)	(24.8)	0.0	0.0	0.0	DUE GENERAL FUND - CURRENT		
NET INCOME (LOSS)	(614.9)	(1,731.4)	42.6	364.2	815.8	279.8	74.5	0.0
BEGINNING RETAINED EARNINGS	950.0	332.6	(1,588.3)	(1,545.7)	(1,181.5)	4,669.8	5,734.2	5,648.6
PRIOR PERIOD ADJUSTMENT	(2.5)	(189.5)	0.0	0.0	0.0	TOTAL CURRENT LIABILITIES		
ENDING RETAINED EARNINGS	332.6	(1,588.3)	(1,545.7)	(1,181.5)	(365.7)	4,949.6	5,808.7	5,648.6
FOOTNOTES TO STATEMENTS:						NON-CURRENT LIABILITIES		
Rates and financial data are produced jointly by the departments of Administration and Finance.						DUE GENERAL FUND - NON-CURRENT		
In FY86 there was a rate adjustment of 3.5% that did not result in increased costs to agencies because of increased computer efficiency.						74.5	0.0	0.0
Rate Increase/(Decrease):	8.6%	3.5%	5.2%	3.0%	3.5%	7,955.8	5,610.4	2,230.4
Five year average rate increase is:	4.8%					OTHER NON-CURRENT LIABILITIES		
						8,030.3	5,610.4	2,230.4
						TOTAL NON-CURRENT LIABILITIES		
						12,979.9	11,419.1	7,879.0
						TOTAL LIABILITIES		
						FUND EQUITY:		
						CONTRIBUTED CAPITAL		
						2,156.0	3,356.0	3,356.0
						RETAINED EARNINGS		
						332.6	(1,588.3)	(1,545.7)
						TOTAL FUND EQUITY		
						2,488.6	1,767.7	1,810.3
						TOTAL LIABILITIES & FUND EQUITY		
						15,468.5	13,186.8	9,689.3

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: COMPUTER SERVICES
 PROGRAM: INFORMATION MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

RATIONALE:

Application systems are state assets which require upkeep and protection. The Information Management Bureau (IMB) has implemented a series of cost-effective improvements to its computer and communications services over the past several years. Application systems developed and implemented before these improvements were made do not effectively utilize these new services, do not integrate well with more current information systems, and require the continued, duplicative support of obsolete technology. These systems impede cost-effective improvements in the use of computer and communications technology, and require additional support and costs for their maintenance and operation.

These important state assets need to be upgraded in a planned and coordinated manner without sole reliance on individual program financial support. Computer Services has identified a series of technical upgrades that will provide a common environment with fewer technical components to maintain. The upgrades must be coordinated across all critical state systems and also coordinated with any enhancements and improvements that are funded in support of agency program objectives.

In addition the state needs to ensure that procedures and capabilities are in place so that in the event of a disaster at the computer site these critical systems can continue to operate. An assessment must be conducted to identify the specific portions of each critical system that would continue to be needed, to identify the operating resources required for each system and to determine the most effective way to meet processing needs on an interim basis.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

Request Title: CRITICAL STATEWIDE SYSTEMS				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$548.0	1.0	\$798.0	1.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	-0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVES:

To upgrade obsolete state application systems that are critical to the operation of state government so that they minimally meet state technical architecture standards; and to determine the resources necessary to operate all critical state systems in the event of a physical disaster.

DESCRIPTION/BACKGROUND:

M.S. 16B.40, Subd. 2, charges the commissioner of the Department of Administration with integrating and operating the state's computer facilities and with establishing standards for information systems. There are currently a number of critical state information systems that have operated beyond their expected life cycle, require excessive amounts of support activity for continued operation, and whose technical obsolescence also causes problems for other critical state systems. Upgrading these obsolete critical systems so that they meet minimum technology standards and can be relied on for satisfactory operation is the specific result to be achieved.

In the event of a disaster at the central computer site, the state could lose the capability to provide such critical services as driver's license and motor vehicle processing, check printing, statewide accounting and communications on the criminal justice network. Prioritizing these systems, identifying the level of service that is critical for each, determining how quickly these services would need to be re-established, and weighting the costs of varying degrees of backup capabilities are the specific results to be obtained.

ACTIVITY: TELECOMMUNICATIONS
 Program: INFORMATION MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY OBJECTIVE AND DESCRIPTION:

To manage telecommunications systems and services for all state agencies to meet present and future needs economically and reliably. This activity plans, designs, coordinates and approves telecommunications systems and services, provides operator and other referral services to the public and to government agencies and represents the state in regulatory matters. Since divestiture, this activity has increased responsibility for activities (some of which were formerly provided by the telephone companies) including planning, managing, controlling and procuring telephone equipment and systems.

BENEFITS:

- ° This activity manages over 850 voice and data communication lines on which state agencies place calls at 1/3 to 1/2 the cost of most private networks.
- ° State telephone operators handle nearly 1.1 million public calls annually through a centralized call referral center.
- ° The activity obtains and administers statewide telecommunications contracts for the purchase of telephone sets and modems.
- ° Teleconferencing bridge facilities are provided for over 1,000 teleconferences annually, saving state agencies travel time and dollars.
- ° State agencies receive technical consultants' expertise when planning the installation of telephone and related office automation systems.

ACCOMPLISHMENTS:

1. Integrated the North Star Network and WATS into a cost-effective routing system in order to be able to allocate costs, improve services and better manage the telecommunications network.
2. Preserved favorable TELPAK tariffs, saving state agencies in excess of \$3 million during the past 2 years.
3. Successfully tested a facility which allows the state to order Centrex changes from the local telephone company through an on-line terminal. The facility will result in direct savings in state agencies' budgets of over \$100,000 per year and will reduce the time required to make telephone changes from 10 days or more to 1 day or less.
4. Successfully tested a voice mail system. Sixty percent of respondents reported they eliminated at least 1 hour of nonproductive telephone time per day.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

5. Converted the microfiche-based state telephone directory to a fully automated on-line system. This will reduce preparation time of the directory.
6. Recommended that agencies purchase, rather than continue to lease, approximately 15,000 telephones, resulting in estimated annual savings of \$750,000.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Probability of receiving a busy signal on network	30%	10%	5%	5%
Number of teleconferences	1,000	1,100	1,200	1,300
Speed of answer (92% of operator-handled calls are answered within this time)	3.3 secs	3.3 secs	3.3 secs	3.3 secs

ISSUES:

1. Minnesota is 1 of only a few states with private line TELPAK tariffs and with their elimination could be subject to a cost increase of \$2,000,000 or more for voice and data transmission. The potential tariff loss requires the continued study of alternatives.
2. The division plans further work with local government and other political subdivisions to find ways to share local telephone service and equipment and the state network.
3. During F.Y. 1987, the division completed a successful pilot test of a voice mail system--1 component of "office automation." As additional productivity tools are identified, it will be necessary to define enhancements to the network.

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Network cost per minute	\$0.1475	\$0.14	\$0.1375	\$0.135
Number of network participants	15,000	15,250	16,000	16,500
Number of network calls- <u>interstate</u>	775.0	950.0	1,000.0	1,050.0
Number of network calls- <u>intrastate</u>	6,200.0	6,200.0	6,500.0	6,800.0
Number of In-WATS Pool calls	318.0	380.0	410.0	450.0
Number of calls handled by operators	1,100.0	1,200.0	1,250.0	1,300.0
Number of service requests processed	3,565	3,765	3,965	4,165

CHANGE REQUESTS:

	F.Y. 1988	F.Y. 1989	Type
Statewide Information Management See the CHANGE request sheet following the Information Management Program fiscal sheet.	\$ 166.5	\$ 166.5	Program Wide

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: TELECOMMUNICATIONS

PROGRAM: INFORMATION MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	2,784.2	2,856.3	1,686.8	1,373.6	166.5	1,540.1	1,540.1	1,361.0	166.5	1,527.5	1,527.5
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	2,784.2	2,856.3	1,686.8	1,373.6	166.5	1,540.1	1,540.1	1,361.0	166.5	1,527.5	1,527.5
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	776.5	845.7	786.8	833.6	136.5	970.1	970.1	821.0	136.5	957.5	957.5
EXPENSES & CONTRAC. SERV	1,972.8	1,941.2	880.3	520.3	30.0	550.3	550.3	520.3	30.0	550.3	550.3
SUPPLIES & MATERIALS	16.6	57.3	12.7	12.7		12.7	12.7	12.7		12.7	12.7
EQUIPMENT	18.3	12.1	7.0	7.0		7.0	7.0	7.0		7.0	7.0
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	2,784.2	2,856.3	1,686.8	1,373.6	166.5	1,540.1	1,540.1	1,361.0	166.5	1,527.5	1,527.5
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	2,784.2	2,856.3	1,686.8	1,373.6	166.5	1,540.1	1,540.1	1,361.0	166.5	1,527.5	1,527.5
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	2,784.2	2,856.3	1,686.8	1,373.6	166.5	1,540.1	1,540.1	1,361.0	166.5	1,527.5	1,527.5
POSITIONS BY FUND											
GENERAL	30.0	27.0	27.0	27.0	3.0	30.0	30.0	27.0	3.0	30.0	30.0
TELECOMM (ISF)	4.1	6.3	6.3	6.3		6.3	6.3	6.3		6.3	6.3
TOTAL POSITIONS	34.1	33.3	33.3	33.3	3.0	36.3	36.3	33.3	3.0	36.3	36.3

----- OPERATIONS DATA -----

----- FINANCIAL DATA -----

	----- ACTUAL -----		EST. FY 1987	----- PROJECTED -----		----- ACTUAL -----			
	FY 1985	FY 1986		FY 1988	FY 1989	FY 1985	FY 1986	EST. FY 1987	
OPERATING REVENUES:						ASSETS:			
NET SALES	3,458.4	4,051.3	5,904.9	6,308.5	6,309.8	CURRENT ASSETS:			
LESS: COST OF SALES	3,118.7	3,745.7	5,780.8	6,061.3	6,058.3	CASH	50.2	559.6	360.0
GROSS PROFIT ON SALES	339.7	305.6	124.1	247.2	251.5	OTHER CURRENT ASSETS	944.9	1,150.6	913.9
OTHER REVENUE	0.0	0.0	0.0	0.0	0.0	TOTAL CURRENT ASSETS	995.1	1,710.2	1,273.9
NET REVENUES	339.7	305.6	124.1	247.2	251.5	NON-CURRENT ASSETS:	546.5	450.0	329.9
LESS: OPERATING EXPENSES:						TOTAL ASSETS	1,541.6	2,160.2	1,603.8
SALARIES	86.6	104.0	193.4	220.7	220.7	LIABILITIES & FUND EQUITY			
SUPPLIES & EXPENSES	58.6	55.2	19.1	19.1	19.1	LIABILITIES:			
INTEREST EXPENSE	0.0	0.0	0.0	0.0	0.0	CURRENT LIABILITIES			
INDIRECT COSTS	103.9	85.5	68.3	72.4	76.7	DUE GENERAL FUND - CURRENT	252.4	310.7	218.0
AMORTIZATION & DEPRECIATION	0.0	0.0	0.0	0.0	0.0	OTHER CURRENT LIABILITIES	154.8	438.8	428.5
TOTAL OPERATING EXPENSES	249.1	244.7	280.8	312.2	316.5	TOTAL CURRENT LIABILITIES	407.2	749.5	646.5
OPERATING INCOME (LOSS)	90.6	60.9	(156.7)	(65.0)	(65.0)	NON-CURRENT LIABILITIES			
NON-OPERATING REVENUES (EXPENSE)	0.0	(0.6)	0.0	0.0	0.0	DUE GENERAL FUND - NON-CURRENT	470.2	398.4	139.5
NET INCOME (LOSS)	90.6	60.3	(156.7)	(65.0)	(65.0)	OTHER NON-CURRENT LIABILITIES	0.0	37.8	0.0
BEGINNING RETAINED EARNINGS	258.2	322.2	382.5	225.8	160.8	TOTAL NON-CURRENT LIABILITIES	470.2	436.2	139.5
PRIOR PERIOD ADJUSTMENT	(26.6)	0.0	0.0	0.0	0.0	TOTAL LIABILITIES	877.4	1,185.7	786.0
ENDING RETAINED EARNINGS	322.2	382.5	225.8	160.8	95.8	FUND EQUITY:			
FOOTNOTES TO STATEMENTS:						CONTRIBUTED CAPITAL			
Rate Increase/(Decrease):	-0.1%	9.95%	-12.80%	4.55%	0.02%	RETAINED EARNINGS			
Five year average rate decrease is:	0.3%					TOTAL FUND EQUITY			
						TOTAL LIABILITIES & FUND EQUITY			
						1,541.6	2,160.2	1,603.8	

FY87 Revenues increased due to transfer of Northstar Network costs from the General Fund to the Internal Services Fund.
 Rate figures apply only to the Revolving Fund portion of Telecommunications.

ACTIVITY: 911 EMERGENCY TELEPHONE SERVICE
 Program: INFORMATION MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	-0-	-0-	\$1,741.1	\$3,541.6	\$3,621.2

ACTIVITY OBJECTIVE AND DESCRIPTION:

To continue state support of 911 emergency telephone service, to coordinate implementation and to assist counties in delivering effective 911 service. Statutory authority for this activity is found in M.S. 403.01 to 403.12. This activity 1) establishes and administers design standards; 2) coordinates the implementation of systems; and 3) aids counties in developing methods and procedures to improve the operation of 911 systems. The activity also has the responsibility for certifying and approving telephone company costs, disbursing payments to telephone companies and reimbursing counties. Effective January 1987, the recurring costs of 911 are funded from a uniform user fee instead of from the general revenue fund. The activity will assume the added responsibility of accepting and verifying user fee collections submitted by the telephone companies.

Only 8 counties remained uncommitted to 911 at the end of F.Y. 1986. Current staff support efforts are for the 26 counties with 911 systems on order, several counties interested in upgrading the systems which they have installed or ordered, the remaining uncommitted 8 counties, and administering 911 certification, billing and payment procedures.

BENEFITS:

- ° Assistance provided to county planning committees during implementation of 911 systems ensures that systems meet standards, that effective Public Safety Answering Point (PSAP) operating procedures are developed, and that public-awareness programs and dispatcher-training programs are established.
- ° Technological developments are monitored and evaluated, and this information is shared with counties to ensure cost-effective use of new equipment options.
- ° As counties exercise the option of purchasing rather than leasing equipment, this activity makes sample purchase specifications available to the counties and assists in awarding contracts, if requested.

ACCOMPLISHMENTS:

1. 911 coverage was increased to 80% of the state population by the end of F.Y. 1986.
2. During F.Y. 1986., 10 additional counties achieved countywide status, and over 20 counties ordered 911 systems.
3. The annual Public Safety Answering Point (PSAP) survey was conducted to update PSAP statistical information, assess the PSAP managers' degree of satisfaction with their 911 systems, and gather traffic safety-related information for the National Highway Traffic Safety Administration in compliance with federal grant agreements. Survey results show wide acceptance, growing interest and high levels of activity in planning and implementing 911 systems.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Counties with 911 costs certified and paid (cumulative)	46	67	87	87
Counties with enhanced 911 systems (cumulative)	8	18	24	30

ISSUES:

1. An additional staff member is needed to collect and deposit the 911 fee into the Special Revenue Fund, to ensure that payment for 911 service is made in a timely manner, and to develop and account for the complex 911 budget which involves 90 telephone companies and 87 counties. See the CHANGE request sheet following the fiscal sheet for this activity.
2. The balance of the 911 (Fund 12) appropriated dollars which are not spent by the end of F.Y. 1987 should be carried forward to the next fiscal year, not revert to the general fund.

ACTIVITY STATISTICS:
(Cumulative Figures)

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Final plans approved	82	87	87	87
Counties entered into contracts	79	87	87	87
Countywide systems installed**	53	84	87	87

**M.S.403 mandates completion by December 15, 1986. Benton, Stearns and St. Louis counties qualify for waiver to the mandate due to telephone company equipment delays.

CHANGE REQUESTS:

	F.Y. 1988	F.Y. 1989	Type
Staff to support collection of 911 user fee See CHANGE request sheet following the fiscal sheet for this activity.			Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: 911 EMERGENCY

PROGRAM: INFORMATION MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	2,060.1	2,902.6	2,941.5	3,612.8		3,612.8	3,612.8	3,612.8		3,612.8	3,612.8
LOCAL ASSISTANCE	778.2	1,245.9	550.0								
AIDS TO INDS.		26.7									
TOTAL EXPENDITURES	2,838.3	4,175.2	3,491.5	3,612.8		3,612.8	3,612.8	3,612.8		3,612.8	3,612.8
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	55.5	65.2	67.8	95.3		95.3	69.0	95.3		95.3	69.0
EXPENSES & CONTRAC. SERV	2,004.4	2,837.2	2,873.7	3,517.5		3,517.5	3,543.8	3,517.5		3,517.5	3,543.8
SUPPLIES & MATERIALS	.2	.2									
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	2,060.1	2,902.6	2,941.5	3,612.8		3,612.8	3,612.8	3,612.8		3,612.8	3,612.8
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	2,743.1	4,139.9	1,685.7	3,612.8		3,612.8	3,612.8	3,612.8		3,612.8	3,612.8
SP REV DIRECT APPROP			1,805.8								
DEDICATED APPROPRIATIONS:											
FEDERAL	95.2	35.3									
TOTAL FINANCING	2,838.3	4,175.2	3,491.5	3,612.8		3,612.8	3,612.8	3,612.8		3,612.8	3,612.8
POSITIONS BY FUND											
GENERAL	2.0	2.0	2.0								
SP REV DIRECT APPROP			2.0	2.0	1.0	3.0	3.0	2.0	1.0	3.0	3.0
TOTAL POSITIONS	2.0	2.0	4.0	2.0	1.0	3.0	3.0	2.0	1.0	3.0	3.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: 911 EMERGENCY TELEPHONE SERVICE
 PROGRAM: INFORMATION MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

Request Title: COLLECTING 911 FEES	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
Special Revenue -				
Direct Appropriations	\$ -0-	1.0	\$ -0-	1.0
Governor's Recommendation				
Special Revenue	\$ -0-	1.0	\$ -0-	1.0
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVES:

An additional staff person is needed to collect and deposit the 911 user fee into the Special Revenue Fund, to ensure that payment for 911 service is made in a timely manner and to develop and account for the complex 911 budget which involves all telephone companies and all 87 counties. In addition, language is requested to assure that 911 fee revenues from phone companies and their customers do not cancel.

DESCRIPTION/BACKGROUND:

The objective of this request is to provide an adequate level of state support for 911 Emergency Telephone Service which is now funded through the Special Revenue Fund. Funding of the 911 activity was converted to a fee-supported basis on January 1, 1987. A staff position is needed to handle fee collection, deposits and accounting activities.

RATIONALE:

Over time, the payment of 911 costs has consumed an increasing amount of staff time, as more 911 systems were implemented, their costs certified and bills received. Also, 2 recent statute changes will further significantly increase the workload by requiring the collection of a 911 user fee and by effectively shortening the time allowed to pay 911 bills.

The change in M.S. 403.11 requires the agency to collect the 911 user fee and deposit it in the Special Revenue Fund. An additional Accounting Technician is needed to develop and implement procedures for collecting the fee, verifying submission accuracy and depositing collections. The function will require the ability to perform detailed analysis to account for 911 receivables and to develop information for 911 user fee reports and budgets.

A change in M.S. 16A.124 exempts those telephone companies which have filed an approved late payment practice. The result is that 911 bills could be subject to late payment fees if not paid within 5 days of receipt of the service. An Accounting Technician is needed to establish and maintain stringent payment schedules in order to avoid late payment fees.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

The Governor also recommends that 911 fee revenues from phone companies and their customers do not cancel and that consideration be given to fund this type of financing from the Special Revenue Fund (20).

ACTIVITY: DATA AND RECORDS MANAGEMENT
 Program: INFORMATION MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

ACTIVITY OBJECTIVE AND DESCRIPTION:

The purpose of Data and Records Management is to reduce administrative costs associated with managing the creation, storage, retrieval, use, preservation and disposition of data and records. Services are provided to 110 state agencies and 4,000 political subdivisions. The division: 1) manages a records center which stores 30,000 cu. ft. of semiactive records and an environmentally controlled microfilm storage vault; 2) establishes standards and teaches methods for managing data and records retained by state and local government agencies; and 3) operates a micrographics laboratory which provides design and filming services to agencies. The state's Micrographics Laboratory is operated by revolving fund. Benefits of the division's remaining activities are statewide in scope and not billable to specific Information Management Bureau (IMB) clients. These activities are supported by the general fund. The statutory authority for this activity is found in M.S. 138.17, Subdivisions 7 & 8, and in M.S. 15.17.

BENEFITS:

- ° By microfilming paper documents, agencies save space and equipment costs and reduce time required to retrieve records.
- ° Implementation of records retention schedules allows agencies to retire or dispose of as much as 75% of the records they would normally store.
- ° Microfilm services are provided at an average of 20% less cost than is available from the private sector.
- ° The collection of state data is limited to what is necessary to support the mission of each agency.

ACCOMPLISHMENTS:

1. Secured a 2-year federal grant to initiate a local government records management program, resulting in:
 - identified 1,800 local government record series and established retention periods;
 - developed the first comprehensive records retention schedules for townships, school districts, cities and counties;
 - conducted 21 regional workshops and trained approximately 300 local government staff in records management functions;
 - 120,000 sq. ft. of space reclaimed in F.Y. 1987;
 - 20,000 cu. ft. of records reported disposed in F.Y. 1987; and
 - \$2,999,700 annual cost avoidance in F.Y. 1987.
2. Trained approximately 300 state agency staff in records management functions.
3. Authored and distributed a state handbook on managing Minnesota government records.
4. Used micrographics to reduce holdings in the Records Center by 5% and reduce file requests by 15%.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Percent of agencies with records retention schedules	86	86	88	89
Annual forms cost avoidance	\$136,900	\$150,100	\$165,000	\$182,000
Microfilm space savings	\$129,000	\$138,000	\$150,000	\$165,000
Microfilm file equipment savings	\$387,000	\$414,000	\$425,000	\$435,000
Number of Records Center transactions	13,870	13,700	13,500	13,400
Center documents disposal (cu. ft.)	7,900	7,500	7,500	7,500
State employees trained	296	285	285	300

ISSUES:

1. The Records Center is full. Agencies wish to store more in the Center due to a shortage of agency space and increased paperwork. Overload contracts are being developed pending decisions on the building of a new records center.
2. The federal grant used to initiate records management for local government was received contingent upon our written assurance that the department would seek permanent state funding of the program. See Activity CHANGE request which follows.
3. Two years ago, the Blue Ribbon Committee on Information Policies documented the need for a new service, data resource management. By treating data as a resource and information as a state asset, this function would reduce redundant data collection and storage and promote interagency sharing of data. See Program CHANGE request on Information Resource Management.

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Paper documents filmed	12.9m	13.8m	14.3m	14.3m
Cost per microfilm image	.047	.044	.045	.046
<u>Client Revenue</u>				
Finance	\$ 85,400	\$ 86,300		
Transportation	\$ 82,600	\$ 82,400		
Jobs & Training	\$ 50,400	\$ 50,900		
Secretary of State	\$ 47,600	\$ 50,000		
Legislative Contingency Fund	\$ 51,700	\$ 50,000		

CHANGE REQUESTS:

	F.Y. 1988	F.Y. 1989	Type
Statewide Information Management See the CHANGE request sheet following the Information Management Program fiscal page.	\$ 113.8	\$ 113.8	Program Wide
Local Government Records Management Program See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 42.3	\$ 47.0	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: DATA & RECORDS MANAGEMENT

PROGRAM: INFORMATION MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	445.9	508.8	514.4	443.4	156.1	599.5	557.2	443.4	160.8	604.2	557.2
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	445.9	508.8	514.4	443.4	156.1	599.5	557.2	443.4	160.8	604.2	557.2
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	279.8	317.7	331.1	270.9	122.1	393.0	364.2	270.9	124.5	395.4	364.2
EXPENSES & CONTRAC. SERV	162.1	184.7	175.3	167.5	32.7	200.2	187.4	167.5	35.0	202.5	187.4
SUPPLIES & MATERIALS	4.0	6.4	4.9	4.1	.8	4.9	4.7	4.1	.8	4.9	4.7
EQUIPMENT			.9	.9	.5	1.4	.9	1.3-	.5	.8-	1.3-
OTHER EXPENSE ITEMS			2.2					2.2		2.2	2.2
TOTAL STATE OPERATIONS	445.9	508.8	514.4	443.4	156.1	599.5	557.2	443.4	160.8	604.2	557.2
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	426.9	433.4	449.6	443.4	156.1	599.5	557.2	443.4	160.8	604.2	557.2
DEDICATED APPROPRIATIONS:											
FEDERAL	19.0	75.4	64.8								
TOTAL FINANCING	445.9	508.8	514.4	443.4	156.1	599.5	557.2	443.4	160.8	604.2	557.2
POSITIONS BY FUND											
GENERAL	8.6	8.6	8.6	8.6	3.0	11.6	10.6	8.6	3.0	11.6	10.6
MICROGRAPHICS (ISF)	15.5	15.5	15.5	17.5		17.5	17.5	17.5		17.5	17.5
FEDERAL		2.0	2.0								
TOTAL POSITIONS	24.1	26.1	26.1	26.1	3.0	29.1	28.1	26.1	3.0	29.1	28.1

OPERATIONS DATA

FINANCIAL DATA

	ACTUAL			PROJECTED		ACTUAL			
	FY 1985	FY 1986	EST. FY 1987	FY 1988	FY 1989	FY 1985	FY 1986	EST. FY 1987	
OPERATING REVENUES:						ASSETS:			
NET SALES	582.8	604.1	602.9	631.8	664.0	CURRENT ASSETS:			
LESS: COST OF SALES	64.3	77.0	61.9	62.0	65.0	CASH	104.4	110.1	52.9
GROSS PROFIT ON SALES	518.5	527.1	541.0	569.8	599.0	OTHER CURRENT ASSETS	88.4	91.4	85.5
OTHER REVENUE	0.0	0.0	0.0	0.0	0.0	TOTAL CURRENT ASSETS	192.8	201.5	138.4
NET REVENUES	518.5	527.1	541.0	569.8	599.0	NON-CURRENT ASSETS:	68.2	66.5	67.0
LESS: OPERATING EXPENSES:						TOTAL ASSETS	261.0	268.0	205.4
SALARIES	358.1	360.7	417.1	417.1	417.1	LIABILITIES & FUND EQUITY			
SUPPLIES & EXPENSES	96.5	101.3	107.4	110.7	113.7	LIABILITIES:			
INTEREST EXPENSE	0.0	0.0	0.0	0.1	0.1	CURRENT LIABILITIES			
INDIRECT COSTS	16.2	31.8	38.4	40.7	43.1	DUE GENERAL FUND - CURRENT	0.0	5.1	0.0
AMORTIZATION & DEPRECIATION	31.1	30.6	21.8	25.0	25.0	OTHER CURRENT LIABILITIES	68.2	54.6	56.0
TOTAL OPERATING EXPENSES	501.9	524.4	584.7	593.6	599.0	TOTAL CURRENT LIABILITIES	68.2	59.7	56.0
OPERATING INCOME (LOSS)	16.6	2.7	(43.7)	(23.8)	0.0	NON-CURRENT LIABILITIES			
NON-OPERATING REVENUES (EXPENSE)	0.0	0.0	0.1	0.0	0.0	DUE GENERAL FUND - NON-CURRENT	0.0	0.0	0.0
NET INCOME (LOSS)	16.6	2.7	(43.6)	(23.8)	0.0	OTHER NON-CURRENT LIABILITIES	17.1	29.9	14.6
BEGINNING RETAINED EARNINGS	48.1	64.7	67.4	23.8	(0.0)	TOTAL NON-CURRENT LIABILITIES	17.1	29.9	14.6
PRIOR PERIOD ADJUSTMENT	0.0	0.0	0.0	0.0	0.0	TOTAL LIABILITIES	85.3	89.6	70.6
ENDING RETAINED EARNINGS	64.7	67.4	23.8	0.0	0.0	FUND EQUITY:			
FOOTNOTES TO STATEMENTS:						CONTRIBUTED CAPITAL			
Micrographics is the activity supported by this Internal Services Fund.						111.0			
Rate Increase/(Decrease):	-4.80%	-0.19%	1.85%	4.79%	5.10%	RETAINED EARNINGS			
Five year average Increase/(Decrease):	1.35%					64.7			
						TOTAL FUND EQUITY			
						175.7			
						TOTAL LIABILITIES & FUND EQUITY			
						261.0			

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: DATA AND RECORDS MANAGEMENT
 PROGRAM: INFORMATION MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

Request Title: LOCAL GOVERNMENT RECORDS MANAGEMENT				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 42.3	1.0	\$ 47.0	1.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVES:

To continue the Local Government Records Management Program which was implemented and supported by a grant from the National Historical Publications and Records Commission (NHPRC). The grant, covering the 2-year period from January 1985 - December 31, 1986, was for \$156,975. The grant was received contingent upon our written assurance that the department would seek permanent state funding of the program.

DESCRIPTION/BACKGROUND:

M.S. 138.17, Subd. 7 charges the commissioner of the Department of Administration with responsibility to establish and maintain a continuing program for economical and efficient records management in local government. The grant from NHPRC provided the personnel and financial resources to establish a records management program to address the needs of local government. Previous resources had only allowed the department to address the needs of state agencies.

To date, the program has identified over 1,700 types of records maintained by local governments and how long they should be kept. This information was published in 4 General Records Retention Schedules: County (755 records), City (457), School District (266) and Township (302). Each Minnesota local government agency received 1 copy of their schedule with the help of the County, City, and Township associations and the Department of Education.

Training of local government officials began with the publication of a comprehensive handbook covering record scheduling and disposition, data privacy, filing, forms management, vital records, micrographics and other records and information management functions. Eight regional workshops held throughout Greater Minnesota and the Twin Cities trained over 350 employees from counties, cities and school districts. Over 4,300 township officials were trained by our staff.

RATIONALE:

Our current funding cannot support the continuation of the Local Government Records Management Program. The goals and benefits of continuing the program include:

1. Encouraging the adoption and implementation of the general records retention schedules which will allow local government agencies to retire as much as 75% of the records currently housed in local offices.
2. Continued availability of educational publications for use as on-site resource material, regional workshops and on-site consultation for 1-to-1 contact with records management experts.
3. Identification of historically significant records currently in the possession of local government to ensure proper care and preservation.
4. Improved office management, space reductions and more efficient use of equipment, supplies and personnel.
5. Reduced paperwork burden for the public and other governmental units.

The 2-year federal grant allowed the Department of Administration to develop and provide to local government officials the tools needed to establish a records management program. Ongoing state funding will provide the statutorily required support to assist Minnesota's over 3,000 local government agencies in using these tools and implementing a program to increase efficiency and reduce costs.

GOVERNOR'S RECOMMENDATIONS:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

ACTIVITY: DATA PRIVACY
 Program: INFORMATION MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

ACTIVITY OBJECTIVE AND DESCRIPTION:

To promote compliance with the "Minnesota Government Data Practices Act" (MGDPA) by all state agencies and political subdivisions and to assist the commissioner of the Department of Administration in performing her duties under the MGDPA in a timely and effective fashion.

This activity promotes compliance with the MGDPA by providing information, consultations, education, advice, drafting services, evaluations, publications, and sometimes mediation services to the following clientele: agencies of state and local government; the Minnesota media community; citizen groups and individual citizens; members of the Legislature and legislative staff; and both public and private attorneys.

This activity also provides staff assistance to the commissioner of DOA in her performance of the following duties required by the MGDPA: preparation of annual legislation; decisions about temporary classifications of data; decisions about new uses of data; and decisions concerning appeals by citizens of the accuracy and completeness of data maintained about them by government agencies. Statutory authority for this activity is found in M.S. 13.05, 13.06 and 13.07.

BENEFITS:

By providing education, assistance and expertise on the requirements of the MGDPA, the following benefits are realized:

- ° Critical objectives of the statute are met--maximizing public access to government data, maintaining limits on the dissemination of not public data and ensuring the maintenance of accurate and complete data by government agencies.
- ° Citizen and agency questions are answered quickly--reducing the possibility of needless lawsuits over the act's requirements.
- ° Citizens receive assistance regarding access to government data--improving their access to the government process.
- ° Agencies understand the complex requirements of the statute--making compliance with its requirements more palatable.

ACCOMPLISHMENTS:

1. Necessary changes to the MGDPA, identified, drafted and promoted by the division, were resolved in the 1985 Legislative Session. These included a number of complex, long-standing and controversial issues, such as the effect of not public classifications of data on the legal discovery process and the handling of data on deceased persons.

2. The division is participating in the development of rules governing access to data maintained by the judicial system through membership on the Supreme Court Advisory Committee on Access to Court Data.
3. Participated in the legislative process on a number of related controversial issues such as the handling of data on alleged child abusers, access by parents to data involving alleged mistreatment of children in state and locally licensed facilities, and the handling of data in the juvenile justice system.
4. Functioned as an expert resource to the Department of Corrections' administrative task force of the Committee on the Sexual Exploitation of Patients by Psychotherapists, and State Agencies' Task Force on AIDS.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Number of agencies in substantial compliance	200	250	225	300

ISSUES:

1. In recent legislative sessions, there has been an increased trend for individual subject matter legislative committees to address a variety of specific data practices issues. This is beginning to result in legislation which does not provide a clear public policy direction.
2. The potential clientele of the Data Privacy Division involves over 100,000 public employees and several hundred thousand citizens. Understanding of requirements and rights under the MGDPA continues to be at an unsatisfactory level. Given the low level of resources allocated to the function, this lack of understanding will persist.
3. A 1985 Court of Appeals decision, which initially seemed to resolve the issue of the conflict between the MGDPA and the "open meeting law," has not answered a number of issues involving the conduct of public meetings and the resulting dissemination of not public data.

ACTIVITY STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Phone inquiries from agencies	1,261	1,300	1,325	1,350
Phone inquiries from public	694	750	800	825
Phone inquiries from media	76	100	125	145
Consultations provided	24	10	20	35
Educational presentations	32	20	30	30

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: DATA PRIVACY

PROGRAM: INFORMATION MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	37.5	.6	51.5	54.3		54.3	54.3	54.3		54.3	54.3
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	37.5	.6	51.5	54.3		54.3	54.3	54.3		54.3	54.3
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	35.5		43.1	45.9		45.9	45.9	45.9		45.9	45.9
EXPENSES & CONTRAC. SERV	2.0	.6	8.1	8.1		8.1	8.1	8.1		8.1	8.1
SUPPLIES & MATERIALS			.3	.3		.3	.3	.3		.3	.3
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	37.5	.6	51.5	54.3		54.3	54.3	54.3		54.3	54.3
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	37.5	.6	51.5	54.3		54.3	54.3	54.3		54.3	54.3
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	37.5	.6	51.5	54.3		54.3	54.3	54.3		54.3	54.3
POSITIONS BY FUND											
GENERAL	1.0	1.0	1.0	1.0		1.0	1.0	1.0		1.0	1.0
TOTAL POSITIONS	1.0	1.0	1.0	1.0		1.0	1.0	1.0		1.0	1.0

ACTIVITY: INTERGOVERNMENTAL INFORMATION SYSTEMS (IISAC)
 Program: INFORMATION MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

ACTIVITY OBJECTIVE AND DESCRIPTION:

To promote the orderly growth of automation within local government by ensuring that local government entities adopt standardized automated systems. This activity also serves as the liaison between local and state government agencies in the area of interrelated information systems.

The Intergovernmental Information Systems Advisory Council (IISAC) consists of 25 members representing state and local government. IISAC actively promotes the development of computer consortia among local government jurisdictions. These consortia cooperatively and systematically automate the local government entities belonging to each jurisdiction. IISAC awards grants to the consortia, to other governmental groups and to private sector firms selected through a formal bid process. The grants are used to 1) study and improve the exchange of information among government entities; 2) develop software packages which are readily transferable to other local government agencies; 3) facilitate the distribution of the software; and 4) provide education and training to local government personnel regarding automation. The statutory authority for this activity is found in M.S. 16B.42.

BENEFITS:

- ° Implementing common application systems in local government agencies results in substantial tax savings through cost avoidance. The financial system developed by Carver County has been estimated to have a cumulative cost-avoidance impact of over \$9,500,000.
- ° Local government information systems that are shared by many others (up to 50 counties and 40 small cities) provide a de facto standard for data collection and reporting.
- ° Because financial standards sponsored by IISAC are broadly implemented, the state now receives uniform reports from a wide base of local government jurisdictions.

ACCOMPLISHMENTS:

1. Distributed the Wright County computer-aided assessment system throughout rural Minnesota counties (over 40 counties use significant portions of the system). The system ensures that correct, timely and consistent assessment calculations are provided to the Department of Revenue. Computer-aided assessing has the potential to reduce the working hours of city and county assessors by 30%-40%.
2. In a joint effort with the departments of Corrections and Public Safety and the Minnesota Supreme Court, implemented uniform offense codes. These are now used by all law enforcement agencies statewide.
3. Funded a study to determine the amount and frequency of information exchanged between local and state government agencies.

4. Microcomputer training sessions were conducted in 8 of the 9 Regional Development Commission areas.
5. Promoted the distribution of IISAC-sponsored systems which automate payroll, financial accounting, utility billing, municipal liquor store sales and inventory control to meet the needs of small cities.
6. Established the annual local government computer symposium which is an effective method of meeting local government computer education needs. In F.Y. 1986, there were 400 symposium registrants.

EFFECTIVENESS MEASURES:

(Increase the use of standard automated systems as follows:)

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
County human services systems	210	240	270	300
County auditor/assessor systems	80	100	120	140
City systems	90	100	120	130
Registrants at Minnesota Computer Symposium	400	375	400	400

ISSUES:

1. The traditional method of funding the IISAC staff person was changed from general fund to the special revenue fund during the last legislative session. This person provides leadership to IISAC, serves as their technical consultant, negotiates contracts, manages grants, manages financial responsibilities of IISAC and facilitates effective communications between state and local government entities. The requirement to earn salary from other (not directly related) activities greatly reduces the capability of IISAC to respond to member concerns and to initiate cost-effective changes. See CHANGE request sheet following the fiscal sheet for this activity.
2. A study completed last year documents areas in which the County Financial, Accounting and Reporting Standard (COFARS) requires attention and upgrading if it is to continue to be a viable standard. Currently available funding is not sufficient to make these upgrades.
3. IISAC has identified opportunities to save tax money by promoting increased use of telecommunications "connectivity" between local jurisdictions and state agencies.

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Initiate new grants	8	4	6	6
Manage existing grants	13	9	6	6
Registrants at IISAC-sponsored training/orientation seminars	100	100	100	100

ACTIVITY: INTERGOVERNMENTAL INFORMATION SYSTEMS (IISAC) 1987-89 Biennial Budget

(Continuation)

Program: INFORMATION MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

CHANGE REQUESTS:

Intergovernmental Systems Coordinator
 See the CHANGE request sheet following
 the fiscal sheet for this activity.

<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
\$ 55.9	\$ 55.9	Activity Specific

GRANT ACTIVITY:

- Title of Grant Category or Program: Intergovernmental Information Advisory Council (IISAC).
- Statutory Reference: M.S. 16B.42.
- Purpose: To promote the cost-effective adoption of automated systems by all levels of local government. This effort requires the establishment of certain critical standards and the establishment of consortia of similar jurisdictions so that "shared, generalized systems" can be developed, implemented and maintained.
- Recipients: Includes all levels of local government: regional development commissions, counties, cities, consortia, and other nonprofit organizations which interact in the government sphere. Also, private sector firms selected through a formal proposal bid process. The recipient is, for the most part, the final agent but, on occasion, will act as the fiscal agent, i.e., contract the work to others but remain responsible in the role of project manager.
- Eligibility Criteria: Criteria include available funding, estimated return on investment, potential technological advancement, transferability of the technological advancement to other potential users, applicant's experience and expertise in the field of data processing and analysis, and applicant's financial need.

IISAC GRANT AWARDS:

	<u>F.Y. 74-85</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>TOTAL</u>	<u>PERCENT</u>
<u>Local Government</u>					
Counties	\$ 908.3	\$	\$ 23.5	\$ 931.8	35.7%
Cities	577.9	2.3	10.0	590.2	22.6%
Regions	380.2	7.5		387.7	14.8%
<u>State Agencies</u>					
Welfare	219.0			219.0	8.4%
Health	40.0			40.0	1.5%
Criminal Justice	19.1		40.0	59.1	2.3%
Data Exchange	10.0		50.0	60.0	2.3%
<u>Other</u>					
Education	178.4	14.8		193.2	7.4%
Miscellaneous	123.5		6.5	130.0	5.0%
TOTALS:	\$2,456.4	\$ 24.6	\$ 130.0	\$2,611.0	100.0%

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: IISAC

PROGRAM: INFORMATION MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	106.0	68.0	79.1	79.1		79.1	79.1	79.1		79.1	79.1
LOCAL ASSISTANCE	126.6	23.7	79.7	79.7		79.7	79.7	79.7		79.7	79.7
AIDS TO INDS.											
TOTAL EXPENDITURES	232.6	91.7	158.8	158.8		158.8	158.8	158.8		158.8	158.8
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	53.7	55.1	56.1	56.1		56.1	56.1	56.1		56.1	56.1
EXPENSES & CONTRAC. SERV	42.1	11.5	22.0	22.0		22.0	22.0	22.0		22.0	22.0
SUPLIES & MATERIALS	8.0	1.4	1.0	1.0		1.0	1.0	1.0		1.0	1.0
EQUIPMENT	2.2										
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	106.0	68.0	79.1	79.1		79.1	79.1	79.1		79.1	79.1
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	232.6	91.7	102.9	102.9	55.9	158.8	158.8	102.9	55.9	158.8	158.8
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE			55.9	55.9	55.9-			55.9	55.9-		
TOTAL FINANCING	232.6	91.7	158.8	158.8		158.8	158.8	158.8		158.8	158.8
POSITIONS BY FUND											
GENERAL	1.0	1.0			1.0	1.0	1.0		1.0	1.0	1.0
SPECIAL REVENUE			1.0	1.0	1.0-			1.0	1.0-		
TOTAL POSITIONS	1.0	1.0	1.0	1.0		1.0	1.0	1.0		1.0	1.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

ACTIVITY: INTERGOVERNMENTAL INFORMATION SYSTEMS (IISAC)
 PROGRAM: INFORMATION MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

Request Title: INTERGOVERNMENTAL SYSTEMS COORDINATOR	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$ 55.9	1.0	\$ 55.9	1.0
Special Revenue	(\$ 55.9)	(1.0)	(\$ 55.9)	(1.0)
Governor's Recommendation				
General Fund	\$ 55.9	1.0	\$ 55.9	1.0
Special Fund	(55.9)	(1.0)	(55.9)	(1.0)
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVES:

The Intergovernmental Information Systems Advisory Council (IISAC) requests that the salary of its support staff of one full-time employee be moved from the special revenue fund to the general fund.

DESCRIPTION/BACKGROUND:

The 1985-86 Legislature changed the traditional method of funding for the IISAC single staff person from general fund to the special revenue fund.

RATIONALE:

The momentum to adopt automated systems and utilize teleprocessing statewide has never been greater. Accompanying this thrust is the need to continue to: 1) develop statewide data collection and reporting standards; 2) develop shared city and county information systems; 3) enhance the use of telecommunications facilities and; 4) keep local government personnel informed of technological opportunities. These efforts will not only reduce the paper workload but will also increase data accuracy and the timeliness of reporting to both the state and federal government. The requirement to have IISAC staff earn salary from other (not directly related) activities diminishes the capability of the IISAC to respond to opportunities to initiate and coordinate cost-effective changes.

PROGRAM: PROPERTY MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

PROGRAM PURPOSE:

The Property Management Program provides for the management of the state's real property including land and physical plant. The appropriate use, maintenance and repair of approximately 30,000,000 square feet of state-owned building space is a top priority of this program. It exists to provide state employees, visitors and guests with healthy comfortable buildings, grounds and parking facilities in the Capitol Complex. The program also coordinates statewide energy conservation efforts including the use of alternative fuels; works to ensure that building codes are uniformly adopted and enforced; and administers the leasing, acquisition and disposition of land and physical facilities.

OPERATION:

Real Estate Management: To provide assistance in investigating, allocating and planning space needs for state agencies in state-owned and private buildings; maintain records of all leases; assist state agencies in acquiring or disposing of real property; and handle transactions involving easements, special permits and transfers. A high priority for Real Estate Management is to further implement a policy of locating fragmented agencies into consolidated quarters and co-locating agencies with functional similarities into proximity with each other whenever possible.

Plant Management: To operate and maintain all state buildings, grounds and facilities in the Capitol Complex, the Health Building on the University campus, the BCA Building at 1246 University Avenue and the Governor's Residence and to do so in a manner that provides the most healthful and attractive Capitol environment for the public, officials and state employees.

Building Code: To administer and promulgate the State Building Code in cooperation with local officials and to provide for inspection, certification and licensure of manufactured buildings and homes.

Division of State Building Construction: To coordinate, oversee and manage Capitol improvement projects, including construction, remodeling and rehabilitation of all state-owned buildings and to provide assistance from conceptual ideas through to project completion.

Energy Conservation Division: To promote energy conservation measures in all state buildings to reduce energy costs and to promote the use of alternative fuels, especially those which will reduce the state's use of non-Minnesota energy supplies.

MAJOR POLICY ISSUES:

1. Reductions over the last several years in staffing levels in the Division of State Building Construction at the same time that capital improvement budgets have increased has resulted in grossly inadequate staff time available to provide minimally adequate coordination and supervision of the authorized building projects.
2. The aging of the state's physical plant and continually rising costs to maintain the facilities calls for a comprehensive inventory of the condition of all state buildings and studies of present and future programmatic needs.
3. The presence of unknown amounts and types of asbestos and other hazardous materials in state buildings requires funding for both detailed surveys to identify the location and type of hazardous materials and a plan for removal or abatement thereof.
4. The inability of architects, engineers and certain contractors to obtain liability insurance when removing or otherwise dealing with asbestos and other hazardous substances has created a need to find alternative methods to produce plans and specifications and enter contracts when such hazardous materials are involved.
5. The Real Estate Management Division plays a lead role in the policy of consolidating locations for departments or agencies which are geographically fragmented. Co-locating these activities or functions is beneficial by providing geographical proximity and/or shared facilities. The policy, while logical and conceptually sound, has suffered from lack of resources and staff to study the best ways to implement the policy and to receive input from affected agencies and people.
6. The policy of leasing space in privately owned buildings versus constructing new state buildings to house public departments and agencies needs in-depth analysis to determine short- and long-term cost effectiveness differentials.
7. The state's policy of decreasing reliance on non-Minnesota energy sources by converting state buildings to use fuels such as wood, peat, agricultural waste, refuse and other alternative energy sources is economically less attractive now that fossil fuel prices have declined. However, the long-term economic and environmental benefits argue for continuing policies to make Minnesota less energy dependent on other parts of the country.
8. The most effective building code enforcement tools and procedures, as well as the location and focus for such enforcement, raises questions of state versus local official responsibility. Such questions deserve study and resolution.

PROGRAM: PROPERTY MANAGEMENT
(Continuation)
Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

RECENT BUDGET HISTORY:

1. Since July 1, 1985, the Plant Management Division has operated on an Internal Service Fund financed by rental lease payments paid by state agencies located in state-owned buildings. Prior to legislative action in 1985, general funds were provided and rental payments deposited to the general fund. Rental rates are now being designed to provide funds for ongoing maintenance and upkeep such as scheduled painting and carpet replacement.
2. Pursuant to 1985 legislative action, a portion of the operating costs of the Division of State Building Construction now comes from building appropriations.
3. Pursuant to 1985 legislative action, appropriations for the State Building Code Division were converted from the general fund to the Special Revenue-Direct Appropriations Fund.
4. Pursuant to plans reviewed by the 1986 Legislature, a portion of the costs of the Real Estate Management Division are now being paid by the Plant Management Fund.

EXPLANATION OF BUDGET REQUEST:

This program has 4 CHANGE requests: 1) \$340,400 in F.Y. 1988 and \$534,800 in F.Y. 1989 for the costs of ceremonial and statutorily free space in the Capitol Complex; 2) \$148,000 per year and 3 positions from the Special Revenue Fund for the State Building Code Division to review construction plans for public buildings; 3) \$327,700 in F.Y. 1988 and \$352,700 in F.Y. 1989 and 6 positions from the Special Revenue Fund for coordination and supervision of authorized state building projects; and 4) \$92,500 per year for steam trap replacement and building maintenance training.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following: \$875.2 for costs of ceremonial and statutorily free space in the Capitol Complex; \$1,400.0 for Repairs and Replacements from the General Fund; \$296.0 and 3.0 additional positions for plan review of public buildings; and \$680.4 and 6.0 additional positions for coordinating and monitoring building projects from the Special Revenue Fund.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: PROPERTY MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
REAL ESTATE MANAGEMENT	6,049.5	253.6	363.4	385.4		385.4	385.4	385.4		385.4	385.4
PLANT MANAGEMENT	8,793.8	3,314.0	3,536.3	3,536.3	340.4	3,876.7	4,576.7	3,536.3	534.8	4,071.1	4,771.1
STATE BUILDING CODE	754.0	983.9	938.9	977.5	148.0	1,125.5	1,125.5	984.2	148.0	1,132.2	1,132.2
BUILDING CONSTRUCTION	1,008.1	2,941.3	991.5	1,071.3	327.7	1,399.0	1,399.0	1,071.3	352.7	1,424.0	1,424.0
ENERGY CONSERVATION	231.0	233.6	232.3	230.1	92.5	322.6	230.1	230.1	92.5	322.6	230.1
TOTAL	16,836.4	7,726.4	6,062.4	6,200.6	908.6	7,109.2	7,716.7	6,207.3	1,128.0	7,335.3	7,942.8
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	11,185.3	7,725.7	6,062.4	6,200.6	908.6	7,109.2	7,716.7	6,207.3	1,128.0	7,335.3	7,942.8
LOCAL ASSISTANCE	5,651.1	.7									
AIDS TO INDS.											
TOTAL EXPENDITURES	16,836.4	7,726.4	6,062.4	6,200.6	908.6	7,109.2	7,716.7	6,207.3	1,128.0	7,335.3	7,942.8
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	16,238.0	4,015.9	4,322.6	4,422.2	432.9	4,855.1	5,462.6	4,422.2	627.3	5,049.5	5,657.0
SP REV DIRECT APPROP		983.9	938.9	977.5	475.7	1,453.2	1,453.2	984.2	500.7	1,484.9	1,484.9
GAME AND FISH	9.9	11.9									
BUILDING		286.1	312.1	312.1		312.1	312.1	312.1		312.1	312.1
DEDICATED APPROPRIATIONS:											
GENERAL	66.3										
SPECIAL REVENUE	513.3	2,422.5	488.8	488.8		488.8	488.8	488.8		488.8	488.8
GIFTS AND DEPOSITS	.2	1.8									
FEDERAL	8.7	4.3									
TOTAL FINANCING	16,836.4	7,726.4	6,062.4	6,200.6	908.6	7,109.2	7,716.7	6,207.3	1,128.0	7,335.3	7,942.8
POSITIONS BY FUND:											
GENERAL	216.6	31.0	31.0	31.0		31.0	31.0	31.0		31.0	31.0
SP REV DIRECT APPROP		18.0	18.0	18.0	9.0	27.0	27.0	18.0	9.0	27.0	27.0
SPECIAL REVENUE	8.6	8.6	8.6	8.6		8.6	8.6	8.6		8.6	8.6
BUILDING		7.0	7.0	7.0		7.0	7.0	7.0		7.0	7.0
PLANT MANAGEMENT		166.9	165.8	165.8		165.8	165.8	165.8		165.8	165.8
GENERAL INT SERVICE	14.8	16.1	17.2	17.2		17.2	17.2	17.2		17.2	17.2
TOTAL POSITIONS	240.0	247.6	247.6	247.6	9.0	256.6	256.6	247.6	9.0	256.6	256.6

ACTIVITY GENERATES	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
NON-DEDICATED REVENUE	-0-	-0-	-0-	-0-	-0-
ACTUAL					
ESTIMATE					
ACTUAL					
ESTIMATE					
ACTUAL					
ESTIMATE					

1987-89 Biennial Budget

ACTIVITY: REAL ESTATE MANAGEMENT
 Program: PROPERTY MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

ACTIVITY OBJECTIVE AND DESCRIPTION:

It is the mission of the Real Estate Management Division to provide effective and efficient planning, coordination and control of space management and land activities for state agencies. The objectives and activities performed by Real Estate Management are:

- To provide and allocate space in state-owned and nonstate-owned real property for maximum utilization and to provide the required documentation;
- To facilitate agency consolidations;
- To lease out state-owned real property not needed for state use thereby generating revenue to the state;
- To acquire and dispose of real property for designated state agencies; and to transfer
- To grant or deny easements and permits on state-owned real property and to transfer custodial control of real property from one agency to another.

Statutory authority for these activities are set forth in M.S. 1986, Chapter 16B.24, Subdivisions 1, 5, 6, and 8; Chapter 16B.25, Subdivision 1; Chapter 16B.26; Chapter 16B.58, Subdivision 8; Chapter 16B.61, Subdivision 5; Chapter 15.16; Chapter 94.09-16; and Minnesota Rules Chapter 1245.

BENEFITS:

- Providing market analyses of available space assures alternative solutions to meet state agency space needs at a cost-effective rent.
- The monitoring of space allocations provides control in the application of space guidelines and standards.
- Control of leasing authority assures the leasing of space that is handicapped accessible and located in public and preference buildings where available.
- Skilled negotiations assure beneficial lease terms and conditions.
- Centralized effort is provided for coordinating agency consolidations.
- Assurance that the state's interests are protected when leasing out surplus state property.
- Coordinating the acquisition and disposition of real property provides centralization and procedural consistency.

ACCOMPLISHMENTS:

- Coordinated the consolidation of Natural Resources (125,500 square feet), Pollution Control Agency (80,000 square feet) and the Department of Human Services (153,000 square feet).
- Consolidated state agencies to a centralized location in a Moorhead School District building.
- Established the Relocation Assistance Team to service state agencies with planning and implementing their relocations.
- Increased revenue to the state by approximately \$139,000.00 between F.Y. 1985 and F.Y. 1986 by leasing out additional surplus state property and increasing rents.

ISSUE:

It is more cost effective to provide space in state-owned buildings or in privately owned rental property? Currently, rental rates in state-owned buildings are cheaper than in privately owned buildings. However, state rental rates do not include real estate taxes, insurance and some building improvements. On the other hand, state rates include overhead costs and depreciation for most building improvements, including capital budget projects funded with bond proceeds. Vacancy rates in the St. Paul area affect this comparison, and they vary from year to year. A more thorough study of this question needs to be done.

- Coordinated the transfer of custodial control of 270 acres of land in Fergus Falls from the departments of Education and Human Services to the Department of Natural Resources.
- Completed appraisals of National Guard Armories in St. Paul, Albert Lea and Brainerd; and the Golden Valley Lutheran College in Minneapolis for the Department of Military Affairs at no additional cost to the state.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: REAL ESTATE MANAGEMENT

PROGRAM: PROPERTY MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	408.4	253.6	363.4	385.4		385.4	385.4	385.4		385.4	385.4
LOCAL ASSISTANCE	5,641.1										
AIDS TO INDS.											
TOTAL EXPENDITURES	6,049.5	253.6	363.4	385.4		385.4	385.4	385.4		385.4	385.4
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	375.2	220.0	326.9	348.9		348.9	348.9	348.9		348.9	348.9
EXPENSES & CONTRAC. SERV	30.3	28.7	33.7	33.7		33.7	33.7	33.7		33.7	33.7
SUPPLIES & MATERIALS	1.9	.9	2.8	2.8		2.8	2.8	2.8		2.8	2.8
EQUIPMENT	1.0	4.0									
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	408.4	253.6	363.4	385.4		385.4	385.4	385.4		385.4	385.4
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	6,049.5	253.6	363.4	385.4		385.4	385.4	385.4		385.4	385.4
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	6,049.5	253.6	363.4	385.4		385.4	385.4	385.4		385.4	385.4
POSITIONS BY FUND											
GENERAL	11.0	11.0	11.0	11.0		11.0	11.0	11.0		11.0	11.0
TOTAL POSITIONS	11.0	11.0	11.0	11.0		11.0	11.0	11.0		11.0	11.0

ACTIVITY: PLANT MANAGEMENT
 Program: PROPERTY MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

ACTIVITY OBJECTIVE AND DESCRIPTION:

The Division of Plant Management strives to maintain the structural integrity of the buildings and grounds under its jurisdiction, while serving the needs of the building tenants, elected officials and the public. Plant Management is responsible for janitorial, trades and ground services for the 22 buildings and 88 acres of area maintained by the division. This includes the entire Capitol Complex, 1246 University Avenue, Ceremonial House, Health Building in Minneapolis and the Duluth Government Service Center. The division provides the following services:

The Janitorial operation provides a clean, safe and sanitary environment for all clientele.

The Central Operations and Maintenance activity provides the maintenance and operation of the electrical and mechanical systems in the buildings, to include air conditioning, heating, ventilation, electrical distribution, plumbing, painting, minor remodeling, etc.

The Grounds activity provides care and maintenance of all turf, trees, shrubs, flowers, hedges and roses. Also provided by the Grounds operation is the snow removal from all entrances, steps, sidewalks and parking lots and year-round trash removal.

The Material Transfer activity provides interoffice mail delivery in the metropolitan area, the delivery of Central Stores and Printing/Duplicating orders in the metropolitan area and moving services to clientele throughout the Capitol Complex and surrounding area.

The division is responsible for the issuance of all parking contracts, the establishment of waiting lists for parking facilities and the issuing of hooded and unhooded meter parking permits.

The Division of Plant Management maintains a Honeywell Level 5600 Automation System for energy management and conservation.

The division is responsible for administering the cafeteria contract in the State Capitol Building, the Capitol Square Building, the Centennial Building, the State Office Building and the Transportation Building.

The Division of Plant Management utilizes preventative maintenance programs in all phases of the operation.

Finally, this activity is responsible for the operation, maintenance and preservation of vacated property.

The statutory authority is M.S. 16.02, Subdivisions 6, 6A and 9.

BENEFITS:

- A clean, safe and sanitary environment by utilizing efficient cleaning techniques, including high-production equipment.
- A healthy and safe environment within the buildings by monitoring and regulating air temperatures and moisture content.
- Care of turf, plant life and snow removal ensuring a pleasant and safe setting for all users of the grounds and parking facilities.
- Moving, casual delivery services and interoffice mail delivery for clients within the complex at comparable cost to outside vendors but with greater timeliness and convenience.
- Parking at reasonable rates for employees, the Legislature, constitutional officers and the public.
- Management of the cafeteria contract within the complex provides healthy and tasty food.
- By providing centralized services for janitorial, grounds, trades and material, the division is able to coordinate all services so that stable and consistent levels of services are provided by professional, well-trained personnel. Centralized services also provide quicker response time with flexibility for follow-up.
- Other services are provided by Plant Management which result in benefits to the occupants of the buildings, including lost and found, meeting room scheduling, event and rally reservations and other services.

ACCOMPLISHMENTS:

1. Parking available in the Capitol Complex was increased by 13%.
2. The design and installation of the District Heating System at Mechanic Arts High School by Plant Management staff.
3. Periods of increased building usage were managed at minimal cost by appropriate use of emergency and temporary employees.
4. Changed the janitorial staff's hours of work from daytime cleaning to evening cleaning resulting in a more effective crew with fewer interruptions to our tenants.
5. Continued updating high-production janitorial equipment so that more time can be spent on specialized cleaning tasks.

ACTIVITY: PLANT MANAGEMENT
 (Continuation)
 Program: PROPERTY MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACCOMPLISHMENTS: (Contd.)

6. Staff was effectively utilized across the various work units in Plant Management; for examples: utilized grounds crew to perform demolition work during nonpeak times; utilized movers to perform janitorial and grounds work during nonpeak times.
7. Landscaped the Health Building and successfully repaired grounds after the Taste of Minnesota event.
8. Implemented the preliminary automated parking program to include the on-line processing of all current contracts.
9. Successfully implemented and managed the internal service fund, ending the first year of operation with positive retained earnings.
10. Negotiated a new contract for the complex cafeterias that will result in better management and a better product.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Parking contracts/stalls available	113%	114%	116%	117%
Number of square feet cleaned/ janitor/hour	2,500	2,750	2,750	3,000
Percent parking lots plowed first/second day	75/95%	75/95%	75/95%	75/95%

ISSUES:

1. The method of funding ceremonial space is currently funded through the rental rate structure paid by state agencies and should be funded by the general fund so that the costs of maintaining ceremonial space are not paid by building tenants.
2. According to statute, the state must provide space without charge to the Services for the Blind vendors for cafeterias and cigar stands. Therefore, the funding for the Services for the Blind space should be established as a general fund appropriation.
3. Negotiations with District Heating to provide District Cooling are proceeding. The type of cooling will influence the design of equipment in the Judicial Building. If cooling is provided by District Heating, the Power Plant building would not be needed.
4. The landscape design for the Capitol Mall is in process. At present, it is unknown what sort of resources will be required to maintain the mall. Initial monies necessary should be appropriated with the project until the costs can be accurately projected and included in our budget.

ACTIVITY STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Percent of trees pruned	70%	75%	75%	75%
Percent of shrubs/hedges rejuvenated	10%	10%	10%	10%
Fertilize main lawn areas	3	3	3	3
Number of times main lawn areas are sprayed	2.25	2.25	2.25	2.25

CHANGE REQUEST:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Ceremonial and Statutorily Free Space in the Capitol Complex See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 340.4	\$ 534.8	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: PLANT MANAGEMENT

PROGRAM: PROPERTY MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	8,783.8	3,314.0	3,536.3	3,536.3	340.4	3,876.7	4,576.7	3,536.3	534.8	4,071.1	4,771.1
LOCAL ASSISTANCE	10.0										
AIDS TO INDS.											
TOTAL EXPENDITURES	8,793.8	3,314.0	3,536.3	3,536.3	340.4	3,876.7	4,576.7	3,536.3	534.8	4,071.1	4,771.1
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	4,106.9	177.2	205.0	205.0		205.0	205.0	205.0		205.0	205.0
EXPENSES & CONTRAC. SERV	3,862.7	3,091.7	3,262.6	3,262.6	340.4	3,603.0	4,303.0	3,262.6	534.8	3,797.4	4,497.4
SUPPLIES & MATERIALS	778.4	19.4	20.0	20.0		20.0	20.0	20.0		20.0	20.0
EQUIPMENT	162.5	1.5	30.0	30.0		30.0	30.0	30.0		30.0	30.0
OTHER EXPENSE ITEMS	126.7-	24.2	18.7	18.7		18.7	18.7	18.7		18.7	18.7
TOTAL STATE OPERATIONS	8,783.8	3,314.0	3,536.3	3,536.3	340.4	3,876.7	4,576.7	3,536.3	534.8	4,071.1	4,771.1
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	8,214.2	2,914.3	3,047.5	3,047.5	340.4	3,387.9	4,087.9	3,047.5	534.8	3,582.3	4,282.3
DEDICATED APPROPRIATIONS:											
GENERAL	66.3										
SPECIAL REVENUE	513.3	399.7	488.8	488.8		488.8	488.8	488.8		488.8	488.8
TOTAL FINANCING	8,793.8	3,314.0	3,536.3	3,536.3	340.4	3,876.7	4,576.7	3,536.3	534.8	4,071.1	4,771.1
POSITIONS BY FUND											
GENERAL	161.6										
SPECIAL REVENUE	8.6	8.6	8.6	8.6		8.6	8.6	8.6		8.6	8.6
PLANT MANAGEMENT		166.9	165.8	165.8		165.8	165.8	165.8		165.8	165.8
GENERAL INT SERVICE	14.8	16.1	17.2	17.2		17.2	17.2	17.2		17.2	17.2
TOTAL POSITIONS	185.0	191.6	191.6	191.6		191.6	191.6	191.6		191.6	191.6

	----- OPERATIONS DATA -----					----- FINANCIAL DATA -----			
	----- ACTUAL -----		EST. FY 1987	----- PROJECTED -----		----- ACTUAL -----		EST. FY 1987	
	FY 1985	FY 1986		FY 1988	FY 1989	FY 1985	FY 1986		
OPERATING REVENUES:						ASSETS:			
NET SALES	613.5	12,809.6	13,185.3	14,004.4	14,622.5	CURRENT ASSETS:			
LESS: COST OF SALES	0.0	0.0	0.0	0.0	0.0	CASH	119.7	3,340.2	1,444.6
GROSS PROFIT ON SALES	613.5	12,809.6	13,185.3	14,004.4	14,622.5	OTHER CURRENT ASSETS	116.2	1,381.7	1,047.0
OTHER REVENUE	0.0	415.6	450.0	339.5	339.5	TOTAL CURRENT ASSETS	235.9	4,721.9	2,491.6
NET REVENUES	613.5	13,225.2	13,635.3	14,343.9	14,962.0	NON-CURRENT ASSETS:	56.5	465.4	395.1
LESS: OPERATING EXPENSES:						TOTAL ASSETS	292.4	5,187.3	2,886.7
SALARIES	423.0	4,650.6	4,847.3	5,056.3	5,080.4	LIABILITIES & FUND EQUITY			
SUPPLIES & EXPENSES	119.3	5,512.6	6,788.8	6,679.8	7,295.6	LIABILITIES:			
INTEREST EXPENSE	0.0	277.6	280.8	316.9	315.2	CURRENT LIABILITIES			
INDIRECT COSTS	29.8	592.7	333.7	353.7	374.8	DUE GENERAL FUND - CURRENT	53.5	34.8	12.1
AMORTIZATION & DEPRECIATION	15.9	1,689.0	1,691.7	2,026.6	2,030.2	OTHER CURRENT LIABILITIES	45.7	3,085.0	1,104.2
TOTAL OPERATING EXPENSES	588.0	12,722.5	13,942.3	14,433.3	15,096.2	TOTAL CURRENT LIABILITIES	99.2	3,119.8	1,116.3
OPERATING INCOME (LOSS)	25.5	502.7	(307.0)	(89.4)	(134.2)	NON-CURRENT LIABILITIES	24.8	24.3	12.3
NON-OPERATING REVENUES (EXPENSE)	1.5	0.3	0.0	0.0	0.0	DUE GENERAL FUND - NON-CURRENT	3.5	167.3	191.0
NET INCOME (LOSS)	27.0	503.0	(307.0)	(89.4)	(134.2)	OTHER NON-CURRENT LIABILITIES			
BEGINNING RETAINED EARNINGS	40.6	67.6	569.6	262.6	173.2	TOTAL NON-CURRENT LIABILITIES	28.3	191.6	203.3
PRIOR PERIOD ADJUSTMENT	0.0	(1.0)	0.0	0.0	0.0	TOTAL LIABILITIES	127.5	3,311.4	1,319.6
ENDING RETAINED EARNINGS	67.6	569.6	262.6	173.2	39.0	FUND EQUITY:			
FOOTNOTES TO STATEMENTS:						CONTRIBUTED CAPITAL	97.3	1,306.3	1,304.5
1) Activities included are Materials Transfer, Central Operations & Maintenance, Alph Sensory Systems, and beginning in FY86, Plant Management ISF (Leases).						RETAINED EARNINGS	67.6	569.6	262.6
2) Depreciation included Depreciation on buildings @ 1,581,226; subject to change.						TOTAL FUND EQUITY	164.9	1,875.9	1,567.1
3) Interest includes bond interest on Duluth Government Center @ 276,900 per year.						TOTAL LIABILITIES & FUND EQUITY	292.4	5,187.3	2,886.7
4) Capitol Security was funded by Plant Management in FY86 & FY87 but is not included in FY88 & FY89 expenses.									
Rate Increase/(Decrease):	0.0%	8.9%	4.6%	-0.2%	4.4%				
Five year average Increase/(Decrease):	3.5%								

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: PLANT MANAGEMENT
 PROGRAM: PROPERTY MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

Minnesota statutes require that space in state buildings be provided to the Services for the Blind at no cost. Since rent cannot be collected from the Services for the Blind, the cost of the spaces that they occupy should be paid by the General Fund.

RATIONALE:

In a revolving-fund environment, costs of ceremonial space and statutorily free space should be paid by the General Fund since those spaces serve broad public and social purposes.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

Request Title: CEREMONIAL AND STATUTORILY FREE SPACE	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$340.4	-0-	\$534.8	-0-
Governor's Recommendation				
General Fund	\$340.4	-0-	\$534.8	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests that ceremonial space and statutorily free space in the Capitol Complex be funded by the General Fund. It is not appropriate for state agencies to pay for these costs out of their budgets through rent payments.

The payment of these costs should be related to who benefits and who is responsible for the cost. In this case, ceremonial space has been created for broad public purposes and has nothing to do with providing office space to state agencies. Statutorily free space also serves a legislatively determined social-policy purpose and should be paid for by the General Fund.

A rider is also requested to transfer contributed capital from the Plant Management Fund to the Central Motor Pool Fund, the State Printing Fund and the Computer Services Fund.

DESCRIPTION/BACKGROUND:

Ceremonial space is defined as significant general public use space that is used for ceremonious occasions, displays, tours, rallies and media events. Since it is provided for general public usage, it should be paid for by the General Fund. Areas identified as ceremonial are the Capitol rotunda, the north corridor of the Capitol, the second floor balcony in the Capitol (overlooking the rotunda), 5% of the remaining corridors in the Capitol, the third floor of the Historical Society Building, Cass Gilbert Park, Leif Erickson Park, the Capitol Mall and the Ceremonial House.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: PLANT MANAGEMENT
 PROGRAM: PROPERTY MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

Request Title: REPAIRS AND REPLACEMENTS				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Governor's Recommendation				
General Fund	\$ 700.0	-0-	\$ 700.0	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$700.0 for F.Y. 1988 and \$700.0 for F.Y. 1989. This recommendation is part of a statewide policy initiative to improve each agency's ability to maintain its physical plant within available General Fund revenues. The Governor's intent has been to remove all Repairs and Replacements (R & R) projects from the Capital Budget in favor of consolidating R & R funding in the Operating Budget.

Appropriations are divided equally between F.Y. 1988 and F.Y. 1989 in order to identify the increase in each agency's funding level for future biennia. The Governor further recommends that agencies be permitted to move funds between fiscal years.

The Governor has directed agencies to develop criteria for allocation of R & R dollars and recommends that each agency report to the Legislature and to the Governor on the disposition of funds for R & R projects by November 1, 1988.

ACTIVITY: BUILDING CODE
 Program: PROPERTY MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$1,336.4	\$1,702.1	\$1,400.0	\$1,400.0	\$1,400.0

ACTIVITY OBJECTIVES AND DESCRIPTION:

The Building Codes and Standards Division: 1) provides for the administration and promulgation of the State Building Code and amendments thereto; 2) provides for training and technical/administrative consultation to the users of the State Building Code; 3) provides for inspection and certification of manufactured structures; 4) acts as an Administrative Agency (SAA) for the Department of Housing and Urban Development (HUD) Manufactured Homes program in resolution of consumer complaints; 5) reviews construction documents for safety code requirements in state buildings, public school buildings, buildings required to be submitted to a state agency, and buildings of political subdivisions; 6) collects surcharges on permits issued in jurisdictions; 7) issues licenses and seals for manufactured buildings and homes; 8) holds rule and appeal hearings; and 9) tests and certifies building officials (M.S. 16B.59 to 16B.73; 327.31 to 327.36; and 327B. to 327B.12).

Objectives: 1) to ensure uniformity in administration and application of the State Building Code; 2) to ensure that plans for buildings owned, financed, or licensed by the state; for public buildings of any other political subdivision; and for public school buildings have been reviewed for requirements of the State Building Code; 3) to ensure that manufactured buildings and manufactured homes produced for use in Minnesota meet requirements of the State Building Code; and 4) to collect surcharges, other licenses and fees and to determine rebates of surcharge income to municipalities.

BENEFITS:

1. Uniform state construction standards:
 - a) provide basic and uniform performance standards for construction;
 - b) establish reasonable safeguards for health, safety, welfare, comfort and security of the residents of the state;
 - c) provide for the use of modern methods, devices, materials and techniques which, in part, tend to lower construction costs; and
 - d) permit construction of buildings at the lowest possible cost consistent with nationally recognized standards of health and safety.
2. Construction standards provide cost effectiveness by:
 - a) providing a central focus of standards at the state level which when delegated to local government reduces local regulatory costs;
 - b) reducing casualty and liability losses which, in turn, reduce insurance costs;
 - c) providing a competitive basis for the construction industry;
 - d) coordinating and being responsive to all state agencies' rules concerning construction standards; and
 - e) funding administrative costs out of construction industry service fees rather than public funds.

3. Inspection and certification of prefabricated structures and mobile homes:
 - a) assures that prefabricated structures and mobile homes meet quality standards for consumers;
 - b) facilitates interstate commerce of units and provides for acceptance and approval at the local level; and
 - c) assures ethical and responsible business practices by licensed dealers and manufacturers.

ACCOMPLISHMENTS:

The Building Codes and Standards Division has:

1. Improved competency and knowledge of local officials in code administration.
2. Delegated more responsibility to local officials.
3. Provided improved educational and training programs.
4. Increased service to local government.
5. Established an informational management system to be shared with local governments.
6. Improved quality assurance programs for manufactured products.
7. Improved personnel efficiency and competency (internal).
8. Improved clientele satisfaction level with division services.
9. Aggressively pursued violations in mobile home dealer practices.
10. Coordinated with other states on matters of regulation, standardization and promotion of interstate commerce.

EFFECTIVENESS MEASURES:

Results of accomplishments are:

1. Safer buildings which reduce loss of life, loss of property and personal injury.
2. Improved enforcement at the local level.
3. Fewer user complaints.
4. Fewer appeals to the state regarding local government actions.
5. Coordination of code compliance for all facets of the construction industry.
6. Improved client satisfaction with state services.

ISSUES:

1. Demands on the division are continually increasing due to user demand and continuing long-term increase in construction activity statewide. Direct assistance activity is increasing due to demand by clientele (owners, design professions, municipal officials, product suppliers and contractors).
2. In 1985, FHA minimum standards for housing were eliminated and supplanted with the State Building Code, thus expanding state code standards for housing into rural noncode areas. Handicapped provisions apply in rural noncode areas with no means of administering standards.

ACTIVITY: BUILDING CODE
 (Continuation)
 Program: PROPERTY MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

Income and Rebate to Municipalities:	F.Y. 1983	F.Y. 1984	F.Y. 1985	F.Y. 1986	F.Y. 1987
Surcharge income	\$ 1,007.8	\$ 1,243.7	\$ 1,273.7	\$ 1,625.6	\$ 1,200.0
Miscellaneous income	78.8	102.0	64.0	81.2	200.0
Rebates to municipalities	876.2	-	1,166.8	-	1,254.0

CHANGE REQUESTS:	F.Y. 1988	F.Y. 1989	Type
Plan Review Staff	\$ 148.0	\$ 148.0	Activity Specific
Covers 3 staff positions, their support costs and provides additional support funding for information management system. See the CHANGE request sheet following the fiscal sheet for this activity.			

ISSUES: (Contd.)

- Statutory plan review services are understaffed due to budget reductions in F.Y. 1982 and F.Y. 1983 which reduced staff from 5 to 3 persons. Response time for plan review is 45 days to several months. Fast response time (3-week minimum) is critical for construction plan approval. Delays in approval add to construction costs. See the CHANGE request for this activity.
- Improved coordination for state projects with the Division of State Building Construction will assure conformity to the State Building Code but will also increase staff time demands on both divisions. See the CHANGE request following the fiscal sheet for the Division of State Building Construction.

ACTIVITY STATISTICS:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Code Consultant Services				
Training (days/persons)	30/1,400	30/1,400	30/1,400	30/1,400
Inquiries answered	28,298	25,000	25,000	25,000
Certification				
Tested	175	150	150	150
Certified	80	75	75	75
Recertification	0	850	50	50
Clientele mailings	19,148	16,000	16,000	16,000
Plan Review Services				
Value of projects	\$450,000.0	\$400,000.0	\$400,000.0	\$400,000.0
Number reviewed	602	550	550	550
Meetings (clientele)	578	400	500	500
Preliminary review	296	350	350	350
Manufactured Buildings Services				
Plant inspection	100	100	100	100
Plan submittals	65	70	70	70
Unit inspections	15	15	15	15
Manufactured seals	500	500	500	500
Manufactured Home Services				
Dealer lot inspections	110	110	110	110
Consumer complaints	70	70	70	70
Resolved	40	40	40	40
Pending	30	30	30	30
Units distributed	2,500	2,500	2,500	2,500
Licenses issued	160	170	170	170

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: STATE BUILDING CODE

PROGRAM: PROPERTY MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	754.0	983.9	938.9	977.5	148.0	1,125.5	1,125.5	984.2	148.0	1,132.2	1,132.2
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	754.0	983.9	938.9	977.5	148.0	1,125.5	1,125.5	984.2	148.0	1,132.2	1,132.2
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	630.7	718.8	708.4	732.6	115.0	847.6	847.6	732.6	115.0	847.6	847.6
EXPENSES & CONTRAC. SERV	110.7	185.8	222.5	236.9	31.0	267.9	267.9	243.6	31.0	274.6	274.6
SUPPLIES & MATERIALS	10.8	10.1	8.0	8.0	2.0	10.0	10.0	8.0	2.0	10.0	10.0
EQUIPMENT	1.8	69.2									
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	754.0	983.9	938.9	977.5	148.0	1,125.5	1,125.5	984.2	148.0	1,132.2	1,132.2
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	754.0										
SP REV DIRECT APPROP		983.9	938.9	977.5	148.0	1,125.5	1,125.5	984.2	148.0	1,132.2	1,132.2
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	754.0	983.9	938.9	977.5	148.0	1,125.5	1,125.5	984.2	148.0	1,132.2	1,132.2
POSITIONS BY FUND											
GENERAL	18.0										
SP REV DIRECT APPROP		18.0	18.0	18.0	3.0	21.0	21.0	18.0	3.0	21.0	21.0
TOTAL POSITIONS	18.0	18.0	18.0	18.0	3.0	21.0	21.0	18.0	3.0	21.0	21.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: BUILDING CODE
 PROGRAM: PROPERTY MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Value of projects reviewed (dollars)	\$450,000.0	\$400,000.0	\$400,000.0	\$400,000.0
Number of projects	602	550	550	550
Meetings and plan consultations	578	500	500	500
Preliminary reviews	296	350	350	350

RATIONALE:

Statutory response time on plan review is 30 days. Currently the response time is 45 days and longer on large projects. The review does not include a structural review since the section does not have a structural engineer on staff. The turnaround time and quality is subpar due to high workload and inadequate staffing level. The review process involves preliminary meetings with designers and owners regarding concept and procedure; however, this necessary activity has been severely curtailed. The level of staffing requested would be adequate except at peak levels. The software necessary for plan review programs and document management is necessary for plan review procedure to reduce the time of processing plans, to establish a uniform base for consistent review, and to provide consistent, accurate and timely tracking of project status. The code programs are to be networked with other governmental agencies.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

Request Title: PLAN REVIEW FOR PUBLIC BUILDINGS	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
Special Revenue -				
Direct Appropriations	\$148.0	3.0	\$148.0	3.0
Governor's Recommendation				
Special Revenue	\$148.0	3.0	\$148.0	3.0

Request requires statutory change: Yes No
 Statutes Affected:

STATEMENT OF REQUESTS/OBJECTIVE:

The agency requests funds to reestablish a staffing level to meet statutory responsibilities in the review of construction design documents and coordination of plans for all public funded and licensed structures. This request will also provide additional support services for the division's information management system. The objective is to assure that all structures are adequately designed to meet minimum requirements of the State Building Code for fire/life safety and welfare (energy, handicapped, etc.) in a timely manner.

DESCRIPTION/BACKGROUND:

Currently, the division reviews plans and specifications for approximately 500 projects annually with a construction cost of approximately \$400,000,000. The section staff currently consists of 1 supervisor and 2 plan examiners. The 1981 staffing level was 1 supervisor and 4 plan examiners and was adequate to meet a lesser work demand. The information management system current funding meets minimal operational needs but does not permit the addition of software needed for plan review function, i.e. code content, automated plan review evaluation programs and product and systems research documentation programs.

ACTIVITY: BUILDING CONSTRUCTION
 Program: PROPERTY MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

ACTIVITY OBJECTIVE AND DESCRIPTION:

To provide professional and technical services for construction, remodeling and physical plant improvement projects in an efficient and effective manner so that savings can be realized in these capital improvement programs. Forty-three state institution campuses and numerous individually located state-owned buildings are served in 4 ways.

- Administrative Management of Consultant Designed Projects: This activity provides supervision of the preparation of plans and specifications and oversight of the construction alteration and improvement of state buildings, structures and grounds.
- In-House Design and Management of Construction Projects: This activity designs, prepares plans and specifications for bid and supervises construction projects. Projects include remodeling, maintenance, repairs and improvements on state buildings. It also responds to emergency breakdowns and physical plant operations state-wide, and it provides professional and technical services to remove asbestos and other hazardous materials from state-owned buildings.
- Professional and Technical Consulting Service: This activity provides a wide range of services to regular user agencies, to the Department of Military Affairs, the University of Minnesota, the State University System and other governmental units. Such services include physical facilities surveys, accessibility surveys for the physically handicapped, construction cash flow projections, program and space planning, physical plant operations, construction contract administrative procedures, feasibility studies, construction budget analysis, on-site visitations, preparation of a monthly statewide projects status report, capital improvement budget preparation for the Capitol Complex buildings, capital improvement budget assistance to other state agencies, advice to the Capitol Area Architectural and Planning Board (CAAPB), care and improvements to the Governor's mansion and liaison and coordination of the asbestos lawsuit.
- Designer Selection Board: This activity provides staff support to the Designer Selection Board so that it can meet its statutory responsibility to select designers in a timely manner.

BENEFITS:

- Assures that project costs remain within the funds available.
- Problems encountered on one project are avoided on subsequent projects.
- Agencies realize cost savings because outside designers require higher fees for projects typically handled in-house.
- Agencies benefit from the expertise in the Division of State Building Construction (DSBC) since agencies typically do not have this expertise on their staffs.
- Agencies are provided with advice regarding solutions that will fit into their budgets.
- Capital expenditures are controlled and coordinated.
- Selection of architects is made on the basis of qualifications and pre-established criteria, creating an apolitical selection process.

ACCOMPLISHMENTS:

- Revised the "Red Book" which is the compilation of all state procedures relating to building design and construction.
- Completed on time a major building program for Iron Range Resources and Rehabilitation Board at their Ironworld USA facility.
- DSBC involvement has allowed the following major projects to remain on schedule:
 - Judicial Building,
 - Centennial Building remodeling,
 - Brainerd Service Center, and
 - Shakopee Correctional Facility.
- Guidelines for the removal of asbestos have been developed for state buildings.
- In order to facilitate the History Center project and Phase V Metro Community College, DSBC handled in-house the plans and specifications for the asbestos removal and the demolition of Miller Hospital and Memorial Hall, respectively. Cost savings to the state amount to \$75,000 on asbestos removal and demolition projects to date.
- On an urgent basis (30 days), the DSBC staff prepared plans and specifications for a \$150,000 warehouse structure to be constructed outside the security area at Minnesota Correctional Facility, Lino Lakes.
- Program developed for recording roof leaks at the Supervised Living Facility at St. Peter State Hospital to facilitate warranty repairs.
- "Fast tracked" the Fuller Avenue street removal project so it could be completed by 1986 Taste of Minnesota event.
- Assisted the CAAPB in the successful preparation of competition documents and in the conduct of the competition for the following major projects:
 - State History Center, and
 - Capitol Mall landscaping.
- Continues to serve as the coordinator for the state in its litigation against the manufacturers and suppliers of asbestos.
- Expanded the testing and surveying M-Contract program to include more contractors and to allow use by a larger number of state agencies.
- The 23 designers selected by the Designer Selection Board in F.Y. 1986 included 5 who had not had previous state projects.

ACTIVITY: BUILDING CONSTRUCTION
 (Continuation)
 Program: PROPERTY MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

EFFECTIVENESS MEASURES:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
<u>Consultant Designed Projects</u>				
Number of projects	292	310	310	310
Dollar volume (millions)	\$ 88.8	\$ 180	\$ 180	\$ 180
Design contracts awarded to small businesses (number & percent)	94 66%	105 65%	115 65%	130 65%
Design contracts awarded to SED businesses (number & percent)	27 19%	30 25%	30 25%	35 25%
DSBC hours per project (consultant projects)	109	140	174	174
DSBC hours per project (in-house projects)	160	220	280	280
DSBC administrative cost (percent)	.2%	.5%	.5%	.5%
Invoices paid within 30 days (percent)	98%	98%	98%	98%
<u>In-House Projects</u>				
Number of projects	94	115	115	115
Dollar volume (millions)	\$ 6.2	\$ 7.5	\$ 7.5	\$ 7.5
In-house design cost (percent)	4.7%	6%	6%	6%
<u>Professional and Technical Consulting Services</u>				
Staff hours available	2,240	3,000	3,000	3,000
<u>Designer Selection Board</u>				
Number of designers selected	23	15	15	15
Proposals reviewed	334	240	240	240
DSBC staff hours required	542	400	400	400
Time needed for selection (days)	41	41	41	41

ISSUES:

1. DSBC staff resources are inadequate to meet the demands of the project workload. In F.Y. 1986, DSBC staff were able to spend 10,601 hours on all consultant managed projects. A total of 292 such projects were managed. Each project should have averaged 174 hours of staff time. Adequate staffing would have required 50,800 hours of staff time; DSBC had only 10,600 hours to commit to these projects. Thus, projects are staffed at 20% of the desirable level. The result is inadequate oversight in certain steps of project management.
2. DSBC no longer has professional services available in civil engineering or in landscape architecture. There is only 1 mechanical and 1 electrical engineer. Consequently, many projects have to be processed through outside consultants at much higher costs.

3. Small projects are a burden to most outside consultants who have no background or experience with institutional-type work. They are reluctant to work for "normal" fee consideration and, as a result, project budgets are stretched far beyond DSBC cost.
4. Over the years, the need for professional and technical consulting services to state agencies has increased. This has occurred because: a) budget reductions have reduced agency technical staff needed to maintain state buildings; b) CAAPB design competitions require assistance; c) staff reductions have resulted in the Minnesota Zoo's being more reliant on DSBC; d) statewide asbestos litigation and removal needs have required a significant coordinating role in the asbestos area; and e) other agencies have increased their use of DSBC contracts for surveys, testing and investigation.
5. Increasing concern about asbestos in state buildings is requiring significantly more time to be spent dealing with this problem.

<u>ACTIVITY STATISTICS:</u>	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Number of invoices processed	2,915	3,100	3,200	3,200
Number of supplements processed	601	700	750	800
Number of design contracts prepared	68	80	100	120
Number of M-Contracts	42	48	55	60

<u>CHANGE REQUESTS:</u>	F.Y. 1988	F.Y. 1989	Type
Coordination and Supervision of Building Projects This request is from the Special Revenue Fund. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 327.7	\$ 352.7	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: BUILDING CONSTRUCTION

PROGRAM: PROPERTY MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,008.1	2,940.6	991.5	1,071.3	327.7	1,399.0	1,399.0	1,071.3	352.7	1,424.0	1,424.0
LOCAL ASSISTANCE		.7									
AIDS TO INDS.											
TOTAL EXPENDITURES	1,008.1	2,941.3	991.5	1,071.3	327.7	1,399.0	1,399.0	1,071.3	352.7	1,424.0	1,424.0
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	879.9	804.2	884.5	964.3	280.1	1,244.4	1,244.4	964.3	280.1	1,244.4	1,244.4
EXPENSES & CONTRAC. SERV	114.1	271.3	100.7	100.7	46.0	146.7	146.7	100.7	71.0	171.7	171.7
SUPPLIES & MATERIALS	5.3	67.7	6.3	6.3	1.6	7.9	7.9	6.3	1.6	7.9	7.9
EQUIPMENT	2.3	.4									
OTHER EXPENSE ITEMS	6.5	1,797.0									
TOTAL STATE OPERATIONS	1,008.1	2,940.6	991.5	1,071.3	327.7	1,399.0	1,399.0	1,071.3	352.7	1,424.0	1,424.0
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	989.3	614.4	679.4	759.2		759.2	759.2	759.2		759.2	759.2
SP REV DIRECT APPROP					327.7	327.7	327.7		352.7	352.7	352.7
GAME AND FISH	9.9	11.9									
BUILDING		286.1	312.1	312.1		312.1	312.1	312.1		312.1	312.1
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE		2,022.8									
GIFTS AND DEPOSITS	.2	1.8									
FEDERAL	8.7	4.3									
TOTAL FINANCING	1,008.1	2,941.3	991.5	1,071.3	327.7	1,399.0	1,399.0	1,071.3	352.7	1,424.0	1,424.0
POSITIONS BY FUND											
GENERAL	21.0	15.0	15.0	15.0		15.0	15.0	15.0		15.0	15.0
SP REV DIRECT APPROP					6.0	6.0	6.0		6.0	6.0	6.0
BUILDING		7.0	7.0	7.0		7.0	7.0	7.0		7.0	7.0
TOTAL POSITIONS	21.0	22.0	22.0	22.0	6.0	28.0	28.0	22.0	6.0	28.0	28.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: BUILDING CONSTRUCTION
 PROGRAM: PROPERTY MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

Request Title: COORDINATING AND MONITORING BUILDING PROJECTS				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Special Revenue - Direct Appropriations	\$327.7	6.0	\$352.7	6.0
Governor's Recommendation				
Special Revenue	\$327.7	6.0	\$352.7	6.0
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVES:

This request is for \$327,700 in F.Y. 1988 and \$352,700 in F.Y. 1989 and 6 positions from the Special Revenue Fund. The request will reduce the gap between the minimal level of service it now provides in some areas and the amount that must be provided to more properly serve its clients. A rider is also requested to allow \$25,000 in F.Y. 1988 and \$50,000 in F.Y. 1989 of this request for development of a building project tracking and database system to be spent in either year of the biennium.

DESCRIPTION/BACKGROUND:

Budget reductions over recent biennia have had a deleterious effect on physical plant facilities statewide. In an effort to avoid sacrifice of program operations, indirect care and support staff have suffered disproportionately. A general increase in building-related problems has resulted. Maintenance and repairs have suffered, creating an increased demand for timely response from the Division of State Building Construction (DSBC) to address a multitude of repair projects that result from neglect.

The past elimination of 6 positions so severely weakened DSBC's staff complement that it was forced to hire more costly consultants on projects that it routinely would handle in-house. Services which were previously done without cost to client agencies were suddenly costing upward of 15% more because of outside consultant services. In addition, consultants were not able to efficiently or effectively serve the state's needs on small projects. This brought about more claims and litigious conditions than ever before experienced in DSBC history. The acute demand on staff professional time handling small

projects with consultants has created time demand problems on all projects to the point that many receive inadequate and untimely consideration regarding building code issues, value engineering, plan reviews, consultant evaluations and on-site inspections.

This request is made from the Special Revenue Fund to reflect proportional amounts of time spent on building code considerations in the division. There are adequate building code revenues to finance this request.

RATIONALE:

Inadequate funding of physical plant needs at the local level has increased the demand for professional services that can best be provided by a multi-disciplined and experienced staff. By not increasing staff to deal with the demand, however, there results a diminished opportunity to perform effectively. In areas where life and limb can be affected, providing insufficient professional support service is tantamount to negligence on the part of the provider. The quality of service is impacted heavily by a reduced staff. In order to provide this adequate quality of service based on present and future needs, this increase is necessary. Due to the efforts of the division, the state has experienced no catastrophic incidents resulting from past conditions. Because of the potential for oversights which could lead to such situations, DSBC can no longer continue to accelerate work by cutting hours applied to user agency projects in an attempt to keep up with the demand. In order that their needs be met, it is necessary that this request be approved.

If this budget request is not provided, DSBC will have to cease providing in-house planning and design services on all but its reroofing, asbestos removal and demolition projects. This means that such projects as mechanical and electrical equipment upgrades, caulking, space remodeling, computer accommodations and changed occupancies will not be done in-house. Instead, these small projects will have to be designed by consultants at much greater cost to the state or by the other agencies without oversight or guaranteed attention to building code and asbestos concerns. In-house staff time would then be channeled to consultant contract administration.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

ACTIVITY: ENERGY CONSERVATION
 Program: PROPERTY MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

ACTIVITY OBJECTIVE AND DESCRIPTION:

The purpose of the Energy Conservation activity is to: 1) convert state-owned facilities to burn Minnesota fuel; 2) conduct energy surveys to improve building operation; 3) monitor energy use and establish an energy cost and consumption history; 4) print energy reports for each state-owned facility; 5) establish preventative maintenance programs for state facilities; 6) provide computerized roof programs to identify location or concentration of high roof moisture areas; and 7) provide continuing education programs for physical plant and maintenance personnel. The division's objectives are to promote the usage of alternative Minnesota energy sources in state programs and to utilize the lowest available fuel costs; annually convert state facilities to burn wood, peat or other Minnesota-purchased fuel by using financing from the private sector and to use cogeneration systems; continue to reduce consumption of fuels through effective conservation measures; establish preventative maintenance programs in agencies that operate heating plants; and assist and train physical plant and maintenance personnel to operate and service state heating plants. Statutory authority for this activity is found in M.S. 16B.16 and M.S. 116J.21.

BENEFITS:

- ° By establishing preventative maintenance programs, agencies can reduce major repairs on equipment and eliminate major downtime of equipment, minimizing discomfort levels for patients, inmates and other building occupants.
- ° Over \$15 million per year in energy savings is being realized in state buildings due to the activities of this division.
- ° Expertise and information regarding energy usage and savings are available to all state agencies throughout the state.

ACCOMPLISHMENTS:

1. Three complexes were surveyed for preventative maintenance scheduling.
2. Preventative maintenance programs for 8 agencies have been implemented.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Total energy savings (MMBTU)	1,612,331	1,709,071	1,811,615	1,920,312
Total dollar savings based on F.Y. 1973 consumption and current year cost	\$13,556.4	\$14,912.0	\$16,403.2	\$18,043.6
Cogeneration projects	0	1	2	2

EFFECTIVENESS MEASURES: (Contd.)

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Total number of agencies with preventative maintenance programs	8	10	12	14
Roof analyses per year	20	100	100	100
Accumulated number of buildings retrofitted	900	920	940	960
Total state-owned wood conversion systems and district heating projects	17	21	25	29

ISSUES:

1. A 1984 legislative mandate required the status of steam traps in state-owned facilities to be evaluated. By developing a steam trap program, higher energy costs due to poorly operating steam traps, as identified in the study, can be avoided. Replacing steam traps and training personnel to monitor steam traps will definitely provide a payback. See the CHANGE level request which follows.
2. How can energy savings in buildings throughout the state be maximized? Funding used for a physical plant personnel training program would seek to eliminate dependency on outside vendors to service building energy needs and enable state personnel to maximize energy usage in state buildings. See the CHANGE level request which follows.

CHANGE REQUESTS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Steam Trap Program and Energy Training for State Building Operators See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 92.5	\$ 92.5	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: ENERGY CONSERVATION

PROGRAM: PROPERTY MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	231.0	233.6	232.3	230.1	92.5	322.6	230.1	230.1	92.5	322.6	230.1
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	231.0	233.6	232.3	230.1	92.5	322.6	230.1	230.1	92.5	322.6	230.1
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	186.1	190.7	173.1	170.9	30.0	200.9	170.9	170.9	30.0	200.9	170.9
EXPENSES & CONTRAC. SERV	41.4	39.4	56.2	56.2	42.5	98.7	56.2	56.2	42.5	98.7	56.2
SUPPLIES & MATERIALS	3.5	3.5	3.0	3.0	20.0	23.0	3.0	3.0	20.0	23.0	3.0
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	231.0	233.6	232.3	230.1	92.5	322.6	230.1	230.1	92.5	322.6	230.1
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	231.0	233.6	232.3	230.1	92.5	322.6	230.1	230.1	92.5	322.6	230.1
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	231.0	233.6	232.3	230.1	92.5	322.6	230.1	230.1	92.5	322.6	230.1
POSITIONS BY FUND											
GENERAL	5.0	5.0	5.0	5.0		5.0	5.0	5.0		5.0	5.0
TOTAL POSITIONS	5.0	5.0	5.0	5.0		5.0	5.0	5.0		5.0	5.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: ENERGY CONSERVATION
 PROGRAM: PROPERTY MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

Request Title: STEAM TRAP PROGRAM AND ENERGY TRAINING				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 92.5	-0-	\$ 92.5	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funding to develop a steam trap improvement program for state-owned buildings and to provide training workshops to aid state building managers and operators in applying this and other energy cost-savings programs to their buildings. The objective is to reduce the steam energy losses due to defective and poorly maintained steam traps and to utilize state personnel to repair many systems that are now on full-service maintenance contracts.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Number of state facilities implementing steam trap programs	0	0	5	5
Number of state building operators trained	0	0	60	150
Decrease in BTU consumption	0	0	4%	8%
Energy cost avoidance	0	0	\$ 656.1	\$1,443.4

DESCRIPTION/BACKGROUND:

1. The steam trap request is the result of a F.Y. 1984 legislative mandate to identify the status of steam traps in state-owned facilities. The recommendation from this study is for the State of Minnesota to develop a program that will:

- a) increase the awareness of the extent of poorly maintained steam traps;
- b) train building operators;
- c) provide site specific recommendations;
- d) procure steam trap testing equipment, repair parts for steam traps and replacement steam traps; and
- e) annually account for and evaluate the steam trap program for the next 5 years with state-owned buildings.

2. The training program will be developed with the vocational schools to teach all the physical plant engineers and maintenance people to service the pneumatic and electric temperature control systems. Training programs will also deal with servicing equipment and installing additional control points with minimal supervision from the manufacturer. Safe removal and disposition of asbestos insulation will also be taught.

RATIONALE:

1. The major findings of the 1984 "Status of Steam Traps in State-Owned Buildings" report were:
 - a) the level of maintenance afforded steam traps in the survey facilities ranged from fair to nonexistent; there is a need for significant improvement; and
 - b) repair or replacement of the malfunctioning traps would reduce steam generating costs by 2-12%. In terms of 1983 dollars, the total cost for generating steam in state-owned buildings was about \$10,000,000 with a potential savings range from \$162,000 to \$1,135,000.

This pilot demonstration program is the first step in realizing some of the major savings available from increasing the efficiency of steam trap operation and maintenance.

2. Training of state building personnel can produce savings in maintenance budgets that can be used to upgrade or replace equipment where funds would not normally be available.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

PROGRAM PURPOSE:

The purpose of the Administrative Management Program is to provide centralized leadership and management to the department, to conduct management and program analysis projects statewide, to provide basic support services to the department's operating divisions, to provide financial assistance to public television and public radio stations throughout the state and to fund basic costs of the Minnesota State Band.

OPERATION:

Fiscal and Personnel Services provide basic support services in budgeting, accounting, union contract administration, employee benefits and many other areas to all managers and employees in the department.

Management Analysis conducts management studies and organizational development for the Legislature, for state agencies and for the Governor. The purpose of these projects is to provide analysis and proposals for improving the efficiency and effectiveness of state government.

Executive Support provides commissioner-level management and leadership to the department. It also funds costs of the Minnesota State Band.

Public Broadcasting provides financial assistance to public television stations and public radio stations throughout the state. The financial assistance supports station operations by providing block grants and matching grants. In addition to operational support, equipment grants finance equipment needs for both television and radio stations.

RECENT BUDGET HISTORY:

1. Budget reductions in Management Analysis prevent an adequate response to agency requests for assistance. In turn, demand from agencies for assistance has increased since budget reductions have required them to analyze how to do more with less.
2. Management Analysis was authorized by the 1985 Legislature to supplement its general fund activities with a fee-for-service authority. This authority has been successfully implemented during the current biennium.
3. Budget reductions forced the elimination of the Employee Suggestion System. Employees no longer have a centralized place to submit their ideas for improvements and to receive an incentive reward for their efforts.
4. Budget reductions have diminished the amount of money available to meet equipment needs of both public television and public radio stations. In addition, an arbitrary survey of public radio listeners could not be done because of budget reductions.

EXPLANATION OF BUDGET REQUEST:

Five CHANGE items are requested for this program: 1) \$145,400 in F.Y. 1988 and \$137,400 in F.Y. 1989 and 4.0 positions are requested for coordinating computer development and providing administrative support services; 2) \$110,000 in F.Y. 1988 and \$105,000 in F.Y. 1989 are for matching salaries for mobility assignment personnel to work on the Strive Toward Excellence in Performance (STEP) program; 3) \$1,250,000 per year and 1.5 positions to establish a Productivity Loan Fund; 4) \$615,400 in F.Y. 1988 and \$597,400 in F.Y. 1989 for Public Broadcasting operating and equipment grants; and 5) \$200,000 in F.Y. 1988 to help complete the renovation of the World Theater in St. Paul.

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$200.0 in F.Y. 1988 to help complete the World Theater in St. Paul. While the remainder of the request has merit, other spending priorities preclude additional funding.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: ADMINISTRATIVE MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
FISCAL & PERSONNEL SERVICES	1,057.1	932.1	861.7	949.2	388.9	1,338.1	949.2	972.2	389.5	1,361.7	972.2
MANAGEMENT ANALYSIS	725.5	822.3	928.5	955.8	1,360.0	2,315.8	955.8	955.8	1,355.0	2,310.8	955.8
EXECUTIVE SUPPORT	602.0	556.1	559.3	519.2		519.2	519.2	519.2		519.2	519.2
PUBLIC BROADCASTING	3,080.4	2,267.4	1,808.9	1,978.8	822.4	2,801.2	2,178.8	1,978.8	601.0	2,579.8	1,978.8
TOTAL	5,465.0	4,577.9	4,158.4	4,403.0	2,571.3	6,974.3	4,603.0	4,426.0	2,345.5	6,771.5	4,426.0
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	2,382.6	2,308.5	2,347.5	2,422.2	573.9	2,996.1	2,422.2	2,445.2	566.5	3,011.7	2,445.2
LOCAL ASSISTANCE	3,082.4	2,269.4	1,810.9	1,980.8	7.0	1,987.8	1,980.8	1,980.8	3.6	1,984.4	1,980.8
AIDS TO INDS.					1,990.4	1,990.4	200.0		1,775.4	1,775.4	
TOTAL EXPENDITURES	5,465.0	4,577.9	4,158.4	4,403.0	2,571.3	6,974.3	4,603.0	4,426.0	2,345.5	6,771.5	4,426.0
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	4,872.2	4,090.7	3,609.1	3,853.7	2,571.3	6,425.0	4,053.7	3,876.7	2,345.5	6,222.2	3,876.7
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	24.7	82.8	215.6	215.6		215.6	215.6	215.6		215.6	215.6
AGENCY	239.0	227.5	246.0	246.0		246.0	246.0	246.0		246.0	246.0
GIFTS AND DEPOSITS	329.1	176.9	87.7	87.7		87.7	87.7	87.7		87.7	87.7
TOTAL FINANCING	5,465.0	4,577.9	4,158.4	4,403.0	2,571.3	6,974.3	4,603.0	4,426.0	2,345.5	6,771.5	4,426.0
POSITIONS BY FUND:											
GENERAL	43.0	44.0	44.0	44.0	5.5	49.5	44.0	44.0	5.5	49.5	44.0
SPECIAL REVENUE		4.0	4.0	4.0		4.0	4.0	4.0		4.0	4.0
GIFTS AND DEPOSITS	1.0	1.0	1.0	1.0		1.0	1.0	1.0		1.0	1.0
TOTAL POSITIONS	44.0	49.0	49.0	49.0	5.5	54.5	49.0	49.0	5.5	54.5	49.0

ACTIVITY: FISCAL AND PERSONNEL SERVICES
 Program: ADMINISTRATIVE MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

ACTIVITY OBJECTIVES AND DESCRIPTION:

To provide timely and accurate financial services while conforming to Generally Accepted Accounting Principles (GAAP); to administer the personnel program for the entire department.

Fiscal Services provides a centralized and integrated accounting system for Department of Administration (DOA) revolving funds and general fund activities. It also provides fiscal support to the Governor's Office, the Council on Black Minnesotans, the Citizens' Committee on Voyageurs National Park, Council on Spanish Speaking People, Council on Asian/Pacific Minnesotans, Board of Public Defense and the Capitol Area Architectural and Planning Board. Transactions are processed in the areas of purchasing, disbursements, billings, collections and other basic fiscal services.

Personnel Services provides personnel services to DOA management and to all DOA employees. Services include labor relations, employee training and development, performance appraisal assistance, recruitment, affirmative action, classification, safety administration, employee counseling, payroll and processing of personnel transactions. This division also directs the Affirmative Action Program, the Safety Program and the Employee Development Program. It represents the department in labor relations and coordinates all actions between the Department of Employee Relations and DOA.

BENEFITS:

- ° Centralized, coordinated and integrated fiscal and personnel services are provided to DOA managers and employees in order to assure efficient service and procedural control.
- ° Conformity with Generally Accepted Accounting Principles (GAAP) is assured.
- ° Professional services regarding budgeting, accounting, transactions, bargaining unit contracts, pay and benefits and counseling are provided.

ACCOMPLISHMENTS:

1. Automation of financial statements.
2. Preparation of a Fiscal Procedures Manual.
3. Development of a new employee orientation program.
4. Conversion of Plant Management to a revolving fund.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Percent of financial statements conforming to GAAP	100%	100%	100%	100%
Turnaround time on receipts, allotments, encumbrances, expenditures, and staffing documents	4 days	3 days	3 days	3 days
Number of audit exceptions		3	3	3

ACTIVITY STATISTICS:

Reclassification requests	66	70	70	70
Vacancies filled	212	220	220	220
Informational sessions offered	5	5	6	6
Career counseling sessions	80	80	80	80
Grievances filed	17	15	15	15

CHANGE REQUEST:

	F.Y. 1988	F.Y. 1989	Type
Unfunded Liabilities and Needs See the CHANGE request sheet following the agency fiscal sheet.	\$ 243.5	\$ 252.1	Agency Wide
Information Systems and Administrative Services Support See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 145.4	\$ 137.4	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: FISCAL & PERSONNEL SERVICES

PROGRAM: ADMINISTRATIVE MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,057.1	932.1	861.7	949.2	388.9	1,338.1	949.2	972.2	389.5	1,361.7	972.2
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	1,057.1	932.1	861.7	949.2	388.9	1,338.1	949.2	972.2	389.5	1,361.7	972.2
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	678.4	724.5	731.1	786.2	115.5	901.7	786.2	786.2	115.5	901.7	786.2
EXPENSES & CONTRAC. SERV	231.1	89.6	86.7	119.1	10.4	129.5	119.1	142.1	10.4	152.5	142.1
SUPPLIES & MATERIALS	54.4	26.6	18.9	18.9	245.0	263.9	18.9	18.9	253.6	272.5	18.9
EQUIPMENT	93.2	28.4	25.0	25.0	18.0	43.0	25.0	25.0	10.0	35.0	25.0
OTHER EXPENSE ITEMS		63.0									
TOTAL STATE OPERATIONS	1,057.1	932.1	861.7	949.2	388.9	1,338.1	949.2	972.2	389.5	1,361.7	972.2
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	728.0	771.3	779.0	866.5	388.9	1,255.4	866.5	889.5	389.5	1,279.0	889.5
DEDICATED APPROPRIATIONS:											
GIFTS AND DEPOSITS	329.1	160.8	82.7	82.7		82.7	82.7	82.7		82.7	82.7
TOTAL FINANCING	1,057.1	932.1	861.7	949.2	388.9	1,338.1	949.2	972.2	389.5	1,361.7	972.2
POSITIONS BY FUND											
GENERAL	22.0	23.0	23.0	23.0	4.0	27.0	23.0	23.0	4.0	27.0	23.0
GIFTS AND DEPOSITS	1.0	1.0	1.0	1.0		1.0	1.0	1.0		1.0	1.0
TOTAL POSITIONS	23.0	24.0	24.0	24.0	4.0	28.0	24.0	24.0	4.0	28.0	24.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: FISCAL AND PERSONNEL SERVICES
 PROGRAM: ADMINISTRATIVE MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

Request Title: INFORMATION SYSTEMS AND ADMINISTRATIVE SERVICES SUPPORT				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$145.4	4.0	\$137.4	4.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVES:

This request is to establish an administrative services and information systems support unit in the department.

DESCRIPTION/BACKGROUND:

Although the Department of Administration is responsible for providing a wide variety of services to agencies statewide, and perhaps because of this fact, the agency has no in-house staff to coordinate and provide the basic information system and administrative support functions that are a necessary part of operating a state agency. As is true in other state agencies, DOA is experiencing a growth in usage of large and small information systems. Yet, there is no internal ability to guide these developments or to help evaluate the cost-effectiveness of hardware, software and application proposals. Other important functions that do not receive the central coordination that they should are: fixed asset management, records management; contract management; printing, telephone, travel, and purchasing coordination; agency relations; statewide Metropolitan Transit Commission (MTC) buscard administration; office automation; MIS planning; and policy, procedure, and rule writing.

RATIONALE:

In-house computer expertise is a necessary part of doing business today. It will save money and improve effectiveness in the long run by ensuring that cost-effective information system purchases are made, that applications are well designed, that systems are compatible, and that applications are integrated. Coordination and central management of basic administrative functions will provide for effective operations throughout the department.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

ACTIVITY: MANAGEMENT ANALYSIS
 Program: ADMINISTRATIVE MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY OBJECTIVE AND DESCRIPTION:

To improve the productivity and quality of state government services. The Management Analysis Division (MAD) provides state-of-the-art management consultation and technical assistance to the Governor, Legislature and state agencies. Work requested by the Governor, Legislature, Commissioner of Administration and statewide productivity improvement efforts are funded by the general fund. Work requested by state agencies are covered by a special revenue fund. The statutory authority for this activity is found in M.S. 1984, 16B.04, Subd. 2; 16B.36; 16B.37; 16B.38; 16B.39; and 16B.48.

BENEFITS:

- ° Developing and piloting innovative productivity techniques enable the Governor, Legislature and state agencies to more cost effectively provide quality services.
- ° Legislative studies provide the Legislature with reliable information to enable it to make effective public policy and management decisions.
- ° Consultation and technical assistance to state agencies provide agencies with courses of action to improve their operations, better target their program efforts and maximize their resources.
- ° The division provides management support to newly created agencies and agencies experiencing management problems.

ACCOMPLISHMENTS:

1. Developed an innovative productivity improvement program--Strive Toward Excellence in Performance (STEP)--with 40 pilot projects in 22 state agencies. Recruited over 125 public and private sector partners to assist pilot projects. Received a national award for innovation in state and local government from Harvard University and the Ford Foundation.

2. Conducted 10 legislative studies including:

Public Utilities Commission: resulted in tightening of ethical code for commissioners and staff, restructuring of the commission, and development of improved management systems and internal policies and procedures.

Hire/Fire Study: proposed structural changes and improved procedures for speeding the state's hiring and firing of employees.

Faribault Academies: provided options for changing the governance of the academies and recommended internal management changes.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

3. Responded to 19 requests for management consultation and technical assistance from state agencies in F.Y. 1986. Clients have included Jobs and Training, Trade Office, Human Services, Natural Resources, Administration, Public Utilities Commission, Crime Victimization Board, Welfare Reform Commission and the Medical Examiners Board.
4. Provided management support and direction to the newly created Asian/Pacific Council, the Department of Human Rights, and the state Humane Society after it suspended operations in April 1986.

EFFECTIVENESS MEASURES

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Percent of satisfactory ratings from clients	80%	85%	85%	85%
Percent of STEP projects with measurable results	75%	75%	75%	75%

ISSUES:

1. Budget cuts forced the elimination of the State Employees Suggestion System in F.Y. 1987. Agencies have been encouraged to set up their own systems using savings from employees' suggestions to pay awards.
2. We have kept 2.0 general fund positions vacant because of budget cuts. These positions could have been used to provide services to smaller agencies and agencies experiencing serious budget problems.
3. The continuation and expansion of the STEP program will require additional resources to meet the expectations of state managers and employees.
4. State agencies are unable to finance productivity improvement projects which have substantial investments but which reduce operating costs over the long term.

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
<u>Work by client groups</u>				
Governor and Statewide Programs	52%	40%	35%	30%
Legislature	20%	10%	10%	10%
Department of Administration	8%	20%	20%	20%
State agencies	12%	25%	30%	35%
Ongoing programs*	8%	5%	5%	5%

*Includes State Suggestion System, Reorganization Orders, etc.

CHANGE REQUESTS:

	F.Y. 1988	F.Y. 1989	Type
STEP Program	\$ 110.0	\$ 105.0	Activity
Productivity Loan Fund	1,250.0	1,250.0	Specific

See the CHANGE request sheets following the fiscal sheet for this activity.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: MANAGEMENT ANALYSIS

PROGRAM: ADMINISTRATIVE MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	725.5	822.3	928.5	955.8	185.0	1,140.8	955.8	955.8	177.0	1,132.8	955.8
LOCAL ASSISTANCE											
AIDS TO INDS.						1,175.0			1,178.0	1,178.0	
TOTAL EXPENDITURES	725.5	822.3	928.5	955.8	1,360.0	2,315.8	955.8	955.8	1,355.0	2,310.8	955.8
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	408.1	472.6	551.6	578.9	110.0	688.9	578.9	578.9	110.0	688.9	578.9
EXPENSES & CONTRAC. SERV	310.6	325.6	363.0	363.0	67.5	430.5	363.0	363.0	64.5	427.5	363.0
SUPPLIES & MATERIALS	6.8	6.8	8.4	8.4	2.5	10.9	8.4	8.4	2.5	10.9	8.4
EQUIPMENT		17.3	2.3	2.3	5.0	7.3	2.3	2.3		2.3	2.3
OTHER EXPENSE ITEMS			3.2	3.2		3.2	3.2	3.2		3.2	3.2
TOTAL STATE OPERATIONS	725.5	822.3	928.5	955.8	185.0	1,140.8	955.8	955.8	177.0	1,132.8	955.8
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	461.8	495.9	461.9	489.2	1,360.0	1,849.2	489.2	489.2	1,355.0	1,844.2	489.2
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	24.7	82.8	215.6	215.6		215.6	215.6	215.6		215.6	215.6
AGENCY	239.0	227.5	246.0	246.0		246.0	246.0	246.0		246.0	246.0
GIFTS AND DEPOSITS		16.1	5.0	5.0		5.0	5.0	5.0		5.0	5.0
TOTAL FINANCING	725.5	822.3	928.5	955.8	1,360.0	2,315.8	955.8	955.8	1,355.0	2,310.8	955.8
POSITIONS BY FUND											
GENERAL	12.0	12.0	12.0	12.0	1.5	13.5	12.0	12.0	1.5	13.5	12.0
SPECIAL REVENUE		4.0	4.0	4.0		4.0	4.0	4.0		4.0	4.0
TOTAL POSITIONS	12.0	16.0	16.0	16.0	1.5	17.5	16.0	16.0	1.5	17.5	16.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: MANAGEMENT ANALYSIS
 PROGRAM: ADMINISTRATIVE MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

Request Title: STEP PROGRAM MATCHING FUNDS				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$110.0	-0-	\$105.0	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVES:

STEP (Strive Toward Excellence in Performance) is an experimental program to improve the productivity and quality of state government services. The program began in 1985. Its steering committee, comprised of executives from state government, labor, business, academia, and the not-for-profit sector, is co-chaired by the Governor and a business executive. Since 1985, the steering committee has selected 40 pilot projects from over 300 proposals submitted by state managers and employees.

Administrative costs of the program have been paid for by in-kind contributions from state agencies and private sector grants. This request is for funds to match private and state agency contributions for the next biennium. The long-term goal of STEP is to decentralize operations of the program to participating agencies and integrate the lessons learned from the pilot projects into the ongoing management of state government.

DESCRIPTION/BACKGROUND:

STEP's goal is to produce measurable results in the quantity, quality and cost effectiveness of state government services. Its pilot projects are testing and introducing various strategies for improving productivity and service quality; that is, redesigning services to better meet client needs, improved work measurement, greater discretion to managers, new productivity techniques, and use of private and public sector partners. Pilot projects operate within existing resources; they receive no additional funds.

Each pilot project is headed by a state employee who pulls together a project team comprised of other employees and partners from business, academia and other state agencies. The partners provide advice, technical assistance, consultation, and, in some instances, in-kind contributions. A central staff of analysts from the Management Analysis Division (MAD) and staff on loan from other agencies provide consultation, planning assistance, training and help with finding partners.

Examples of projects include projects to improve the marketing of state parks, the cash management practices of the state, the handling of state worker compensation claims, the state's economic analysis and forecasting, and the operations of the Correctional Industries program.

STEP is one of 10 national winners in the Ford Foundation/Harvard University awards program for innovations in state and local governments.

RATIONALE:

STEP is a long-term effort to change how state government is managed. Past efforts such as LEAP (Loaned Executive Action Program), government reorganizations and outside commissions have had limited short-term results. By using pilot projects suggested and directed by state employees, STEP is building commitment to long-term change by state employees as well as teaching them new skills needed to carry out that change. STEP is modeled after successful efforts in private business.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: MANAGEMENT ANALYSIS
 PROGRAM: ADMINISTRATIVE MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

Request Title: PRODUCTIVITY LOAN FUND				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$1,250.0	1.5	\$1,250.0	1.5
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
Statutes Affected: M.S. 16B.				

STATEMENT OF REQUEST/OBJECTIVES:

The Productivity Loan Fund's objective is to finance productivity improvement projects that will result in reduced operating costs or increased revenues for agencies in the future. The program would be open to all state agencies.

Projects that would qualify under the program include up-front investments that save costs or increase revenues. The funds could be used to pay for developing and implementing new office procedures that streamline operations, for equipment which increases productivity and for facility improvements that use space more efficiently or provide energy savings. Agencies would repay the fund from cost savings or increased revenues.

DESCRIPTION/BACKGROUND:

The Management Analysis Division (MAD) would administer the program. State managers, through their agency heads, would submit proposals to the division. The proposals would be ranked based on the expected return on investment and degree of certainty of the return. Recommendations would be forwarded to the Executive Management Subcabinet and Governor for approval.

Proposed projects would be required to meet the following criteria:

- ° It must be possible to complete the project within 2 years or less after it is approved.

- ° Development work must be accomplished with existing state staff, temporary employees, or outside contracts. The addition of new permanent staff would not be allowed.
- ° Service levels provided by the state must not be reduced significantly by the changes proposed.
- ° Savings must be "capturable" by actual budget reductions beginning in the first year after implementation with full payback required in no more than 5 years. Savings must be true savings to the state as a whole and not simply a transfer of costs from one agency to another.

RATIONALE:

The Productivity Loan Fund is based on the principle that it is cost beneficial in the long run to make one-time investments that result in lower operating costs in the future. The cost-revenue squeeze that state government has experienced recently will only intensify in coming bienniums.

While state managers have improved productivity recently, few have been able to implement projects with significant up-front costs and with payback periods of longer than one year. State agency budgets have become increasingly tight, making it very difficult to fund development efforts while maintaining current service levels.

The Productivity Loan Fund, modeled after programs in private industry and other state and local governments, enables Minnesota state managers to take a long-term perspective to managing costs and service quality. The fund's \$2,500,000 appropriation represents an investment of less than one-quarter of 1% of the state's overall budget.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

ACTIVITY: EXECUTIVE SUPPORT
 Program: ADMINISTRATIVE MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

ACTIVITY OBJECTIVE AND DESCRIPTION:

To provide department and statewide executive leadership and management. This activity provides direction, priority setting, policy setting, short- and long-range planning and problem solving services to the department. It responds to gubernatorial and legislative directives.

BENEFITS:

- ° Centralized and coordinated departmental leadership.
- ° Statewide leadership in management and innovation.
- ° Improved efficiency and effectiveness of department operations by emphasizing cost control and quality service to state agencies.

ACCOMPLISHMENTS:

1. Encouraged and facilitated innovative projects to improve quality, quantity and cost-effectiveness of state services through leadership of the Strive Toward Excellence in Performance (STEP) program. The STEP program received national recognition, including the highly competitive Ford Foundation/Harvard University award for innovations in government.
2. Managed revolving funds during a period of austerity in state government and controlled revolving fund rates to little or no increase in most cases.
3. Implemented general fund budget reductions.
4. Implemented a new Risk Management program for the state without additional resources.
5. Managed capital improvement projects statewide.
6. Provided departmentwide communication, coordination and direction in order to improve operational effectiveness and efficiency.
7. Maintained improved staff performance and morale during this period of reduced resources by initiating a departmentwide performance appraisal system, including systematic review and recognition.

ISSUE:

Should executive managers have their salary costs paid proportionally by the revolving funds they manage?

GRANT:

This activity contains a grant of \$2,000 per year for the Minnesota State Band. Members of the band are volunteers who serve without remuneration. The band was organized in 1898 and serves as the state's official band. The band performs about 20 concerts per year and has represented Minnesota by touring outside of the state. In August 1986, a concert tour of Europe was completed by the band.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: EXECUTIVE SUPPORT

PROGRAM: ADMINISTRATIVE MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	600.0	554.1	557.3	517.2		517.2	517.2	517.2		517.2	517.2
LOCAL ASSISTANCE	2.0	2.0	2.0	2.0		2.0	2.0	2.0		2.0	2.0
AIDS TO INDS.											
TOTAL EXPENDITURES	602.0	556.1	559.3	519.2		519.2	519.2	519.2		519.2	519.2
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	460.9	415.3	431.4	437.6		437.6	437.6	437.6		437.6	437.6
EXPENSES & CONTRAC. SERV	119.2	107.9	120.6	74.3		74.3	74.3	74.3		74.3	74.3
SUPPLIES & MATERIALS	6.8	12.7	5.0	5.0		5.0	5.0	5.0		5.0	5.0
EQUIPMENT	13.1	18.2	.3	.3		.3	.3	.3		.3	.3
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	600.0	554.1	557.3	517.2		517.2	517.2	517.2		517.2	517.2
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	602.0	556.1	559.3	519.2		519.2	519.2	519.2		519.2	519.2
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	602.0	556.1	559.3	519.2		519.2	519.2	519.2		519.2	519.2
POSITIONS BY FUND											
GENERAL	9.0	9.0	9.0	9.0		9.0	9.0	9.0		9.0	9.0
TOTAL POSITIONS	9.0	9.0	9.0	9.0		9.0	9.0	9.0		9.0	9.0

ACTIVITY: PUBLIC BROADCASTING
 Program: ADMINISTRATIVE MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

ACTIVITY OBJECTIVE AND DESCRIPTION:

To facilitate and enhance the ability of Public Television and Radio to serve as a major community resource which provides educational, cultural, economic development, public affairs and children's programming to the citizens of Minnesota.

This funding program provides direct matching, operational and equipment grants to those noncommercial television and radio stations which meet the criteria set forth in M.S. 139.16 to 139.19. Historically, these grants have provided the recipient stations with an ongoing stable base of financial support which has ensured the continuation of public interest programming despite fluctuation in revenues from all other sources.

Operational grants are used to help offset the ongoing costs associated with providing Public Broadcast services. These funds are also used to originate local productions, acquire educational, cultural and public affairs programs and to match federal funds funds available through the Community Service Grant Program.

Equipment grants are used to replace worn out and obsolete equipment and to acquire new equipment which will enhance the entire network's ability to produce and share quality programs.

A grant of \$200,000 in F.Y. 1986 leveraged additional funding for remodeling the World Theater in St. Paul.

BENEFITS:

- ° A statewide sharing and airing of programs produced by state funded stations.
- ° Increased public awareness of public affairs and concerns affecting the citizens of Minnesota.
- ° Improving our national image through the syndication of cultural and educational programs produced in Minnesota.
- ° The World Theater in St. Paul contributes to the state by being the home to "A Prairie Home Companion" to which 2.5 million people around the world listen.

ACCOMPLISHMENTS:

1. Technological improvements have enabled the total Public Television system to achieve and maintain a quality signal consistent with commercial broadcast standards.
2. New equipment acquisitions have increased the number of households served.
3. Programming enhancements have increased the number of viewers per week.
4. The installation of the SATELLITE UPLINK has enabled locally produced programming to be aired statewide.

5. New equipment, transmitters and towers have enabled public radio stations to improve signal quality and coverage which brings a higher quality radio signal to more Minnesotans.
6. The original World Theater grant leveraged \$400,000 in donations for the remodeling of the World Theater.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Total households served (TV)	1,523.6	1,843.0	1,850.0	1,850.0
Citizens served (TV)	3,809.1	4,607.5	4,625.0	4,625.0
Membership contributions (TV)	\$ 4,709.4	\$ 4,985.9	\$ 5,253.2	\$ 5,497.0
Membership contributions (radio)	\$ 350.5	\$ 561.0	\$ 371.6	\$ 382.1

ISSUE:

Minnesota Public Radio (MPR) stations have typically not requested matching or equipment grants. In the past, funding has gone to Minnesota Public Television Association (MPTA) and Association of Minnesota Public Educational Radio Stations (AMPERS) stations that qualify and request funding. If requests for equipment grants exceed appropriations, the Commissioner of Administration would look either to legislative intent or a clarification of criteria in order to determine how to award equipment grants.

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
TV viewership (households) per week during May	721,000	762,760	800,898	840,942
Total hours of local radio pro- duction per year	51,045	53,597	56,200	58,800
Number of radio listeners (house- holds) per week	273,420	287,091	300,800	314,500
Participants				
Public Television Stations	6	6	6	6
Public Radio Stations	10	12	12	12

CHANGE REQUESTS:

	F.Y. 1988	F.Y. 1989	Type
Matching and Equipment Grants See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 622.4	\$ 601.0	Activity Specific
World Theater Grant See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 200.0		Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: PUBLIC BROADCASTING

PROGRAM: ADMINISTRATIVE MANAGEMENT

AGENCY: ADMINISTRATION, DPT OF 02000

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS											
LOCAL ASSISTANCE	3,080.4	2,267.4	1,808.9	1,978.8	7.0	1,985.8	1,978.8	1,978.8	3.6	1,982.4	1,978.8
AIDS TO INDS.					815.4	815.4	200.0	597.4	597.4		
TOTAL EXPENDITURES	3,080.4	2,267.4	1,808.9	1,978.8	822.4	2,801.2	2,178.8	1,978.8	601.0	2,579.8	1,978.8
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES											
EXPENSES & CONTRAC. SERV											
SUPPLIES & MATERIALS											
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS											
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	3,080.4	2,267.4	1,808.9	1,978.8	822.4	2,801.2	2,178.8	1,978.8	601.0	2,579.8	1,978.8
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	3,080.4	2,267.4	1,808.9	1,978.8	822.4	2,801.2	2,178.8	1,978.8	601.0	2,579.8	1,978.8
POSITIONS BY FUND											
TOTAL POSITIONS											

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: PUBLIC BROADCASTING
 PROGRAM: ADMINISTRATIVE MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

Public acceptance of noncommercial TV broadcasting continues to dramatically increase. This growth is directly related to the quality of educational, cultural and public affairs programming offered by public stations. This growth, combined with an increased demand for more locally produced programs has, in effect, stretched most of the available financial resources to their limits.

While programming and operational costs continue to escalate, financial support from the federal government has been inconsistent, making planning more difficult.

Within Minnesota, an increasing number of public radio stations have applied for and received operational and equipment grants. The requested increase in funds is proportional to the increase in the number of stations receiving grants and to bring grants to previous levels.

Some public broadcasting stations in Minnesota have met this financial challenge by reducing staff, eliminating local programming, cancelling some national programs and/or delaying the implementation of plans to upgrade or expand their facilities.

RATIONALE:

State matching grant funds for public television and radio stations are leveraged for private sector and federal dollars. This opportunity and incentive is a valuable and important tool which will be used to raise the additional revenue necessary to provide for more locally produced programming. In addition, these funds are essential in order to replace revenue which has been lost due to a leveling off of membership contributions and cut backs in foundation support.

The equipment grant cuts made in F.Y. 1986 must be restored in order to complete the station enhancements initiated during the past 2 years at Bemidji and Moorhead/Fargo T.V. stations and several public radio stations. Several significant and essential equipment purchases were delayed in order to accommodate Minnesota's need to resolve the budget crisis.

The request for the radio listener study funds is to replace unallotted funding that had been added as a legislative initiative.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

Agency Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
General Fund	\$622.4	-0-	\$601.0	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVES:

This request is for 1) Public Television Matching Grants, \$330,600 per year; 2) Public Television Equipment Grants, \$197,800 per year; 3) Public Radio Matching Grants, \$40,900 per year; 4) Public Radio Equipment Grants, \$31,700 per year; and 5) \$21,400 in F.Y. 1988 for a Public Radio Listener Study.

Objectives:

1. To promote the development of more locally originated public affairs and other programs of specific interest to the viewers and listeners in the broadcast signal area.
2. To restore, support and continue the equipment enhancements which are necessary to develop and maintain high levels of cultural, educational and public affairs programming throughout the state.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Number of locally produced TV programs	49	55	60	65
Total hours of local TV production	735	848	900	975
Shared TV programs	5	7	10	15
Membership contributions (radio)	\$ 350.5	\$ 361.0	\$ 371.6	\$ 382.2

DESCRIPTION/BACKGROUND:

This increase in the TV matching grant program is requested to help offset the increased costs associated with providing quality educational, cultural, public affairs and children's programs to citizens of Minnesota and to help provide a stable base of financial support which will lead to an increase in federal Public Broadcasting funds for recipient stations.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: PUBLIC BROADCASTING
 PROGRAM: ADMINISTRATIVE MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

RATIONALE:

The World Theater is also used by community arts and public affairs groups. Recently, the World Theater was the site of one of the 1986 gubernatorial debates. The theater is available at a nominal charge for similar sorts of programs.

Approximately \$500,000 is left to raise to pay for the theater's renovation. This request is for another \$200,000 grant but with a 1-to-1, rather than a 2-to-1, matching requirement.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

Request Title: WORLD THEATER GRANT				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$200.0	-0-	\$ -0-	-0-
Governor's Recommendation				
General Fund	\$200.0	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVES:

This request is for a \$200,000 matching grant in F.Y. 1988 to help pay for, and leverage additional funds for, the completion of the World Theater renovation project. The objective of this request is to facilitate a local performing center offering educational, cultural and public affairs programs to a national, regional and local audience.

DESCRIPTION/BACKGROUND:

This funding program provided matching funds for the completion of the World Theater in downtown St. Paul, home of "A Prairie Home Companion" with Garrison Keillor. Over 2.5 million listeners around the world tune in to the weekly broadcasts of "A Prairie Home Companion."

The 2-to-1 matching grant of \$200,000 in the F.Y. 1985-87 biennium leveraged needed monies to help the World Theater open in the spring of 1986. Additional monies will pay off the remaining debt for the theater.

AGENCY: CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

1987-89 Biennial Budget

AGENCY PURPOSE

The Capitol Area Architectural and Planning Board (CAAPB) is the planning and regulatory agency responsible for architectural design and comprehensive planning for the Capitol Area. Within this area of St. Paul the CAAPB has exclusive zoning jurisdiction and design review over both the state government complex and the surrounding commercial and residential areas.

The CAAPB's role is to preserve and enhance the Capitol Area's unique aesthetic and historic character, and to plan and guide its future development.

OPERATION & CLIENTELE

In fulfilling this role the agency is responsible for: maintaining and updating a comprehensive plan for the entire area; zoning administration and design controls; approving plans for any public construction; recommending capital improvements to the Legislature and the Governor; providing development information and guidelines to private developers and state and city agencies; developing and -- with the Department of Administration -- supervising standards for the repair, restoration, furnishing, and maintenance of the Capitol Building; and conducting specific studies and implementing certain programs which will result in the preservation and enhancement of the Capitol Area.

This agency is governed by a 10-member board chaired by the Lieutenant Governor. The other 9 members are appointed as follows: 4 by the Governor, 3 by the Mayor of St. Paul, and 1 each by the Senate and House of Representatives.

The CAAPB has a 3-person staff composed of the Executive Secretary, an office administrator, and a planner. There is also a professional advisory committee of 3 architects who, by law, are required to advise the board on all architectural and planning matters. This technical advisory committee is appointed as follows: 1 by the State Arts Board, 1 by the Minnesota Society of the American Institute of Architects, and 1 by the board.

OBJECTIVES

- 1) To prevent inappropriate development, and encourage appropriate residential, commercial, and state development as outlined in the comprehensive plan.
- 2) To maintain existing open space, and improve and increase such space, and the public's enjoyment thereof, through park development.
- 3) To provide for efficient traffic movement, adequate parking, and to participate in mass transit planning so that the Capitol Area achieves its maximum importance and accessibility.
- 4) To protect and enhance the architectural integrity of the Capitol Building, grounds, and immediately-adjacent buildings by providing standards for their maintenance, restoration, and rehabilitation.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$2.8	\$44.3	\$1.5	\$1.5	\$1.5

- 5) To organize and administer design competitions in a fair and effective manner such that the best design solutions are selected for state building programs.

ACTIVITY STATISTICS

- 1) The Capitol Building and its grounds are achieving a more appropriate prominence as a place for Minnesota's civic celebrations and public events, while sufficient safeguards are protecting the state's investment in this area.
- 2) The area's public improvements are being programmed in a comprehensive and coordinated manner thus ensuring efficient expenditure of public funds; for example a) parking needs are being evaluated concurrently with Capitol Mall Landscaping improvements; b) landscaping elements for all major projects--Judicial Building, History Center, freeway bridges, and Capitol Mall--are being coordinated and integrated; c) a single design competition integrated both Minnesota History Center and Labor Interpretative Center projects on one site.
- 3) Restoration of the Capitol's public spaces has begun, the Capitol Area's parking and traffic circulation needs have been studied, and design guidelines for freeway bridges in and near the Capitol Area are being reviewed.
- 4) Three major architectural design competitions have been conducted, resulting in the selection of architects to design the new Judicial Building, the new History Center, and the Capitol Mall.
- 5) The CAAPB has completed the following studies and reports: Capitol Area Parking and Traffic Circulation Studies; A History of the Minnesota State Capitol Area; Rice/University Development Area Study; Minnesota State Capitol: A Preservation and Planning Study for Public and Ceremonial Areas; and several reports resulting from three architectural design competitions, including 3 jury reports, 3 design framework studies, and 3 sets of competition conditions. In cooperation with the Department of Administration, the CAAPB is producing a Comprehensive Plan for the Preservation of the Capitol Building, which includes a cyclical maintenance manual.
- 6) CAAPB members and staff have actively served on and organized various metro and local planning bodies, including the Taste of Minnesota Committee, Capitol Area Housing Committee, the Governor's Office Renovation Committee, the Capitol Building Working Group, the North Capitol Area Development working group, the Landscape Advisory Committee, and the Capital City Renaissance Task Force.

- 7) Requests for zoning permits for private projects has not diminished; in fact, two major developments will occur north of the Capitol in the near future: an elderly housing facility and an office complex.
- 8) The CAAPB is actively working with the Capital City Renaissance Task Force and other private groups in seeking private funding for landscaping of the Capitol Mall.

OPTIONAL TOPICS

1) Coordination.

More than ever the CAAPB is playing the role of inter-agency coordinator. The successful transition from project planning to project implementation requires continuity and coordination. In the Capitol Area, the CAAPB provides that continuity and coordination; for example, as planner for the history center, judicial building, and capitol landscaping, the CAAPB is working with both the Department of Administration and the user client (e.g., Minnesota Historical Society or Supreme Court, respectively) to ensure that the Board's concerns about those projects are carried out in construction. This careful coordination takes time, but as guardian of this unique area, the CAAPB aims to ensure that the architectural integrity of this state's treasured area is both enhanced and preserved.

2) Integration of Projects.

The development now planned for the Capitol Area presents a unique opportunity to integrate various projects in a cohesive manner consistent with the spirit of the original design. For example, all landscaping for each individual building project--judicial building, history center, and freeway bridges south of the Capitol--will be incorporated into the redesign of the Capitol Mall. This integration should both enhance its beauty and preserve the architectural integrity of the Capitol Area.

A second example of project integration involves the history center and labor interpretative center. In 1986, the legislature decided both projects should be located on the same site. The CAAPB conducted a single design competition last summer that took into consideration the needs of both buildings with the realities of the site.

A third example of project integration is the need for more public parking in the Capitol Area. The CAAPB is evaluating how parking needs may be met in relation to the building and landscaping projects now underway for the area.

3) Public/Private Partnership.

The CAAPB is working with private groups to raise funds for landscaping the Capitol Mall.

4) Workload Impact on Staffing.

Due to increases in both public and private development in the Capitol Area, it has been necessary to both hire temporary staff and consultants. As the workload has changed over the last biennium, so have individual job descriptions, so that more experienced staff have assumed greater responsibility. This has required us to hire temporary support staff as well as consultants to assist us both in the organizing of three architectural design competitions and the implementation of the projects resulting therefrom. Because we see this workload extending at least into the next biennium, if not longer, we request that our funding level reflect that workload.

EXPLANATION OF BUDGET REQUEST

These requests have been developed on the basis of maintaining the operational and requested funding comparable to that provided during the 1986-87 biennium.

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
-Consultant Services	\$ 20.0	\$ 20.0
-Computer Equipment	5.0	0.0
TOTAL	<u>\$ 25.0</u>	<u>\$ 20.0</u>

<u>INDEX</u>	<u>Agency Request 1987-89 Biennium All Funds</u>	<u>Governor's Recommendation 1987-89 Biennium All Funds</u>	<u>Page</u>
SAME Level Request	\$ 294.0	\$ 294.0	
Agency-Wide CHANGE Requests			
-Consultants	40.0	-0-	4
-Computer Equipment	5.0	-0-	4
Subtotal	<u>\$ 45.0</u>	<u>\$ -0-</u>	
AGENCY TOTAL	\$ 339.0	\$ 294.0	

GOVERNOR'S RECOMMENDATION:

The Governor recommends the SAME level of funding to achieve the 1987-89 objectives.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: CAPTL ARCH/PLAN COMM

PROGRAM: CAPTL ARCH/PLAN COMM

AGENCY: CAPTL AREA ARCH PLNG

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	99.5	137.9	145.1	147.0	25.0	172.0	147.0	147.0	20.0	167.0	147.0
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	99.5	137.9	145.1	147.0	25.0	172.0	147.0	147.0	20.0	167.0	147.0
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	68.2	100.7	98.1	100.0		100.0	100.0	100.0		100.0	100.0
EXPENSES & CONTRAC. SERV	29.5	33.6	43.4	43.4	20.0	63.4	43.4	43.4	20.0	63.4	43.4
SUPPLIES & MATERIALS	1.8	3.6	3.0	3.0		3.0	3.0	3.0		3.0	3.0
EQUIPMENT			.6	.6	5.0	5.6	.6	.6		.6	.6
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	99.5	137.9	145.1	147.0	25.0	172.0	147.0	147.0	20.0	167.0	147.0
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	99.5	137.9	145.1	147.0	25.0	172.0	147.0	147.0	20.0	167.0	147.0
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	99.5	137.9	145.1	147.0	25.0	172.0	147.0	147.0	20.0	167.0	147.0
POSITIONS BY FUND											
GENERAL	2.0	3.0	3.0	3.0		3.0	3.0	3.0		3.0	3.0
TOTAL POSITIONS	2.0	3.0	3.0	3.0		3.0	3.0	3.0		3.0	3.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY:

PROGRAM:

AGENCY: CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

Request Title: CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

Agency Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
General Fund	\$25.0	-0-	\$20.0	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: Yes No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE

The board requests the above changes for purposes of accomplishing its increased workload due to existing statutory responsibilities.

DESCRIPTION/BACKGROUND

Because of increased development in the Capitol Area, both public and private, the workload of this agency has increased to such a point that additional staff and consultants are necessary for it to accomplish its statutory responsibilities.

First, the workload for the Board's three architectural advisors has increased as a result of this current workload. We request that the consultants' time spent in reviewing these major state projects be compensated out of our operating budget, as we believe was originally intended by the legislature.

In addition, specialized information is necessary in order to implement current projects and plan for new projects, e.g. Capitol Area parking. ADD \$20,000 for F.Y. 1988 and \$20,000 for F.Y. 1989 for CAAPB architectural advisors and consultants' professional services.

A second issue concerns the need for computerized office equipment. Purchase of equipment will eliminate the need for renting equipment and enhance efficiency by 50%. ADD \$5,000 for F.Y. 1988 only for computer equipment.

RATIONALE:

Increased development activity in the Capitol Area has strained the CAAPB's resources to such a point that we are no longer able to fulfill our responsibilities unless we have additional assistance and automated equipment. Yet CAAPB activities in F.Y. 1986 alone generated \$44,273 in revenue. These funds have been deposited in the general fund, and are practically equivalent to the CAAPB's change request for the '88-89 biennium.

Critical development decisions are now being made which will impact Minnesota's Capitol Area for decades to come. This increase in appropriation will allow us to ensure that development will occur in a manner compatible with the Capitol Building and the state's previous investment.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While this request has merit, other spending priorities preclude additional funding.

1987-89 BIENNIAL BUDGET
PROGRAM STRUCTURE

AGENCY: FINANCE, DEPARTMENT OF

<u>PROGRAM</u>	<u>ACTIVITIES</u>	<u>SECTION</u>	<u>PAGE</u>
FINANCIAL AND BUDGET OPERATIONS	Fiscal Management and Administration	22	7
	Accounting Operations		9
	Budget Analysis and Operations		16
	Cash and Debt Management		19

DEPARTMENT OF FINANCE

ORGANIZATION CHART
Current as of 10-10-86

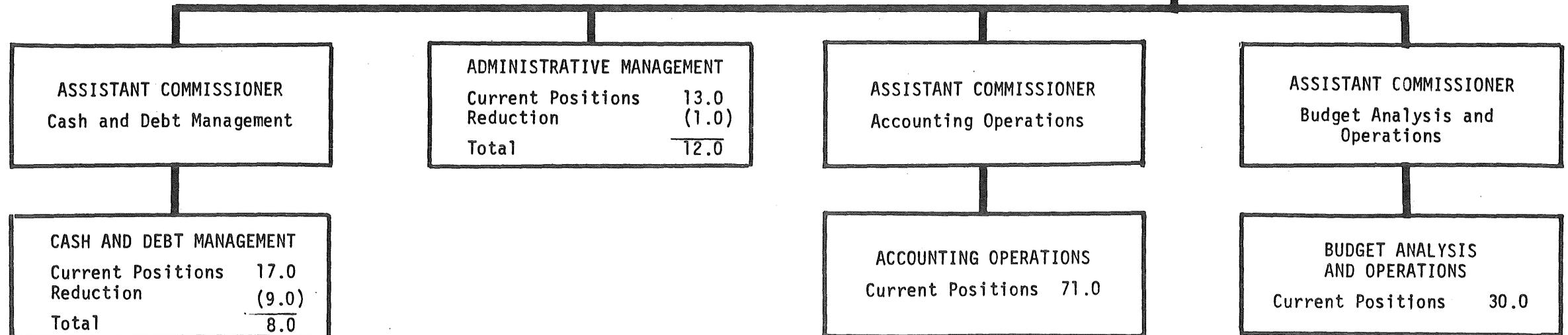
POSITION RECONCILIATION		
	Current F.Y. 1987	Requested for 6-30-89
AUTHORITY:		
LEGISLATIVE COMPLEMENT		
GENERAL FUND	136.0	126.0
TOTAL PERMANENT POSITIONS	<u>136.0</u>	<u>126.0</u>
OTHER COMPLEMENT	18.0	18.0
TOTAL AUTHORIZED POSITIONS	<u>154.0</u>	<u>144.0</u>
EMPLOYEES ON 6-30-86		
PERMANENT		123.0
OTHER		4.0

DEPARTMENT OF FINANCE
POSITION SUMMARY
Current Positions 136.0

COMMISSIONER
Current Position 1.0

ECONOMIC ANALYSIS
Current Positions 3.0

DEPUTY COMMISSIONER
Current Position 1.0



AGENCY PURPOSE:

The Department of Finance plans, analyzes and manages the budget, financial operations and debt of the state. Finance develops policy options to ensure that state services are effective and efficient. The department forecasts revenues, controls expenditures per law, and reports financial information for the Governor, legislature and the public on the operation, financial condition, and economic future of the state. Finance serves state agencies in their missions by providing financial services, consultation and information.

OPERATION AND CLIENTELE:

The Department of Finance operates 4 divisions: Accounting Services; Budget Services; Fiscal Management and Administration; and Cash and Debt Management. All 4 divisions are working together to meet the following 1987-1989 departmental objectives. These objectives are:

To report the financial condition and results of operations of the state completely and accurately;

To improve information provided to assist the Governor and legislature in increasing the effectiveness of state expenditures within established budget limits;

To achieve sound finance and management in the state;

To improve the effectiveness and efficiency of the services provided for state agencies and within the department;

To provide information on future revenues and expenditures under current law and options for changing them to assist the Governor and the legislature in financial planning;

To manage long-term debt within policy guidelines, to reduce short-term debt and to utilize least cost debt and cash management; and

To implement the Rural Finance Administration and manage the loan participation portfolio of the state.

Areas of emphasis within the department are: 1) to improve analytical capabilities so that better information and options are provided to decision makers; 2) to improve the services and responsiveness of financial services to other state agencies; 3) to advocate the use of performance measurement for results oriented management; and 4) to address the information planning and systems development needs of the department.

As a staff agency, primary clients are the Governor, the legislature, their staffs and all state agencies. The department also works with financial institutions, and interested individuals and groups.

Details of the department's operation are provided on the program and activity pages which follow.

<u>Index</u>	<u>Agency Request 1987-89 Biennium All Funds</u>	<u>Governor's Recommendation 1987-89 Biennium All Funds</u>	<u>Page</u>
- Reconciliation of F.Y. 1987 to SAME level	\$15,233.9	\$15,233.9	
- Statewide Accounting System Transactions	158.0	158.0	12
- Personnel Information System	500.0	141.0	13
- System Adjustments/Federal Law Changes	75.0	75.0	14
- Feasibility Studies for Information Systems	100.0	-0-	15
- Biennial Budget System	270.0	270.0	18
- Rural Finance Administration	(282.5)	(282.5)	21
- Rural Finance Loan Repayment Proceeds	<u>190.0</u>	<u>190.0</u>	21
Agency TOTAL	\$16,244.4	\$15,785.4	

AGENCY FISCAL SUMMARY - BIENNIAL BUDGET

AGENCY: FINANCE, DEPT OF

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY PROGRAM: FINANCIAL & BUDGET OPERATNS TAX STUDY COMMISSION	6,941.1 266.6	6,855.8	7,546.9	7,586.5	602.0	8,188.5	8,059.5	7,647.4	408.5	8,055.9	7,725.9
TOTAL	7,207.7	6,855.8	7,546.9	7,586.5	602.0	8,188.5	8,059.5	7,647.4	408.5	8,055.9	7,725.9
EXPENDITURES BY CATEGORY: STATE OPERATIONS LOCAL ASSISTANCE AIDS TO INDS.	7,202.2 5.5	6,855.8	7,546.9	7,586.5	602.0	8,188.5	8,059.5	7,647.4	408.5	8,055.9	7,725.9
TOTAL EXPENDITURES	7,207.7	6,855.8	7,546.9	7,586.5	602.0	8,188.5	8,059.5	7,647.4	408.5	8,055.9	7,725.9
SOURCES OF FINANCING: DIRECT APPROPRIATIONS: GENERAL	7,207.7	6,855.8	7,546.9	7,586.5	552.0	8,138.5	8,009.5	7,647.4	268.5	7,915.9	7,585.9
DEDICATED APPROPRIATIONS: RURAL FARM ADMIN					50.0	50.0	50.0		140.0	140.0	140.0
TOTAL FINANCING	7,207.7	6,855.8	7,546.9	7,586.5	602.0	8,188.5	8,059.5	7,647.4	408.5	8,055.9	7,725.9
POSITIONS BY FUND: GENERAL	129.0	136.0	136.0	126.0	2.0-	124.0	124.0	126.0	2.0-	124.0	124.0
RURAL FARM ADMIN									2.0	2.0	2.0
TOTAL POSITIONS	129.0	136.0	136.0	126.0	2.0-	124.0	124.0	126.0		126.0	126.0

PROGRAM PURPOSE:

The Financial and Budget Operations Program incorporates all of the activities of the department. The Department of Finance plans, analyzes and manages the state's operating and capital budget, financial operations and debt of the state. The department forecasts revenues, controls expenditures and reports financial information for the Governor, Legislature and the public on the operation, financial condition and economic future of the state. It also operates the Rural Finance Administration, which is responsible for restructuring farm debt.

OPERATIONS:

This program consists of 4 activities: Fiscal Management and Administration, Accounting Operations, Budget Analysis and Operations and Cash and Debt Management.

The Fiscal Management and Administration activity provides all internal administrative services to the department to support the agency's objectives. It also includes the economic analysis unit which is responsible for forecasting state economic activity and tax revenues.

The Accounting Operations Activity provides centralized financial systems, assistance and reporting for all state agencies. This activity operates and maintains the Statewide Accounting System and the Personnel/Payroll System, and provides systems support for the Biennial Budget System. It also prepares financial reports and forecasts and monitors the state's cash flow.

The Budget Analysis and Operations activity provides analytical policy development and evaluation, budgetary review and financial monitoring of state agencies. This activity prepares the biennial budget and capital budget and executes the annual spending plans.

The Cash and Debt Management Activity manages the state's long-term general obligation debt which includes the planning and timing of the sale of bonds, preparing the legal documentation and conducting the actual sale. Since July, 1985, the activity has been responsible for the operations of a majority of the cash management functions which were transferred from the Treasurer's Office. It also administers the newly created Rural Finance Administration which is responsible for restructuring farm debt through the use of general obligation and revenue bonds.

EXPLANATION OF BUDGET REQUEST:

The Department of Finance is responsible for the maintenance and operation of 3 statewide computer systems, which provide the financial, payroll and budget information necessary to help state agencies manage their operations. The CHANGE requests relate to updating these systems to ensure that information is available in a timely and efficient manner. The CHANGE items are as follows:

- Statewide Accounting System Transactions	\$ 158.0
- Personnel Information System	500.0
- System Adjustments/Federal Law Changes	75.0
- Feasibility Studies for Information Systems	100.0
- Biennial Budget System	270.0
- Rural Finance Administration	(282.5)
- Rural Finance Loan Repayment Proceeds	<u>190.0</u>
Agency TOTAL	\$1,010.5

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following biennial CHANGE levels:

- \$158.0 for volume increases in the Statewide Accounting System.
- \$141.0 to begin implementation of improvements to the Personnel Payroll System.
- \$75.0 to modify the Statewide Accounting System so that it will comply with federal cash management requirements.
- \$270.0 to update the biennial budget system and to provide ongoing maintenance of the system.
- A \$282.5 General Fund decrease for Rural Finance Administration (RFA) administrative costs to be partially recovered through \$190.0 loan repayment proceeds.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: FINANCIAL & BUDGET OPERATNS

AGENCY: FINANCE, DEPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
FISCAL MGMT & ADMIN	1,130.0	1,109.2	1,106.8	1,125.9		1,125.9	1,125.9	1,137.0		1,137.0	1,137.0
ACCOUNTING OPERATIONS	4,290.4	4,077.9	4,254.9	4,560.5	396.0	4,956.5	4,827.5	4,614.2	437.0	5,051.2	4,721.2
BUDGET ANALYSIS & OPERATNS	1,424.2	1,281.4	1,494.9	1,575.6	270.0	1,845.6	1,845.6	1,572.8		1,572.8	1,572.8
CASH AND DEBT MGMT	96.5	387.3	690.3	324.5	64.0-	260.5	260.5	323.4	28.5-	294.9	294.9
TOTAL	6,941.1	6,855.8	7,546.9	7,586.5	602.0	8,188.5	8,059.5	7,647.4	408.5	8,055.9	7,725.9
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	6,935.6	6,855.8	7,546.9	7,586.5	602.0	8,188.5	8,059.5	7,647.4	408.5	8,055.9	7,725.9
LOCAL ASSISTANCE	5.5										
AIDS TO INDS.											
TOTAL EXPENDITURES	6,941.1	6,855.8	7,546.9	7,586.5	602.0	8,188.5	8,059.5	7,647.4	408.5	8,055.9	7,725.9
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	6,941.1	6,855.8	7,546.9	7,586.5	552.0	8,138.5	8,009.5	7,647.4	268.5	7,915.9	7,585.9
DEDICATED APPROPRIATIONS:											
RURAL FARM ADMIN					50.0	50.0	50.0		140.0	140.0	140.0
TOTAL FINANCING	6,941.1	6,855.8	7,546.9	7,586.5	602.0	8,188.5	8,059.5	7,647.4	408.5	8,055.9	7,725.9
POSITIONS BY FUND:											
GENERAL	122.0	136.0	136.0	126.0	2.0-	124.0	124.0	126.0	2.0-	124.0	124.0
RURAL FARM ADMIN									2.0	2.0	2.0
TOTAL POSITIONS	122.0	136.0	136.0	126.0	2.0-	124.0	124.0	126.0		126.0	126.0

ACTIVITY: FISCAL MANAGEMENT AND ADMINISTRATION
 Program: FINANCIAL AND BUDGET OPERATIONS
 Agency: FINANCE, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

DESCRIPTION:

This activity consists of 3 functions: Administrative Management, Administrative Services and Economic Analysis. Administrative Management includes the Commissioner's Office. Administrative Services includes the department's internal accounting section, personnel, training and general support unit. The Economic Analysis Unit works with other state agencies in developing information for the revenue forecast. Information is also provided by this activity to the public, legislature, financial community, special interest groups and other state agencies on various aspects of the state's financial affairs. Alternative scenarios are provided in the revenue forecast and options are provided by this activity for simplifying and reforming the Minnesota tax structure.

OBJECTIVE:

To achieve sound public finance and management within the department and the state.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
--	------------------	------------------	------------------	------------------

Objectives of 3-Year Plan met	Yes	Yes	Yes	Yes
Timely and accurate information provided	subjective-determined by reviewer.			

OBJECTIVE:

To assure quality, cost-effective administrative services on a timely basis to employees in the department.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
--	------------------	------------------	------------------	------------------

% bills paid within 7 days after receipt of invoice by division	100	100	100	100
% of internal audit recommendations implemented	100	100	100	100

OBJECTIVE:

To provide information on current and future economic activity and its impact on revenues to assist decision-makers in financial planning.

EFFECTIVENESS MEASURE:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
--	------------------	------------------	------------------	------------------

Information presented which adequately outlines risk	subjective-determined by reviewer			
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EXPLANATION OF BUDGET REQUEST:

The SAME level of funding will allow the division to meet its objectives.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: FISCAL MGMT & ADMIN

PROGRAM: FINANCIAL & BUDGET OPERATNS

AGENCY: FINANCE, DEPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,124.5	1,109.2	1,106.8	1,125.9		1,125.9	1,125.9	1,137.0		1,137.0	1,137.0
LOCAL ASSISTANCE	5.5										
AIDS TO INDS.											
TOTAL EXPENDITURES	1,130.0	1,109.2	1,106.8	1,125.9		1,125.9	1,125.9	1,137.0		1,137.0	1,137.0
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	708.7	641.2	665.5	674.9		674.9	674.9	672.7		672.7	672.7
EXPENSES & CONTRAC. SERV	335.1	417.3	397.1	406.3		406.3	406.3	419.6		419.6	419.6
SUPPLIES & MATERIALS	45.5	37.8	33.2	33.7		33.7	33.7	33.7		33.7	33.7
EQUIPMENT	35.2	12.9	11.0	11.0		11.0	11.0	11.0		11.0	11.0
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	1,124.5	1,109.2	1,106.8	1,125.9		1,125.9	1,125.9	1,137.0		1,137.0	1,137.0
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	1,130.0	1,109.2	1,106.8	1,125.9		1,125.9	1,125.9	1,137.0		1,137.0	1,137.0
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	1,130.0	1,109.2	1,106.8	1,125.9		1,125.9	1,125.9	1,137.0		1,137.0	1,137.0
POSITIONS BY FUND											
GENERAL	20.0	19.0	18.0	17.0		17.0	17.0	17.0		17.0	17.0
TOTAL POSITIONS	20.0	19.0	18.0	17.0		17.0	17.0	17.0		17.0	17.0

ACTIVITY: ACCOUNTING OPERATIONS
 Program: FINANCIAL AND BUDGET OPERATIONS
 Agency: FINANCE, DEPARTMENT OF

1987-89 Biennial Budget

DESCRIPTION: Accounting Services provides centralized financial systems, technical assistance and financial reporting for all state agencies. The activity operates and maintains the Statewide Accounting System and the Personnel/Payroll System, and provides systems support for the Biennial Budget System. It also prepares financial reports and forecasts and monitors the state's cash flow.

Authority for this activity is found in MS.S Sec. 16A.055, 16A.13 to 16A.134, 16A.15, 16A.17 and 16A.50.

MAJOR OBJECTIVES: The major objectives of the activity are to assure that: state agencies are provided with the accounting system, procedures and training needed to account for their financial transactions, meet their information needs and pay vendors promptly; state employees in the executive and judicial branches (approximately 35,000) are paid accurately and on time and their related payroll deductions and contributions are properly accounted for; the state's financial resources and transactions are adequately controlled; needed financial reports are provided to the Governor, legislature, financial community, federal government and public; and cash flow forecasts and other cash flow information are provided to decision makers.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Average rating by state agencies of how well systems meet their needs (10 = highest, 1 = lowest):				
Statewide Accounting System	8.36	8.40	8.50	8.50
Personnel/Payroll System	8.33	8.40	8.40	8.50
% of time systems are available excluding downtime not related to application failure	99.8	99.0	99.0	99.0
% of state agency bills paid within 30 days	96	97	97	97
% of payrolls paid on scheduled pay day	100	100	100	100
Number of major control deficiencies in accounting system written up by auditors	-0-	-0-	-0-	-0-

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$ 5.4	\$ 3.5	-0-	-0-	-0-

ACTIVITY STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Computer Terminal Transmissions (in millions):				
Statewide Accounting System	5.9	6.6	7.3	8.1
Personnel/Payroll System	.8	.9	1.0	1.1
Warrants Issued (in millions):				
Payroll	.94	.95	.96	.96
Other	3.55	3.69	3.84	3.99
Average cost per payroll warrant issued (Central Payroll costs)	\$.74	\$.83	\$.87	\$.89
New vendor additions	79,021	82,200	85,500	88,900
Requests for payment information	14,061	14,000	14,000	14,000

ACCOMPLISHMENTS:

The state's annual financial report for F.Y. 1985, for the first time, earned an unqualified audit opinion and also received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association. Minnesota is one of the 5 states ever to have received this award.

The conversion of the Statewide Accounting System to the Customer Information Control System teleprocessing monitor, with improvements in ease of use and system efficiency, was implemented on schedule and received many compliments from the user agencies.

New financial reports for managers, staffing/roster reports, and downloading files for both, were developed as recommended by the Statewide Accounting Advisory Committee.

ACTIVITY: ACCOUNTING OPERATIONS
 (Continuation)
 Program: FINANCIAL AND BUDGET OPERATIONS
 Agency: FINANCE, DEPARTMENT OF

1987-89 Biennial Budget

<u>CHANGE REQUESTS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Systems Transmissions Volume Increases Covers data processing operating costs. See CHANGE request sheet following the fiscal sheet for this activity.	\$51.0	\$107.0	Activity Specific
Agency Accessibility to Personnel Information Covers data processing costs to develop improved accessibility. See CHANGE request sheet following the fiscal sheet for this activity.	\$270.0	\$230.0	Activity Specific
Modifications to Statewide Accounting System to Comply With Federal Cash Management Requirements Covers data processing development costs. See CHANGE request sheet following the fiscal sheet for this activity.	\$ 75.0		Activity Specific
Feasibility Studies for High Priority System Developments Covers data processing development costs. See CHANGE request sheet following the fiscal sheet for this activity.		\$100.0	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: ACCOUNTING OPERATIONS

PROGRAM: FINANCIAL & BUDGET OPERATNS

AGENCY: FINANCE, DEPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	4,290.4	4,077.9	4,254.9	4,560.5	396.0	4,956.5	4,827.5	4,614.2	437.0	5,051.2	4,721.2
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	4,290.4	4,077.9	4,254.9	4,560.5	396.0	4,956.5	4,827.5	4,614.2	437.0	5,051.2	4,721.2
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	2,147.1	2,227.3	2,366.8	2,471.5		2,471.5	2,471.5	2,462.9		2,462.9	2,462.9
EXPENSES & CONTRAC. SERV	2,094.0	1,829.8	1,857.0	2,057.8	396.0	2,453.8	2,324.8	2,120.1	437.0	2,557.1	2,227.1
SUPPLIES & MATERIALS	13.7	19.2	16.6	16.7		16.7	16.7	16.7		16.7	16.7
EQUIPMENT	35.6	1.6	14.5	14.5		14.5	14.5	14.5		14.5	14.5
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	4,290.4	4,077.9	4,254.9	4,560.5	396.0	4,956.5	4,827.5	4,614.2	437.0	5,051.2	4,721.2
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	4,290.4	4,077.9	4,254.9	4,560.5	396.0	4,956.5	4,827.5	4,614.2	437.0	5,051.2	4,721.2
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	4,290.4	4,077.9	4,254.9	4,560.5	396.0	4,956.5	4,827.5	4,614.2	437.0	5,051.2	4,721.2
POSITIONS BY FUND											
GENERAL	71.0	71.0	71.0	71.0		71.0	71.0	71.0		71.0	71.0
TOTAL POSITIONS	71.0	71.0	71.0	71.0		71.0	71.0	71.0		71.0	71.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: ACCOUNTING OPERATIONS
 PROGRAM: FINANCIAL AND BUDGET OPERATIONS
 AGENCY: FINANCE, DEPARTMENT OF

RATIONALE:

The projected volume increases, based on the current 11.35% rate of increase, will increase operating costs as follows, using anticipated costs of six cents per transmission:

Request Title:	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Request Title: SYSTEMS TRANSMISSIONS VOLUME INCREASES				
Agency Request				
General Fund	\$ 51.0	-0-	\$ 107.0	-0-
Governor's Recommendation				
General Fund	\$ 51.0	-0-	\$ 107.0	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

	F.Y. 1987	F.Y. 1988	F.Y. 1989
Number of transmissions	7,417,884	8,259,814	9,197,303
Increase over prior year	756,111	841,930	937,489
Increased costs over F.Y. 1987		\$50,516	\$106,765

The department has absorbed the additional costs attributable to the volume increases for several years. This was possible partly because system modifications were implemented to make the systems more efficient. The department is no longer able to absorb additional volume increases projected for the coming biennium and requests the additional funds to keep the systems operating.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds to cover the cost of the increasing number of transmissions by the agencies to enter transactions and inquire on information in the Statewide Accounting and Personnel/Payroll Systems.

DESCRIPTION/BACKGROUND:

The department's budget includes the costs of operating the Statewide Accounting and Personnel/Payroll Systems, used by all state agencies. State agencies enter transactions in the systems and access information from the systems using terminals located in their agencies. The volume of these system transmissions has increased steadily in recent years, with no increases in funding to cover the cost of the increased volumes.

Statistics:	F.Y. 1984	F.Y. 1985	F.Y. 1986
Number of transmissions:			
Statewide Accounting System	4,993,488	5,283,841	5,892,831
Personnel/Payroll System	423,314	698,868	768,942
Total	5,416,802	5,982,709	6,661,773
% increase over prior year		10.45	11.35

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: ACCOUNTING OPERATIONS
 PROGRAM: FINANCIAL AND BUDGET OPERATIONS
 AGENCY: FINANCE, DEPARTMENT OF

Request Title: AGENCY ACCESSIBILITY TO PERSONNEL INFORMATION				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 270.0	-0-	\$ 230.0	-0-
Governor's Recommendation				
General Fund	\$ 141.0	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds to make improvements to the Personnel/Payroll System so needed personnel data contained in the system will be more easily accessible by the state agencies for use in managing their human resources. The objective is to make the existing data available to the agencies on their computer terminals so that they do not need to maintain duplicate manual records or develop separate systems with the same data.

DESCRIPTION/BACKGROUND:

Although the Personnel/Payroll System contains the history of personnel transactions for each employee, the data is not readily available from the system to the agencies for their use in personnel management. Since agencies frequently have need for such data, the Department of Employee Relations and most state agencies manually maintain card files containing the history data for each employee. This project would make the personnel data recorded in the Personnel/Payroll System more easily accessible to agencies. It would provide both personnel and position history displays for agencies to access through their computer terminals, thus eliminating the need to manually maintain card files.

RATIONALE:

This project will result in staff time savings in both the Department of Employee Relations and the other state agencies because they will no longer have to manually update

RATIONALE: (cont.)

the employee history cards each time a significant personnel transaction is entered in the Personnel/Payroll System. It will also result in savings of time now used to maintain tickler files and manually prepare reports in response to information requests. It has been estimated that this project can save over 30,000 hours per year now spent on manual file updates and manual report preparation. This time savings, valued at approximately \$400,000 per year, will be spread over most agencies and many locations. Because agencies will be able to make the history records available to multiple locations, questions can be responded to more timely than at present. Several agencies have proposed developing their own systems to provide personnel information. This project will provide the basic information, thus saving agencies the cost of duplicating the data, and in some cases will avoid the need to develop separate systems.

Many agencies have stated a need to have more personnel information available so they can better manage their human resources. This project will make the data that now exists in the Personnel/Payroll System more easily accessible by the agencies. It will also provide some additional data that is not currently maintained in the system. Agencies will be able to more efficiently use the existing data, and build on this data to meet their long-range needs for personnel information.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an alternative funding level of \$141.0 in F.Y. 1988. The agency considers this project so vital to state agencies and the state that it will reallocate funds from 1987 to begin the project. In addition, the agency will re-allocate funds during the biennium by staggering vacancies to continue progress on this project. The Governor also recommends that any unencumbered balance remaining in the first year does not cancel but is available in the second year.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: ACCOUNTING OPERATIONS
 PROGRAM: FINANCIAL AND BUDGET OPERATIONS
 AGENCY: FINANCE, DEPARTMENT OF

Request Title:	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
MODIFICATIONS TO STATEWIDE ACCOUNTING SYSTEM TO COMPLY WITH FEDERAL CASH MANAGEMENT REQUIREMENTS				
Agency Request				
General Fund	\$ 75.0	-0-	\$ -0-	-0-
Governor's Recommendation				
General Fund	\$ 75.0	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds to make modifications to the Statewide Accounting System so that the state will be able to comply with anticipated federal requirements governing the exchanges of funds between the state and federal governments. The objective of the anticipated requirements is to provide equitable treatment for the federal and state governments in intergovernmental payments.

DESCRIPTION/BACKGROUND:

The State/Federal Cash Management Reform Task Force, composed of representatives of several states and several federal agencies, has been working together to establish a set of cash management policies and practices to govern exchanges of funds between the state and federal governments. The task force supports federal legislation and regulations for intergovernmental cash management practices which assume that neither the federal nor state government benefit financially or suffer financially as a result of the transfer of cash in support of federal assistance programs. It is expected that the federal government, through legislation or regulation, will require the implementation of such practices in the 1987-89 biennium. In order to comply with the requirements, modifications must be made in the way the agencies and the Statewide Accounting System account for federal funds advanced to the state, and state funds used to support federal programs prior to federal reimbursement.

Statistics:

F.Y. 1983 F.Y. 1984 F.Y. 1985 F.Y. 1986

Federal funds received
 by the state (in billions) \$ 1.4 \$ 1.5 \$ 1.7 \$ 1.8

RATIONALE:

The requirements will provide for equitable treatment of both the federal and state governments in transfers of federal funds to the states. Procedures and systems must be available so the state can ensure that it is treated equitably under the new requirements. If the state does not have systems and procedures in place, it may be assessed estimated interest for the time federal funds are on hand, with no means of assuring fair treatment or of determining interest the state would be entitled to for using state funds for a federal program prior to federal reimbursement.

By addressing the issue on a statewide level, individual agencies receiving federal funds will not have to separately develop means of complying with the federal requirements. The Department of Finance will work with the affected agencies to develop procedures and systems that are most efficient for all that are involved. System development will build on the existing Statewide Accounting System and warrant clearing system.

It is probable that the state will be able to recover the cost for the requested system modifications through the indirect cost plan or as offsets to interest owed to the federal government.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: ACCOUNTING OPERATIONS
 PROGRAM: FINANCIAL AND BUDGET OPERATIONS
 AGENCY: FINANCE, DEPARTMENT OF

RATIONALE:

The feasibility studies will provide the cost/benefit information needed to make decisions on future system developments for the major statewide systems operated by the department. Because the feasibility studies will address information needs of the user agencies, as well as the Department of Finance, the resulting system improvements are expected to help the Department of Finance, other state agencies and legislative staff do their jobs better. In addition, by meeting more needs of the user agencies through sharing of data, the need for separate agency systems containing duplicated data should be reduced.

The feasibility studies will be the important step toward implementation of the department's long-range systems development plan. At the same time, they will build on the existing systems whenever that is the most efficient means of satisfying the needs. Funding for the feasibility studies is a critical part of using the department's long-range plan. With the input of the user agencies, the Department of Finance intends to enhance these three backbone statewide systems so they meet the future needs of state government.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide for this request. While this request has merit, other spending priorities preclude additional funding.

Request Title: FEASIBILITY STUDIES FOR HIGH PRIORITY SYSTEM DEVELOPMENTS				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ -0-	-0-	\$ 100.0	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds for data processing development to determine costs and benefits for those systems improvements determined to be needed to satisfy the high priority information needs identified in the department's long-range information/systems planning effort. The objective is to determine the feasibility of the most critically needed systems modifications required to maintain and improve the three statewide systems operated by the department, as well as the smaller internal systems.

DESCRIPTION/BACKGROUND:

The department has begun a long-range information/systems development effort. The purpose of the project is to identify the information needed to carry out the department's functions and objectives. The department operates three major statewide systems: Statewide Accounting (implemented in 1973), Personnel/Payroll (1979), and Biennial Budget (1976). It is critical that these systems operate at a level which meets the needs of user agencies within the executive branch and the needs of the Legislature in ensuring that adequate and timely information is available to facilitate decision making. Lastly, the general public needs to be reassured that the state has strong internal controls to oversee the expenditure of tax dollars.

The requested funds will be needed to complete feasibility studies showing the specific system requirements and associated costs to improve/develop systems to meet the information needs determined to have the highest priority.

ACTIVITY: BUDGET ANALYSIS AND OPERATIONS
 Program: FINANCIAL AND BUDGET OPERATIONS
 Agency: FINANCE, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

DESCRIPTION:

This activity has 2 major sections: the Budget Analysis Unit, which also includes Financial Planning, and the Budget Support and Operations Unit.

The Budget Analysis Section provides issue development and evaluation, budgetary review and financial oversight of state agencies. It is responsible for:

- 1) evaluation of the effectiveness and efficiency of agency programs and activities related to cost;
- 2) development of the Governor's budget recommendations and provision of budget information for legislators and legislative staff;
- 3) technical direction and assistance to all state agencies in the development and preparation of the state's biennial operating and capital budgets so that resources requested clearly reflect agency objectives and operating requirements;
- 4) compilation and presentation of revenue and expenditure estimates for the state's General Fund;
- 5) review of proposed agency legislative initiatives and fiscal notes for fiscal and programmatic exactness and impact;
- 6) development, communication, implementation and monitoring of compliance with statewide budgetary and financial policies; and
- 7) review and monitoring of internal financial policies and procedures and accounting operations so that total state fiscal operations provide the proper allocation of costs and comply with state law.

The Budget Support and Operations Section is responsible for management of the state's annual and biennial budget processes. It provides:

- 1) basic support to major budgetary and financial functions of state government including preparation of biennial and supplemental budget proposals;
- 2) coordination of fiscal impact of all substantive legislation;
- 3) review and processing of agencies' annual spending plans;
- 4) monitoring and control of complement;
- 5) review and approval of fees and rate structures;
- 6) coordination of federal fund applications; and

7) development and negotiation of the Statewide Indirect Cost Plan.

The total activity provides staff response to inquiries from the Governor, Legislature, other units of government, the financial community and the public on all matters relating to state budget and budget process.

OBJECTIVE:

To manage the state's annual, biennial and capital budget process so that information is presented to decision makers in a uniform and understandable manner.

To monitor, report and evaluate agency operations so that sound public finance and management in state government is achieved.

ACTIVITY STATISTICS:	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
1. Policy Studies Completed or Supported	25	11	31	18	27
2. Annual Spending Plans Approved	2,000	2,250	2,500	2,600	2,700
3. Budget Allotment Transactions Processed	78,000	87,000	90,000	92,000	95,000
4. Agency Indirect Cost Plans Reviewed/Approved	16/16	17/17	17/17	17/17	17/17
5. Indirect Costs recovered	\$ 6,731.3	\$ 8,800.0	\$ 9,500.0	\$ 9,500.0	\$ 9,500.0
6. Fiscal Notes Requested/Processed	1,155/920	230/165	1,250/950	250/170	1,250/950
7. LAC Requests Reviewed/Approved	130/80	140/90	140/90	150/100	150/100

CHANGE REQUEST:	F.Y. 1988	F.Y. 1989	Type
Funding is requested to provide for development and modification or replacement of the current biennial budget system	\$ 270.0	\$ -0-	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: BUDGET ANALYSIS & OPERATNS

PROGRAM: FINANCIAL & BUDGET OPERATNS

AGENCY: FINANCE, DEPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,424.2	1,281.4	1,494.9	1,575.6	270.0	1,845.6	1,845.6	1,572.8		1,572.8	1,572.8
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	1,424.2	1,281.4	1,494.9	1,575.6	270.0	1,845.6	1,845.6	1,572.8		1,572.8	1,572.8
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	1,265.3	1,252.5	1,376.6	1,448.5		1,448.5	1,448.5	1,443.5		1,443.5	1,443.5
EXPENSES & CONTRAC. SERV	120.1	27.4	112.7	121.5	270.0	391.5	391.5	123.7		123.7	123.7
SUPPLIES & MATERIALS	10.6										
EQUIPMENT	28.2	1.5	5.6	5.6		5.6	5.6	5.6		5.6	5.6
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	1,424.2	1,281.4	1,494.9	1,575.6	270.0	1,845.6	1,845.6	1,572.8		1,572.8	1,572.8
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	1,424.2	1,281.4	1,494.9	1,575.6	270.0	1,845.6	1,845.6	1,572.8		1,572.8	1,572.8
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	1,424.2	1,281.4	1,494.9	1,575.6	270.0	1,845.6	1,845.6	1,572.8		1,572.8	1,572.8
POSITIONS BY FUND											
GENERAL	29.0	29.0	30.0	30.0		30.0	30.0	30.0		30.0	30.0
TOTAL POSITIONS	29.0	29.0	30.0	30.0		30.0	30.0	30.0		30.0	30.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: BUDGET ANALYSIS AND OPERATIONS
 PROGRAM: FINANCIAL AND BUDGET OPERATIONS
 AGENCY: FINANCE, DEPARTMENT OF

Request Title: BIENNIAL BUDGET SYSTEM				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$270.0	1.0(Temp)	\$ -0-	-0-
Governor's Recommendation				
General Fund	\$270.0	1.0(Temp)	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds to update the current biennial budget system and provide for ongoing maintenance of the system.

DESCRIPTION/BACKGROUND:

During the last 4 biennia, the Biennial Budget System (BBS) has been used to generate the Governor's budget for the legislature. There have been numerous changes to the Statewide Accounting System to make it online and more efficient. The current BBS has not kept pace with the changes in computer technology; and, therefore, BBS information no longer agrees with statewide accounting in a number of contexts.

System problems:

- A. The system is cumbersome - transactions in statewide accounting need to be manually adjusted in many instances to be usable in BBS.
- B. Batch processing of input is not timely which results in added staff costs and ineffective use of the system.
- C. BBS does not accommodate the variety of time frames and formats required - lack of tracking due to cost and manual effort required.

- D. There are limitations on the ability to summarize and classify data (i.e., 7 major programs, state agencies initiatives, etc.).
- E. Use of BBS for analysis is cumbersome - no what-if capability (i.e., inflation, salary adjustments, etc.).
- F. With BBS, the budget is still a long, cumbersome, largely manual process for agencies and Finance - no provision for producing budget narrative. There is a lack of common financial systems, that is, automatic creation of the fund balance analysis from BBS.

A systems analysis report prepared by the Department of Administration on 12-12-84 rated the current BBS as maladaptive. Maladaptive is defined as a system that does not satisfy the information requirements. System modifications could be performed at costs that appear to be prohibitive. The system would remain difficult to use, be labor dependent and/or still not fulfill all of the information needs.

RATIONALE:

This request would provide for replacement of the Biennial Budget System for the 1990-91 budget process. The new system would remedy numerous deficiencies and problems in the existing system. Enhancement of the state's computerized systems is needed so that budget development, analysis, preparation and implementation can be more timely and responsive to the requests of the executive and legislative branches.

Implementation Schedule:

- a. Project Manager - November 1, 1986.
- b. Definition of project scope, interagency work, etc. during the period November 1, 1986 to January 1, 1987.
- c. Development of RFP's to outside vendors, consultants by April 1, 1987.
- d. Major development and systems work - June thru October, 1987.
- e. Pilots, modules, trial available November - December, 1987.
- f. Preparation Users manuals, training, etc., December 1987 thru February 1988.
- g. Operational System - March, 1988 // Begin Budget.

The above implementation assumes Department of Finance can find funding or staff resources to start the project in F.Y. 1987.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

ACTIVITY: CASH AND DEBT MANAGEMENT
 Program: FINANCIAL AND BUDGET OPERATIONS
 Agency: FINANCE, DEPARTMENT OF

1987-89 Biennial Budget

DESCRIPTION:

The management of the state's long-term general obligation debt includes planning and timing of the sale of bonds, preparing the legal documentation, providing information on the sale, and conducting the actual sale. Management of any short-term debt and sales of certificates of participation require similar activities. Every 3 years the activity rebids the state's bank accounts, located throughout the state. New accounts are established as needed. This activity also provides support in capital budgeting and in the administration of school energy loans.

The 1985 Legislature transferred certain responsibilities from the State Treasurer to the Department of Finance. The responsibilities included the receipt of all revenues at state depositories, the processing of all state warrants for payments to banks, the determination of available bank balances, and the inventory of investments for safekeeping. Changes were made to speed up the collection of money paid to the state, to improve check processing methods, and to reduce the bank balances in the state's account to the minimum required by contract with the banks. The Supreme Court ruled in August, 1986 that the 1985 legislation was unconstitutional.

This activity also administers the Rural Finance Administration (RFA). Established by the 1986 Legislature, the RFA restructures farm real estate loans to eligible borrowers through their lenders. Development responsibilities include the development of the program, criteria and rules, promotion of lender participation and the structuring and marketing of bonds necessary to finance the program. Administrative responsibilities include the processing of loan applications, approval of loan participations, communications with lenders and borrowers, and the monitoring of approved loans throughout the term of the loans.

OBJECTIVE:

To manage state's long-term general obligation debt and certificates of participation so that least cost financing is utilized when financing the state's capital program and equipment needs.

EFFECTIVENESS MEASURE:	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Bond Interest Rate Above AAA bond.	15%	15%	10%	10%	10%

OBJECTIVE:

To maintain the state's bank accounts.

EFFECTIVENESS MEASURE:

Rebid Accounts - Increased Interest Earnings.	54.2%	92.0%	90.0%	90.0%	90.0%
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OBJECTIVE:

To implement, administer and modify the Rural Finance Administration's Farm Loan Restructuring Program.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

EFFECTIVENESS MEASURE:

Maximize the number of lenders and borrowers participating in the program.

OBJECTIVE:

To manage the state's cash to maximize the amount available for use each day.

EFFECTIVENESS MEASURE:

Average collected cash balances above required amounts.

ACTIVITY STATISTICS:

1) Bond Sales - Total Dollars Sold	266,500	52,125	390,500	125,000	125,000
Bond Certificates Issues	6.8	11.2	15.0	15.0	15.0
Savings from Refunding Bond Sales					
Master Lease:					
Dollar Amount of Certificates of Participation Sold	0	31,940	0	-	-
Number of Certificates Issued	0	?			
Number of Leases of refinanced	0	18	0	0	0
Number of Equipment Purchases	0	52	250	-	-
Interest Savings-Refinancing	0	784.3	0	0	0
2) Banking:					
% of bank accounts to be bid	33	3	75	21	5
% of bank accounts earning interest	37	50	55	55	55
% of bank accounts are \$0 compensating balance	64	54	40	40	40
Paying agent dollars saved	27.2	13.2	15.0	15.0	15.0
3) Capital Budget					
Number of cash flow simulations run	50	50	50	50	50
4) School Energy Loans					
Number of Loans	77	54	50	50	50
Dollar Amount of Loans Approved	\$8,494.4	\$4,976.5	\$8,500	\$8,000	
5) Rural Finance Administration					
Number of Loan Applications Received			Not Available		
Number of Loan Applications Approved			at This Time		
Dollar Amount of Loans Approved					

CHANGE REQUESTS:

The General Fund support for the Rural Finance Administration is requested to be phased down in the next biennium by \$282.5.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: CASH AND DEBT MGMT

PROGRAM: FINANCIAL & BUDGET OPERATNS

AGENCY: FINANCE, DEPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	96.5	387.3	690.3	324.5	64.0-	260.5	260.5	323.4	28.5-	294.9	294.9
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	96.5	387.3	690.3	324.5	64.0-	260.5	260.5	323.4	28.5-	294.9	294.9
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	71.5	316.4	513.5	254.9	8.5-	246.4	246.4	253.8	24.9	278.7	278.7
EXPENSES & CONTRAC. SERV	25.0	27.4	159.8	62.4	48.6-	13.8	13.8	62.4	48.6-	13.8	13.8
SUPPLIES & MATERIALS		.2	3.3	1.0	.7-	.3	.3	1.0	1.4	2.4	2.4
EQUIPMENT		43.3	13.7	6.2	6.2-			6.2	6.2-		
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	96.5	387.3	690.3	324.5	64.0-	260.5	260.5	323.4	28.5-	294.9	294.9
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	96.5	387.3	690.3	324.5	114.0-	210.5	210.5	323.4	168.5-	154.9	154.9
DEDICATED APPROPRIATIONS:											
RURAL FARM ADMIN					50.0	50.0	50.0		140.0	140.0	140.0
TOTAL FINANCING	96.5	387.3	690.3	324.5	64.0-	260.5	260.5	323.4	28.5-	294.9	294.9
POSITIONS BY FUND											
GENERAL	2.0	17.0	17.0	8.0	2.0-	6.0	6.0	8.0	2.0-	6.0	6.0
RURAL FARM ADMIN									2.0	2.0	2.0
TOTAL POSITIONS	2.0	17.0	17.0	8.0	2.0-	6.0	6.0	8.0		8.0	8.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: CASH AND DEBT MANAGEMENT
 PROGRAM: FINANCIAL AND BUDGET OPERATIONS
 AGENCY: FINANCE, DEPARTMENT OF

Request Title: RURAL FINANCE ADMINISTRATION - ADMINISTRATIVE COSTS				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	(\$114.0)	(2.0)	(\$168.5)	(2.0)
Loan Repayment Proceeds	\$ 50.0		\$140.0	2.0
Governor's Recommendation				
General Fund	(\$114.0)	(2.0)	(\$168.5)	(2.0)
Loan Repayment Proceeds	\$ 50.0		\$140.0	
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The department requests a General Fund decrease of \$282.5 from the SAME level of funding for Rural Finance Administration (RFA) administrative costs. This reduction will be partially replaced by an administrative cost interest rate charge to be paid by farmers who have their real estate debt restructured under this program.

DESCRIPTION/BACKGROUND:

Article 6 of the 1986 Omnibus Farm Bill (Laws 1986, Ch. 398) created the RFA and authorized it to develop, implement and participate in a program of restructuring farm real estate debt. The RFA role under this legislation is not to take the place of an agricultural lender in its relations with a financially stressed borrower, but rather to create an opportunity and serve as a catalyst to voluntary restructuring.

This encouragement is accomplished by the RFA offering to purchase participation interests in restructured loans under certain conditions. This reduces the current risk of loss for lenders and offers them the opportunity to share certain future risks with the RFA. In order to be able to purchase these interests, the RFA has been discussing the needs of farmers, negotiating with farm lenders, writing program rules, preparing a sound financial plan for the rating and marketing of RFA revenue bonds which will provide the needed funding, and developing the administrative structure necessary to manage loan participations.

In addition to encouraging voluntary restructuring, the program offers farmers an immediate lowering of debt service costs by deferring principal payments and a portion of the interest costs on an existing loan until the end of a restructured loan period. Lastly, but of great importance, the program offers both the farmer borrower and their lender the opportunity for an orderly reduction of an existing debt at the end of the restructured loan, if that debt exceeds the then current value of the real estate property securing the debt.

Statistics:

Meaningful statistics are not available since this is a new program. However, they will be developed and maintained as part of the loan participation management effort.

RATIONALE:

In order to provide farmers with the lowest possible cost of RFA participations, full-time staffing has been kept to a minimum during development and implementation of this program. The department has relied upon current Department of Finance staff and employee time contributed or purchased from other agencies. These planned savings were then used to pay for other program start-up costs related to the planning and execution of one of the most unique and complex financings ever attempted by the state.

This negative CHANGE request recognizes the nonrecurrent nature of certain start-up costs, and proposes to continue a very minimal staffing level and reliance upon employees from other agencies throughout F.Y. 1988. However, staffing needs are forecast to return to the currently authorized level in F.Y. 1989 when loan participations are forecast to be in the \$30 million range or greater. Costs of convening the RFA board and expenses related to printing and distribution of rules changes and other materials will continue as the homestead redemption program and other new program enhancements are implemented. However, total expenditures and General Fund support will continue below the current level as economies of scale are realized. This request reflects an administrative cost interest rate charge of 1/2 of 1% charged to and paid by farmers who have their real estate debt restructured under the program. Expenditure of these loan repayment proceeds should not be limited by direct appropriation, but allowed to move in line with program volume and need.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

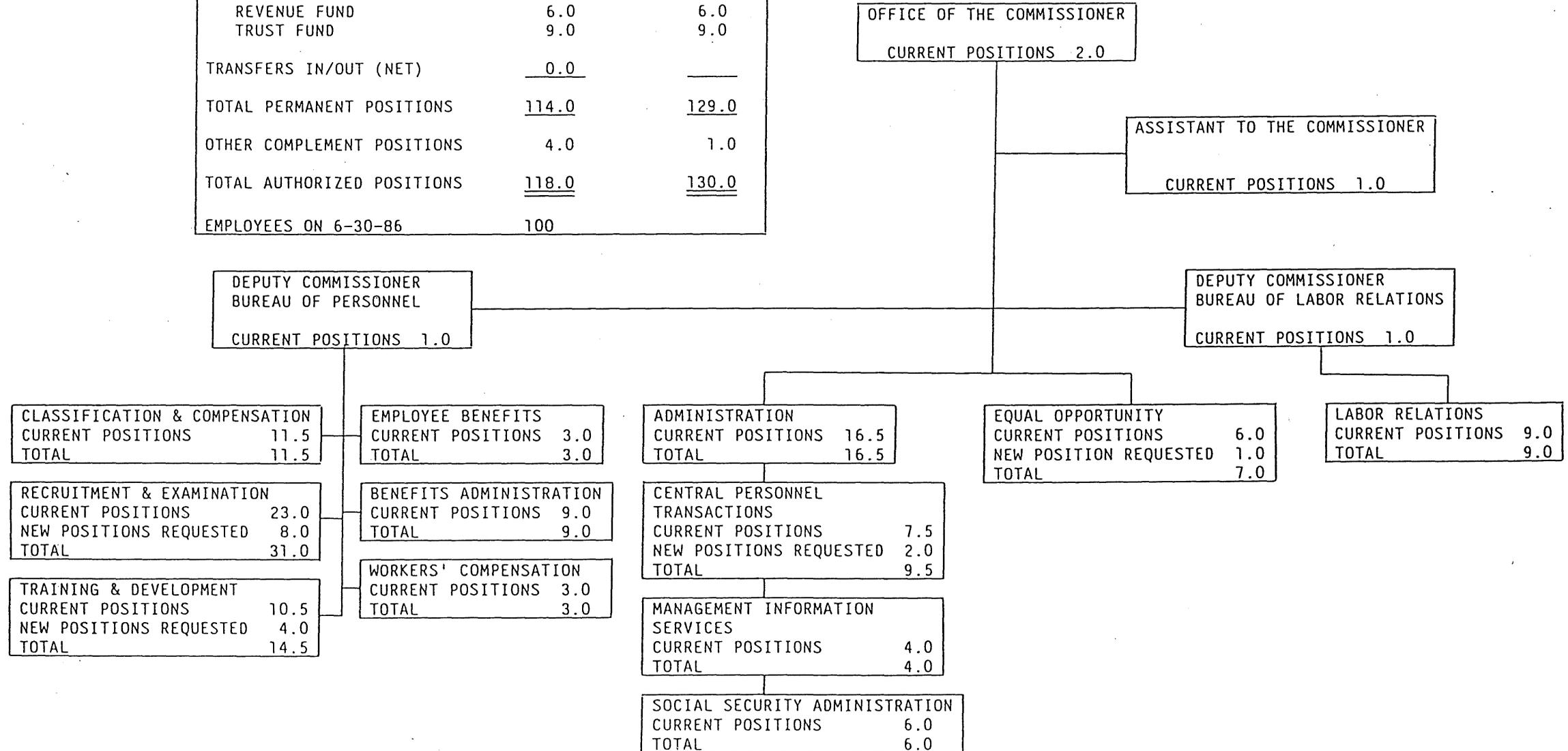
1987-89 BIENNIAL BUDGET
PROGRAM STRUCTURE

<u>PROGRAMS</u>	<u>ACTIVITIES</u>	<u>SECTION</u>	<u>PAGE</u>
• ADMINISTRATION	Administration	23	10
	Central Personnel Transactions		12
	Management Information Services		15
• EQUAL OPPORTUNITY	Equal Opportunity		17
• LABOR RELATIONS BUREAU	Labor Relations		20
• PERSONNEL	Classification and Compensation		25
	Recruitment and Examination		27
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	Employee Benefits		37
• SOCIAL SECURITY ADMINISTRATION	Social Security Administration		41

DEPARTMENT OF EMPLOYEE RELATIONS

ORGANIZATION CHART
AT 10/15/86

POSITION RECONCILIATION		
AUTHORITY:	CURRENT F.Y. 1987	REQUESTED FOR 6-30-89
LEGISLATIVE COMPLEMENT		
GENERAL FUND	99.0	114.0
REVENUE FUND	6.0	6.0
TRUST FUND	9.0	9.0
TRANSFERS IN/OUT (NET)	0.0	
TOTAL PERMANENT POSITIONS	114.0	129.0
OTHER COMPLEMENT POSITIONS	4.0	1.0
TOTAL AUTHORIZED POSITIONS	118.0	130.0
EMPLOYEES ON 6-30-86	100	



AGENCY PURPOSE: The Department of Employee Relations is the primary personnel and labor relations manager of the executive branch. It exists to carry out the Legislative policy that the state ". . . maintain an efficient and effective merit based personnel management system to meet the management needs of the State and the social, economic and program needs of the people of the State" (M.S. Sec. 43A.01) and to act as the Employer for all state employees for the purposes of collective bargaining (M.S. Sec. 179.61 thru Sec. 179.76). The department provides leadership to the various state agencies by fostering and developing a strong, single employer perspective to personnel and labor relations decision-making and administration for the state of Minnesota. The important human resource management functions this department is responsible for administering include: the statewide affirmative action program, position classification, employee training, recruitment, examination and selection, compensation, employee benefits, management information services, payroll certification, and social security administration. Included within the labor relations program are negotiation of biennial collective bargaining agreements, contract administration and grievance management, and representation on behalf of the state concerning collective bargaining unit determination.

The department also provides policy level guidance and leadership to the Governor, the Legislature, and their staffs regarding personnel and labor relations issues by 1) proposing legislation and actively working for legislative and executive policy initiatives designed to improve the state's personnel and labor relations systems and 2) proposing and encouraging equitable and responsive personnel/labor relations management practices for the state as a whole.

OPERATION AND CLIENTELE: The Commissioner serves as one of the principal staff Commissioners for purposes of managing state government. The clientele of the department are the managers of 132 operating agencies in state government and their approximately 35,000 employees; personnel, labor relations and affirmative action directors/designees; the Legislature and staff; exclusive representatives of the 15 collective bargaining units; the general public seeking employment in state service (approximately 50,000 applicants per year); representatives of protected group organizations and organizations involved in human/civil rights issues; and local units of government which request technical personnel assistance or are covered by Social Security provisions.

The department's operations fall into five major program areas:

1. Administration - provides 1) central management direction regarding the state's personnel/labor relations systems through standard setting, fostering good employee and labor relations practices, managing the department's functions, preparing and evaluating legislative proposals affecting the state's workforce, providing centralized liaison with the Legislative Commission on Employee Relations, and communicating departmental activities to various external publics and 2) budgeting and administrative support for the Department of Employee Relations, maintaining and enhancing the state's personnel management information systems, and statewide payroll certification.

2. Equal Opportunity - manages the state's Affirmative Action Program designed to attract and retain protected group members, assists agencies in establishing affirmative action plans, including goals and objectives, assists agencies in implementing equal opportunity policies and procedures, monitors the quarterly progress of each agency, prepares reports for the federal government, provides information on pending legislation in equal opportunity/affirmative action, and advises the Commissioner on needed statutory and policy changes to meet the state's commitment to a representative workforce.
3. Labor Relations - provides direction for the state's labor relations function, negotiates collective bargaining agreements between the state and exclusive representatives of state employees, provides uniform and coordinated contract administration including grievance management and arbitration activities, represents the state in unit determination issues, advises the Commissioner on needed statutory and policy changes, and provides guidance to the Attorney General's Office relative to unfair labor practice allegations.
4. Personnel - provides direction for the state's personnel management function, administers job-related selection and referral processes to assure that the executive branch work force is qualified and representative of the labor market; develops and maintains a position classification system, provides leadership and consultation to agencies in developing their training programs and provides training to state employees; develops compensation plans for non-represented employees and administers compensation plans for all employees; administers the employee benefits program; advises the Commissioner on needed statutory or policy changes; and assists with collective bargaining and contract administration.
5. Social Security Administration - fulfills the state's responsibilities and obligations as contained in the State Social Security Agreement with the Secretary of Health and Human Services by supervising the reporting of social security wages of state and local government and collecting the social security contributions on these wages.

Details of the department's operation are provided on the program and activity pages which follow.

EXPLANATION OF BUDGET REQUEST: Two CHANGE items are included as Agency Wide requests. The first request is for \$525.0 in F.Y. 1988 for Relocation of our Offices to the Centennial Building and the second request of \$149.4 in F.Y. 1988 and \$131.1 in F.Y. 1989 is for Data Systems Upgrade for Agency Access.

GOVERNOR'S RECOMMENDATION: The Governor recommends the funding as requested except for the relocation CHANGE level request of \$525.0 which will be submitted as part of the capital budget request.

INDEX	Agency Request 1987-89 Biennium All Funds	Governor's Recommendation 1987-89 Biennium All Funds	Page
SAME Level Request	\$ 10,765.5	\$ 10,765.5	
Agency-wide CHANGE Request			
Relocation to Centennial Bldg.	525.0	-0-	6
Data Systems Upgrade for Agency Access	<u>280.5</u>	<u>280.5</u>	7
Subtotal	805.5	280.5	
Administration			
Staffing/Operations for Acquisition of Personnel Data Base	<u>145.3</u>	<u>39.5</u>	14
Subtotal	145.3	39.5	
Equal Opportunity			
Targeted Recruitment/Training	<u>109.8</u>	<u>-0-</u>	19
Subtotal	109.8	-0-	
Labor Relations			
Personnel			
Hiring Process Speed and Candidate Suitability Improvement (Open and Continuous Testing)	662.2	267.2	29
Applicant Processing System Redesign	669.6	634.8	31
Training and Development Budget Change Request	641.4	-0-	35
Audit Consultant Service	60.0	-0-	39
Statewide Right-To-Know Contract	208.0	208.0	40
Subtotal	<u>2,241.2</u>	<u>1,110.0</u>	
AGENCY TOTAL	<u>\$ 14,067.3</u>	<u>\$ 12,195.5</u>	

AGENCY FISCAL SUMMARY - BIENNIAL BUDGET

AGENCY: EMPLOYEE RELTNS,DPT

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY PROGRAM:											
ADMINISTRATION DOER	1,244.9	1,299.3	1,389.3	1,522.7	713.9	2,236.6	1,672.1	1,526.4	236.9	1,763.3	1,697.0
EQUAL OPPORTUNITY	165.2	168.5	166.6	205.1	56.5	261.6	205.1	204.9	53.3	258.2	204.9
LABOR RELATIONS	380.7	348.8	440.3	464.8		464.8	464.8	464.1		464.1	464.1
PERSONNEL	2,226.6	2,286.6	2,812.8	2,914.3	970.5	3,884.8	3,362.1	2,936.2	1,270.7	4,206.9	3,598.4
SOCIAL SECURITY	231.8	198.5	272.5	262.8		262.8	262.8	264.2		264.2	264.2
TOTAL	4,249.2	4,301.7	5,081.5	5,369.7	1,740.9	7,110.6	5,966.9	5,395.8	1,560.9	6,956.7	6,228.6
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	4,249.2	4,301.7	5,081.5	5,369.7	1,740.9	7,110.6	5,966.9	5,395.8	1,560.9	6,956.7	6,228.6
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	4,249.2	4,301.7	5,081.5	5,369.7	1,740.9	7,110.6	5,966.9	5,395.8	1,560.9	6,956.7	6,228.6
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	3,795.5	3,823.5	4,122.8	4,427.0	1,740.9	6,167.9	5,024.2	4,423.0	1,560.9	5,983.9	5,255.8
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	453.7	438.9	457.3	378.9		378.9	378.9	380.3		380.3	380.3
EMPLOYEE INS TRUST		39.3	501.4	563.8		563.8	563.8	592.5		592.5	592.5
TOTAL FINANCING	4,249.2	4,301.7	5,081.5	5,369.7	1,740.9	7,110.6	5,966.9	5,395.8	1,560.9	6,956.7	6,228.6
POSITIONS BY FUND:											
GENERAL	95.0	99.0	99.0	99.0	14.0	113.0	103.0	99.0	15.0	114.0	104.0
SPECIAL REVENUE	6.0	6.0	6.0	6.0		6.0	6.0	6.0		6.0	6.0
EMPLOYEE INS TRUST			9.0	9.0		9.0	9.0	9.0		9.0	9.0
TOTAL POSITIONS	101.0	105.0	114.0	114.0	14.0	128.0	118.0	114.0	15.0	129.0	119.0

CHANGE REQUEST

 Agency Program Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM:

AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Request Title: Relocation to Centennial Building				
Agency Request				
General Fund	\$525.0	-0-	\$ -0-	-0-
Governor's Recommendation				
General Fund	\$ -0-		\$ -0-	
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE: The agency requests the above funds to move from its present location at 520 Lafayette Road to the 4th floor of the Centennial Office Building on or about June, 1988. The objective is in response to the Governor's initiative to locate all four staff agencies in the Centennial Office Building.

DESCRIPTION/BACKGROUND: The Department of Employee Relations has been located in office space leased from the Space Center, Inc. at 444 Lafayette Road since February, 1977. The agency was temporarily relocated to 520 Lafayette Road in August, 1986 at Space Center expense.

State departments and agencies have been scattered in various locations, both in state-owned and leased space for many years. As a result, we have lost both a sense of collegiality within government and a logical arrangement of departments which serve the public. It is the Governor's objective to regain coherence to our government placement scheme by consolidating departments with more than one location; to co-locate departments or agencies that have similar or relative functions; and to bring staff agencies into proximity with each other and close to the Office of the Governor and the Legislature. As one of the four staff agencies, it has been recommended that the Department of Employee Relations be relocated to the Centennial Office Building on or about June, 1988.

Funding is requested for this move which includes tenant improvements such as a flooring system, internal partitions, new sound system, conference room amenities and all new finishings. Also included are costs for redesign of our telephone system and

installation of phone and computer lines. It is further requested that these funds carry over to the second year of the biennium in case current timetables are not realized.

RATIONALE: The Governor recommended that the four staff agencies which deal with the day-to-day operation of state governments be grouped in a renovated and remodeled Centennial Office Building. These departments are the Department of Administration, Department of Employee Relations, Department of Finance and the State Planning Agency.

GOVERNOR'S RECOMMENDATION: This request will be included in the Department of Administration's capital budget request and will be addressed as part of an overall package to relocate offices of state agencies.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY:

PROGRAM:

AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

Request Title: Data Systems Upgrade for Agency Access				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$149.4	-0-	\$131.1	-0-
Governor's Recommendation				
General Fund	\$149.4	-0-	\$131.1	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE: The agency requests the above funds to replace obsolete equipment used for the transmission of personnel data for the state's payroll processing system and social security accounting data for state and local government. In addition, it will enhance an existing computer system to provide operating agencies access to the Department of Employee Relations information on training records, job audit data, grievance tracking logs, affirmative action data, and job bulletins.

Interim data processing changes will be made to speed up the application processing system until the complete system redesign can be implemented by the end of the biennium.

DESCRIPTION/BACKGROUND: The existing system used for transmission of personnel data for the state's payroll processing was installed in 1979. Since that time, the equipment has become obsolete, making modifications difficult to accomplish. Currently no back-up for this system exists and, in the event of failures, few, if any, parts are available. If breakdowns occur, we would be unable to transmit personnel data for the processing of the state's payroll resulting in a high volume of incorrect warrants issued to state employees. When this system is upgraded, the existing equipment would be eliminated.

The agency currently has a mini-computer system used mainly for word processing activities. This system contains large amounts of information that would be of assistance to agency personnel offices if it could be made available. By upgrading this system and adding a communication capability to the mainframe at IMB, this information could be readily accessed by operating agencies on-line.

The existing application processing system is cumbersome and causes numerous time delays. By transferring some functions to the upgraded system, we would be able to speed up the application and test scheduling processes.

RATIONALE: We are requesting these funds in order to lease a system which will have the capacity to transmit the data necessary for payroll generation; make it easier for agencies to enter, retrieve, and use central personnel data; improve the speed of our current applicant and test scheduling processes; and improve our word processing capabilities.

Replacing obsolete equipment presently used for transmission of statewide payroll and social security contributions would also allow development of a disaster recovery plan using compatible equipment in the event of equipment failure.

Increasing the availability of data on applicants, examination announcements, training records, audit records, and grievance tracking, would allow operating agencies to have quicker and more responsive access to the data they need for their personnel management programs. If this capacity is not available, individual agencies will develop their own stand alone systems - at higher costs and at a risk of not being able to communicate with one another.

This upgrade was recommended in an Information Management and Automation Study, completed in August, 1986 by IMB.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

PROGRAM: ADMINISTRATION
Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1987-89 Biennial Budget

PROGRAM PURPOSE: The Administration Program is comprised of the Commissioner and executive/support staff who administer all activities within the department and provide overall personnel/labor relations direction for the executive branch of state government. This program: 1) manages the Department of Employee Relations; 2) conducts the department's legislative activities; 3) communicates with the public and other clientele of the department; 4) promulgates rules and establishes administrative procedures which are needed for statewide consistency; 5) administers political activity and code of ethics statutory provisions; and 6) hears appeals in accordance with Personnel Rules, grievances in accordance with the Plans for non-represented employees, and complaints of alleged discrimination.

This program provides centralized support services to the department to assist other programs and activities in meeting their objectives. In addition, the program includes Central Personnel Transactions which processes all personnel transactions into the Personnel/Payroll System.

OPERATION: This program consists of three activities: Administrative Services, Central Personnel Transactions, and Management Information Services. Administrative Services contains the Commissioner's Office, financial management, and all of the support services for the department. Central Personnel Transactions is responsible for processing all personnel transactions on a statewide basis and entering them into the Personnel/Payroll System which provides pay checks to the approximately 35,000 full-time and part-time employees. They certify to the Finance Department that all employees whose names appear on the bi-weekly payroll have been legally appointed and are being paid at the correct salary rate. Management Information Services provides staff support to the department's information system activities, analyses data for use in developing personnel/labor relations policy, and produces information for state managers, the Governor's Office, the Legislature, and the general public. Approximately 60% of this program reflects statewide costs.

EXPLANATION OF BUDGET REQUEST: One CHANGE item is included in this program. \$39.5 in F.Y. 1988 and \$105.8 in F.Y. 1989 and 2.0 positions are requested for Staffing/Operations for Acquisition of Personnel Data Base.

GOVERNOR'S RECOMMENDATION: The Governor recommends the funding except for a biennial reduction of \$105.8 and 1.0 position. This will delay acquisition of the Personnel Data Base by one year.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: ADMINISTRATION DOER

AGENCY: EMPLOYEE RELTNS,DPT

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
ADMINISTRATION	873.2	899.7	921.5	1,038.5	674.4	1,712.9	1,187.9	1,041.1	131.1	1,172.2	1,172.2
CENTRAL PERSONNEL TRANS	237.6	249.5	273.4	283.5	39.5	323.0	283.5	284.2	105.8	390.0	323.7
MANAGEMENT INFO SERVICES	134.1	150.1	194.4	200.7		200.7	200.7	201.1		201.1	201.1
TOTAL	1,244.9	1,299.3	1,389.3	1,522.7	713.9	2,236.6	1,672.1	1,526.4	236.9	1,763.3	1,697.0
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,244.9	1,299.3	1,389.3	1,522.7	713.9	2,236.6	1,672.1	1,526.4	236.9	1,763.3	1,697.0
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	1,244.9	1,299.3	1,389.3	1,522.7	713.9	2,236.6	1,672.1	1,526.4	236.9	1,763.3	1,697.0
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	1,244.9	1,299.3	1,389.3	1,522.7	713.9	2,236.6	1,672.1	1,526.4	236.9	1,763.3	1,697.0
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	1,244.9	1,299.3	1,389.3	1,522.7	713.9	2,236.6	1,672.1	1,526.4	236.9	1,763.3	1,697.0
POSITIONS BY FUND:											
GENERAL	33.0	33.0	33.0	33.0	1.0	34.0	33.0	33.0	2.0	35.0	34.0
TOTAL POSITIONS	33.0	33.0	33.0	33.0	1.0	34.0	33.0	33.0	2.0	35.0	34.0

ACTIVITY: ADMINISTRATIVE SERVICES
 Program: ADMINISTRATION
 Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$.7	\$ -0-	\$ -0-	\$ -0-	\$ -0-

MAJOR OBJECTIVES: 1) To provide leadership and oversee policy direction to the state's personnel management and labor relations systems and 2) to provide quality and cost effective support services to all department employees in a timely manner.

EFFECTIVENESS MEASURES:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
See Effectiveness Measures under each Program/Activity.				
% of invoices processed within 30 days.	100	100	100	100
Error rate on transactions keyed by data entry, maintained at 1% or less.	.075	.075	.05	.05
Response time on word processing documents (hours).	4	4	4	4
% of interim affirmative action goals met.	90	100	100	100

DESCRIPTION: This activity provides management and leadership to the department and to the state. The Commissioner and executive staff are responsible for directing the state's personnel management system, the labor relations function and the accomplishment of the department's goals and objectives. This activity determines and implements program priorities and policies for the department and the state. In addition, this activity provides all internal administrative services to the department which support each activity objective. These services include fiscal management, accounting, payroll, personnel, procurement, space management, statewide personnel records, data entry, word processing, and clerical support.

ACTIVITY STATISTICS:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
No. of political activity/conflict of interest issues addressed.	19	25	20	25
No. of legislative bills reviewed (including companion bills).	428	230	450	200
No. of legislative inquiries annually.	250	200	250	200
No. of accounting transactions processed.	18,773	19,669	20,500	21,000
No. of authors served by word processing.	70	70	75	75
No. of forms keyed by data entry.	228,000	272,000	290,000	290,000
No. of jobs run.	300	300	300	300

CHANGE REQUESTS:

	F.Y. 1988	F.Y. 1989	Type
Relocation to Centennial Building Covers redesign of telephone system, installing phones and computer lines, and/or construction costs and modular furniture. See CHANGE request sheet following the Administrative Services activity fiscal sheet.	\$525.0		Agency wide
Staffing/Operations for Acquisition of Personnel Data Base Needed to replace obsolete equipment and to upgrade existing computer system. See CHANGE request sheet following the Administrative Services fiscal sheet.	\$149.4	\$131.1	Agency wide

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: ADMINISTRATION

PROGRAM: ADMINISTRATION DOER

AGENCY: EMPLOYEE RELTNS,DPT

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	873.2	899.7	921.5	1,038.5	674.4	1,712.9	1,187.9	1,041.1	131.1	1,172.2	1,172.2
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	873.2	899.7	921.5	1,038.5	674.4	1,712.9	1,187.9	1,041.1	131.1	1,172.2	1,172.2
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	679.8	707.7	729.5	752.6		752.6	752.6	749.1		749.1	749.1
EXPENSES & CONTRAC. SERV	169.1	180.2	181.7	275.6	664.4	940.0	425.0	279.7	131.1	410.8	410.8
SUPPLIES & MATERIALS	13.3	11.8	10.3	10.3		10.3	10.3	12.3		12.3	12.3
EQUIPMENT	11.0				10.0	10.0					
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	873.2	899.7	921.5	1,038.5	674.4	1,712.9	1,187.9	1,041.1	131.1	1,172.2	1,172.2
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	873.2	899.7	921.5	1,038.5	674.4	1,712.9	1,187.9	1,041.1	131.1	1,172.2	1,172.2
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	873.2	899.7	921.5	1,038.5	674.4	1,712.9	1,187.9	1,041.1	131.1	1,172.2	1,172.2
POSITIONS BY FUND											
GENERAL	21.5	21.5	21.5	21.5		21.5	21.5	21.5		21.5	21.5
TOTAL POSITIONS	21.5	21.5	21.5	21.5		21.5	21.5	21.5		21.5	21.5

ACTIVITY: CENTRAL PERSONNEL TRANSACTIONS
 Program: ADMINISTRATION
 Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

DESCRIPTION: This activity is responsible for processing an average of 8,000 personnel and position transactions bi-weekly affecting approximately 35,000 state employees and 42,300 positions. The system contains personal, appointment and payroll information on these employees. This activity processes transactions varying from simple address changes to complex funding changes, new appointments, salary changes, etc. This activity must also implement system changes to employees' salary rates resulting from the collective bargaining process in an efficient and timely manner. Operating agencies receive centralized support for personnel transactions in the areas of temporary appointments, work-out-of-class assignments, interagency agreements, intern, student worker, and trainee appointments.

EFFECTIVENESS MEASURES:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
% of employees paid at the correct hourly rate	100	100	100	100
No./% of errors corrected or returned	1,615/20	1,615/20	1,619/20	1,619/20
Response time to agency inquiries (hours)	24	24	24	24

Authority for this activity is found in M.S. 43A.37.

MAJOR OBJECTIVE: To ensure accurate processing of position and personnel transactions for all employees and positions in the executive branch and to certify to the Department of Finance that all employees whose names appear on the bi-weekly payroll have been legally appointed and are being paid at the correct salary rate. To meet operating agencies' needs by providing a centralized source for coordination, approval and/or interpretation of policy and/or procedures as they relate to the processing of personnel transactions.

ACTIVITY STATISTICS:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
No. of personnel and position transactions processed	210,000	210,000	210,500	210,500
Average no. of inquiries per day from operating agencies	154	154	160	160

CHANGE REQUESTS:	F.Y. 1988	F.Y. 1989	Type
Staffing/Operations for Acquisition of Personnel Data Base	\$39.5	\$105.8	Activity Specific

In order to assume responsibility of the employee data base from the Department of Finance during the upcoming biennium, \$39.5 is requested in F.Y. 1988 to hire one person to work with the Department of Finance on the

operations and modifications to the Personnel/Payroll System.

In F.Y. 1989, DOER would assume total responsibility for the employee data base within the Personnel/Payroll system. \$105.8 is being requested for two positions and monies for improvements to the Personnel/Payroll System to accommodate system changes resulting from modifications to collective bargaining agreements, administrative procedures, rules or laws that impact on the Personnel/Payroll System. These monies would also be used for system documentation, training and procedure writing for the employee and position data bases not previously provided since its implementation in 1979.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: CENTRAL PERSONNEL TRANS

PROGRAM: ADMINISTRATION DOER

AGENCY: EMPLOYEE RELTNS,DPT

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	237.6	249.5	273.4	283.5	39.5	323.0	283.5	284.2	105.8	390.0	323.7
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	237.6	249.5	273.4	283.5	39.5	323.0	283.5	284.2	105.8	390.0	323.7
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	181.4	189.9	211.2	219.7	34.8	254.5	219.7	219.7	69.6	289.3	254.5
EXPENSES & CONTRAC. SERV	52.1	55.6	58.7	60.3	1.5	61.8	60.3	61.0	33.0	94.0	62.5
SUPPLIES & MATERIALS	4.1	4.0	3.5	3.5		3.5	3.5	3.5		3.5	3.5
EQUIPMENT					3.2	3.2			3.2	3.2	3.2
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	237.6	249.5	273.4	283.5	39.5	323.0	283.5	284.2	105.8	390.0	323.7
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	237.6	249.5	273.4	283.5	39.5	323.0	283.5	284.2	105.8	390.0	323.7
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	237.6	249.5	273.4	283.5	39.5	323.0	283.5	284.2	105.8	390.0	323.7
POSITIONS BY FUND											
GENERAL	7.5	7.5	7.5	7.5	1.0	8.5	7.5	7.5	2.0	9.5	8.5
TOTAL POSITIONS	7.5	7.5	7.5	7.5	1.0	8.5	7.5	7.5	2.0	9.5	8.5

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: CENTRAL PERSONNEL TRANSACTIONS
 PROGRAM: ADMINISTRATION
 AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

Request Title: Staffing/Operations for Acquisition of Personnel Data Base				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 39.5	1.0	\$105.8	2.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ 39.5	1.0
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE: The agency requests two positions (one position in F.Y. 1988 and one additional position in F.Y. 1989) and the above funding for system modification and improvements to the Personnel/Payroll System employee data base. This request is based on the transition of responsibility during the biennium from the Department of Finance to the Department of Employee Relations for the employee data base. Operation costs in the Department of Finance's budget which are currently used for maintenance of the employee data base would be transferred to the Department of Employee Relations during the second half of the biennium. The objective is to have fiscal responsibility reside in the same agency which has responsibility for the integrity of the data.

DESCRIPTION/BACKGROUND: The current operation and staffing for the Personnel/Payroll System resides in the Department of Finance. The Department of Employee Relations, however, maintains the data as provided under M.S. 43A.37 and is responsible for ensuring the integrity of the employee data base. This activity is responsible for processing an average of 8,000 personnel and position transactions bi-weekly affecting approximately 35,000 state employees and 42,300 positions. Operating agencies also receive centralized support in coordination, approval and/or interpretation of policy and procedures as they relate to the processing of personnel transactions.

STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Average no. of state employees paid biweekly.	35,000	35,000	35,000	35,000
No. of operating agencies who receive assistance in personnel transaction processing.	132	132	132	132
No. of personnel and position transactions processed.	210,000	210,000	210,500	210,500
Average no. of inquiries per day from operating agencies.	154	154	160	160

RATIONALE: The Department of Employee Relations, as provided by statute, is responsible for the accurate and legal appointment and rate of pay of state employees in the Personnel/Payroll System. All data on employees is the responsibility of the Department of Employee Relations as provided under Chapter 43A. Currently, all operations monies for that system is under the Department of Finance. During the first year of the biennium, the Department of Employee Relations and the Department of Finance would begin a transition phase to be completed by the beginning of the second year of the biennium. This transition would involve hiring systems staff in the Department of Employee Relations during the biennium who would be trained in the system design and programs and would be able to assume the responsibility for the Personnel/Payroll System employee data base. Beginning the second year of the biennium, operating responsibilities for the employee data base would transfer to the Department of Employee Relations. The requested funds would pay for two positions who would be responsible for maintenance, modifications, and documentation of this system on an on-going basis. Additionally, \$30.0 is requested for program modifications to the system during the second year as changes occur in collective bargaining agreements, procedures, or laws.

GOVERNOR'S RECOMMENDATION: The Governor recommends the funding as requested except for a reduction of \$105.8 and 1.0 position. The project will be delayed until the second year of the biennium.

ACTIVITY: MANAGEMENT INFORMATION SERVICES
 Program: ADMINISTRATION
 Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$.2	\$.1	\$.1	\$.1	\$.1

MAJOR OBJECTIVES: To provide support for information systems activities so that: 1) information is available for statewide personnel and labor relations management; 2) large scale systems operate efficiently and effectively; and 3) department staff have automated office systems making the best use of computer resources.

EFFECTIVENESS MEASURES:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
% of salary conversion modifications to the Employee Data Base that were generated automatically	85	95	90	97

DESCRIPTION: The Management Information Services activity provides information systems support for personnel/labor relations management and operations by producing: 1) analyses of data for use in developing and evaluating personnel/labor relations policies; and 2) systems analysis and documentation to support the development or modification of current information systems. This activity primarily serves other activities of the Department of Employee Relations, but also provides information to managers of personnel and labor relations, affirmative action directors/designees, the Governor and staff, the Legislature and staff, exclusive representatives of state employees, the news media, and the general public.

The number of requests for specialized output continues to increase due to departmental and Legislative initiatives, the increased recognition of the importance of managing human resources, and the increasing scrutiny which personnel decisions receive. Data sharing - providing data in a usable form to state agencies and others - is receiving a significant amount of attention. There is a continuing need to modify the two major departmental systems - the personnel/payroll system (shared with the Department of Finance) and the application processing system. Changes stem from law or policy changes and the introduction of new technology (e.g., improved software for on-line systems available at the Information Management Bureau). Our applicant processing system currently uses an operating system that IMB no longer plans to support.

The department uses information systems in fulfilling the responsibilities of the Commissioner as found in M.S. 43A.04, 05, and 06. Specific authority to operate information systems containing data on employees and applicants is found in M.S. 43A.04(B).

ACTIVITY STATISTICS:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
No. of jobs run	300	300	325	350
No. of pieces of equipment, software packages and data bases in use:				
Software packages	8	9	9	10
Data bases	6	6	6	7
Data sharing - state agencies	6	10	10	12

CHANGE REQUESTS:

No increase in staff or funding is requested. See CHANGE requests in Recruitment and Examination, Personnel Transactions, and Administration.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: MANAGEMENT INFO SERVICES

PROGRAM: ADMINISTRATION DOER

AGENCY: EMPLOYEE RELTNS,DPT

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	134.1	150.1	194.4	200.7		200.7	200.7	201.1		201.1	201.1
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	134.1	150.1	194.4	200.7		200.7	200.7	201.1		201.1	201.1
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	95.3	118.1	154.3	157.1		157.1	157.1	156.5		156.5	156.5
EXPENSES & CONTRAC. SERV	37.8	31.5	38.1	41.6		41.6	41.6	42.6		42.6	42.6
SUPPLIES & MATERIALS	.8	.5	2.0	2.0		2.0	2.0	2.0		2.0	2.0
EQUIPMENT	.2										
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	134.1	150.1	194.4	200.7		200.7	200.7	201.1		201.1	201.1
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	134.1	150.1	194.4	200.7		200.7	200.7	201.1		201.1	201.1
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	134.1	150.1	194.4	200.7		200.7	200.7	201.1		201.1	201.1
POSITIONS BY FUND											
GENERAL	4.0	4.0	4.0	4.0		4.0	4.0	4.0		4.0	4.0
TOTAL POSITIONS	4.0	4.0	4.0	4.0		4.0	4.0	4.0		4.0	4.0

PROGRAM: EQUAL OPPORTUNITY
 Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1987-89 Biennial Budget

PROGRAM PURPOSE: To ensure compliance with M.S. 43A.19, the state's affirmative action and equal opportunity law, so that the executive branch workforce is representative of the availability of protected group persons.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
% representation of protected groups in executive branch workforce:				
A. Women.	45.0	45.0	45.0	45.0
B. Minorities.	4.1	4.2	4.3	4.4
C. Handicapped.	6.5	6.6	6.7	6.8
D. Vietnam era veterans.	9.1	9.2	9.3	9.4
% representation of protected groups in managerial, professional and supervisory positions in the executive branch:				
A. Women.	33.2	33.3	33.4	33.5
B. Minorities.	4.0	4.1	4.2	4.3
C. Handicapped.	7.0	7.1	7.2	7.3
D. Vietnam era veterans.	11.4	11.4	11.4	11.5

OPERATION: This program is administered by the Director of Equal Opportunity, who reports to the Commissioner. The program provides consultation, technical support, and training to operating agency staff in developing their affirmative action plans, including the establishment of goals and objectives; reviews and approves affirmative action plans annually and monitors quarterly progress; provides information on legislation and court rulings in equal opportunity/affirmative action; reviews state policies and procedures for compliance with equal opportunity requirements or evidence of discrimination; initiates joint programs with other department divisions to eliminate the effects of discrimination; and advises the Commissioner on new, needed legislative or policy initiatives. High priorities within the activity include issues of recruitment, selection, retention, enforcement, training, upward mobility, development of affirmative action officers, and leadership on legislative initiatives and rule changes.

Numerical affirmative action goals and yearly objectives are established for protected groups by agency, bargaining unit, and geographic location. Goals are based on the availability of qualified protected group persons. Availability within a recruitment area is determined from a variety of sources such as U.S. Census data, educational data, and statistics from licensing, regulatory, and accreditation authorities and organizations. Yearly objectives are also established by each agency according to estimated turnover in each bargaining unit by geographic location. Because the nature of jobs varies from one agency to another, and because the availability of protected groups varies from one occupational field to another, goals for a given protected group may vary among agencies.

Based on these data sources, it has been determined that women comprise 42.6% of Minnesota's workforce, minorities 4.1%, handicapped persons 8.2%, and Vietnam era veterans 9.1%.

<u>PROGRAM STATISTICS:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
1. Affirmative action audits conducted.	96	96	96	96
2. Job fairs attended.	8	15	20	25
3. Community informational sessions and job fairs sponsored and conducted.	20	25	30	35
4. No. of training programs developed.	5	7	7	8
5. No. of training programs delivered.	24	26	26	27
6. No. of protected group applicants:				
A. Minorities.	1,880	2,000	2,000	2,000
B. Handicapped.	1,244	1,500	1,500	1,500
C. Vietnam era veterans.	3,900	4,000	4,000	4,000
7. No. of women applying to managerial positions.	159	200	200	200
8. Monthly information newsletter to agencies. (New activity in 1986.)	12	12	12	12
9. Complaint investigations fact finding.	10	10	10	10

EXPLANATION OF BUDGET REQUEST: One CHANGE item is requested for this program. \$56.5 in F.Y. 1988 and \$53.3 in F.Y. 1989 and 1.0 position is requested for targeted recruitment, training of affirmative action officers/designees, and to improve the information and monitoring system. See CHANGE request sheet following the Equal Opportunity program fiscal sheet.

GOVERNOR'S RECOMMENDATION: The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: EQUAL OPPORTUNITY

PROGRAM: EQUAL OPPORTUNITY

AGENCY: EMPLOYEE RELTNS,DPT

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	165.2	168.5	166.6	205.1	56.5	261.6	205.1	204.9	53.3	258.2	204.9
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	165.2	168.5	166.6	205.1	56.5	261.6	205.1	204.9	53.3	258.2	204.9
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	147.2	150.6	145.8	182.7	28.3	211.0	182.7	182.1	28.3	210.4	182.1
EXPENSES & CONTRAC. SERV	17.2	17.4	20.2	21.8	24.0	45.8	21.8	22.2	24.0	46.2	22.2
SUPPLIES & MATERIALS	.8	.5	.6	.6	1.0	1.6	.6	.6	1.0	1.6	.6
EQUIPMENT					3.2	3.2					
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	165.2	168.5	166.6	205.1	56.5	261.6	205.1	204.9	53.3	258.2	204.9
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	165.2	168.5	166.6	205.1	56.5	261.6	205.1	204.9	53.3	258.2	204.9
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	165.2	168.5	166.6	205.1	56.5	261.6	205.1	204.9	53.3	258.2	204.9
POSITIONS BY FUND											
GENERAL	4.0	6.0	6.0	6.0	1.0	7.0	6.0	6.0	1.0	7.0	6.0
TOTAL POSITIONS	4.0	6.0	6.0	6.0	1.0	7.0	6.0	6.0	1.0	7.0	6.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY:
PROGRAM: EQUAL OPPORTUNITY
AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

Request Title: Targeted Recruitment and Training				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
General Fund	\$ 56.5	1.0	\$ 53.3	1.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE: The program requests the above dollar amounts and one position in order to make improvements to the system which monitors agency hiring practices, to train agency affirmative action officers and designees, and to design a specialized recruitment program for protected group members. The objective is to strengthen our abilities to attract and retain qualified protected group members.

DESCRIPTION/BACKGROUND: Currently, the Equal Opportunity Division is charged with monitoring the state's affirmative action program and to assist agencies in meeting affirmative action goals. The role of the division has been enlarged as a result of 1985 legislative changes with specific requirements to monitor agency compliance and assist agencies with their affirmative action programs. In order to fulfill this obligation, we are requesting the following:

Recruitment - Present recruitment practices are minimal. The Department of Administration study, "Hiring & Firing in State Government" recommended an expanded recruitment program. This division will lead a concerted department effort of focused advertising, personal contacts, and other linkages with professional, education, and community resources. We must be able to target protected group members to areas where they have been traditionally underrepresented. We need to emphasize recruiting for classifications requiring specialized skills.

Training - The primary need for a successful program, as identified by agencies in a recent survey, was training of Affirmative Action Officers/designees and agency staff on methods to dissolve barriers that currently exist in the workplace, i.e., preventing sexual harassment, dissolving prejudice in the workplace, making reasonable accommodation for the handicapped, and providing basic orientation

programs on the state's hiring processes.

Information and Monitoring System Improvement - An information and monitoring system is essential to managing our state's affirmative action program. Modifications to the central personnel system are necessary in order to better identify agency compliance with affirmative action goals as required in M.S. 43A.19.

This request would provide one additional staff and operating funds to support these expanded activities.

RATIONALE: During the 1985 legislative session, the Department of Employee Relations through its Equal Opportunity Division was mandated to sanction and/or recognize agencies that are in or out of compliance within their affirmative action hiring goals. Due to fiscal constraints, a method of monitoring has not been fully developed to accurately track and monitor agency hiring practices on a quarterly basis. Departmental legislation in 1987 will increase agencies' opportunity to consider protected group members in hiring. This CHANGE request is needed so that the recruitment has been done and the systems are in place to assure the availability of protected group members for agency consideration.

With this CHANGE request, we expect an increase in protected group member applicant and placement by 10% each year of the biennium.

	F.Y. 1987	F.Y. 1988	F.Y. 1989
Applicants	7,700	8,470	9,317
Placements	770	847	931

GOVERNOR'S RECOMMENDATION: The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

PROGRAM: LABOR RELATIONS
 Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1987-89 Biennial Budget

OPERATION: The Labor Relations program: 1) negotiates and administers collective bargaining agreements between the state and exclusive representatives of state employees; 2) represents state management in the development and implementation of all other facets of comprehensive labor relations programs for all state employees such as unit determination, policy development, and arbitration proceedings; and 3) provides centralized liaison with the Governor and staff and the Legislative Commission on Employee Relations on behalf of state management with regard to collective bargaining agreements and other labor relations matters.

PROGRAM PURPOSE:

1. To successfully complete the negotiation of collective bargaining agreements (presently 10 contracts covering approximately 31,000 state employees in 15 bargaining units) for the 1987-89 biennium.
2. To represent the state in labor relations issues and in all facets of the administration of collective bargaining agreements with exclusive representatives of state employees.

PROGRAM STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
1. Contract Negotiations				
A. Ten collective bargaining agreements for 15 bargaining units covering approximately 31,000 represented state employees.	11	-0-	10	-0-
B. Approximate no. of bargaining sessions.	65	140	65	140
C. Approximate no. of separate management caucuses and briefing sessions.	35	40	35	40
2. Contract Administration				
A. Training.				
1. No. of training sessions offered.	25	28	30	30
2. Approximate number of participants trained.	465	525	500	500
3. No. of new courses developed	2	2	1	1
4. Briefing sessions on new collective bargaining agreements.	20	-0-	20	-0-
B. Grievances.				
1. Approximate no. of consultations with agencies on grievances.	3,350	3,350	3,350	3,350
2. Approximate no. of grievances settled prior to arbitration.	260	260	260	260
3. Approximate no. of grievances arbitrated.	20	25	25	20

EFFECTIVENESS MEASURES:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
1. Contract Negotiations				
A. Agreements are ratified by the Legislature.	11	-0-	10	-0-
B. Agreements conform with pay equity requirements of M.S. 43A.01, Subd. 3, and M.S. 43A.05, Subd. 5 and 6.	11	-0-	10	-0-
C. Agreements protect the vital management interests of the state as a single employer (for example, contribute to a constructive labor management relationship, maintain equitable relationships among bargaining units to the extent possible, and preserve essential management rights).	11	-0-	10	-0-
2. Contract Administration				
A. Collective bargaining agreements are applied consistently and in accord with their negotiated intent.		See Activity Statistics		
B. Collective bargaining agreements are applied in a manner consistent with the concept of the state as a single, unified employer.		See Activity Statistics		
C. A constructive labor relations climate exists that fosters cooperation between management and labor in joint problem solving efforts.		See Activity Statistics		

PROGRAM: LABOR RELATIONS
(Continuation)
Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1987-89 Biennial Budget

GOVERNOR'S RECOMMENDATION:

<u>PROGRAM STATISTICS:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
C. Approximate no. of departmental consultations on contract administration.	8,000	8,000	8,000	8,000
D. Labor/Management committees.				
1. No. of committees.	15	15	15	20
2. No. of meetings held.	20	25	25	25
E. Bargaining Unit Clarification (new positions, new classes, reclassifications)*				
1. No. of unit clarifications filed with Bureau of Mediation Services.	175	150	150	150
2. Number of settlements reached prior to hearing.	65	55	75	75
3. Number of administrative hearings.	13	11	12	12
*NOTE: Numbers through unit clarifications resolved may not coincide because of withdrawals and cases pending hearing.				
F. Approximate number of consultations with Department of Administration Management Analysis Division or other agencies regarding management studies or inter-agency projects having an impact on labor relations.	25	25	25	25

EXPLANATION OF BUDGET REQUEST: No increase in staff or funding is requested.

GOVERNOR'S RECOMMENDATION: The Governor concurs with the agency's request to achieve the 1987-89 objectives.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: LABOR RELATIONS

PROGRAM: LABOR RELATIONS

AGENCY: EMPLOYEE RELTNS,DPT

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	380.7	348.8	440.3	464.8		464.8	464.8	464.1		464.1	464.1
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	380.7	348.8	440.3	464.8		464.8	464.8	464.1		464.1	464.1
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	322.0	287.5	368.3	388.0		388.0	388.0	386.7		386.7	386.7
EXPENSES & CONTRAC. SERV	52.7	47.5	62.1	66.4		66.4	66.4	67.0		67.0	67.0
SUPPLIES & MATERIALS	6.0	13.8	9.9	10.4		10.4	10.4	10.4		10.4	10.4
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	380.7	348.8	440.3	464.8		464.8	464.8	464.1		464.1	464.1
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	380.7	348.8	440.3	464.8		464.8	464.8	464.1		464.1	464.1
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	380.7	348.8	440.3	464.8		464.8	464.8	464.1		464.1	464.1
POSITIONS BY FUND											
GENERAL	9.0	9.0	9.0	9.0		9.0	9.0	9.0		9.0	9.0
TOTAL POSITIONS	9.0	9.0	9.0	9.0		9.0	9.0	9.0		9.0	9.0

PROGRAM: PERSONNEL
Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1987-89 Biennial Budget

PROGRAM PURPOSE: The personnel program: 1) provides direct agency personnel services or technical assistance designed to achieve merit system and equal opportunity principles and to facilitate the human resource management needs of state agencies; 2) plays a vital role in providing input and assistance to the collective bargaining process; and 3) provides centralized liaison with the Governor and staff and the Legislative Commission on Employee Relations on behalf of state management with regard to personnel management matters.

OPERATION: The personnel program is directed by the Deputy Commissioner of the Personnel Bureau and contains the following activities:

1. Recruitment and Examination provides state agencies with qualified employees by providing information on employment opportunities with the state; recruiting applicants for state employment; developing and administering examinations designed for job-relatedness and validity; establishing, maintaining, and referring lists of eligible candidates to state agencies with vacancies; recommending policy, establishing procedures, and providing training and guidance to agencies regarding recruitment, selection, and appointment activities in the state service.
2. The Classification/Compensation activity develops and administers a statewide classification plan as a framework for allocating positions to classes based on job content for the purposes of personnel management functions such as selection, training, recruitment and compensation. In addition, this activity develops and administers the state's salary and benefits programs (excluding insurance) through analyzing the state's salary and benefits structure in relation to job content and relevant labor markets.
3. Training and Development designs and implements a statewide management development program; designs and offers both supervisory and non-supervisory training courses; provides special services programs such as Pre-Retirement Planning and Employment Transition; provides consultant assistance to agencies in design and delivery of courses and programs; and maintains a library/resource center for use by training personnel of operating agencies.
4. Employee Benefits administers the state group insurance plan (approximately \$107 million in premiums in F.Y. 1987) through designing the benefit plan as part of the state's total compensation program, secures coverages from vendors at the best prices available, assures that the administrative and financial framework furnishes a cost effective means for managing the resources allocated to this purpose, and provides expertise to the collective bargaining process.

BUDGET ISSUES: Providing consistent and effective administration of personnel functions is essential to the efficient operation of state government. When our central staff function fails or slows down, program delivery is hindered.

Much attention has been focused on hiring, motivating, and managing the performance of state employees during the last two years. The Citizen's League Report: "State Civil Service: People Make the Difference" and a Department of Administration report: "Hiring & Firing in State Government," both recommended more involvement and training of state managers and supervisors in personnel functions. Many of these functions are already decentralized and more decentralization is being considered in this budget. This requires a concentrated effort by the department, agency managers, and agency personnel staffs to clarify roles, set operating standards, and assure equal service to all departments.

Though responsibility for maintaining consistent, statewide policies will remain within this department, we recognize that fast, effective, and expert service is paramount within today's operating climate. Our goals are to remain the technical experts in the personnel areas, provide direct services to smaller agencies, and technical assistance as required to large agencies.

To meet these challenges, and to implement the recommendations of the studies, this bureau is requesting additional staff to speed up the hiring process and training monies for our staff, agency personnel office staff, and statewide managers and supervisors.

EXPLANATION OF BUDGET REQUESTS: Five CHANGE items are requested for this program:

1. \$359.5 in F.Y. 1988 and \$302.7 in F.Y. 1989 and 8.0 positions to speed up the state hiring process through open and continuous testing and improve the suitability of candidates. Recruitment & Examination Activity.
2. \$234.8 in F.Y. 1988 and \$434.8 in F.Y. 1989 and 1.0 position to design and develop a new automated applicant processing system. Recruitment & Examination Activity.
3. \$242.2 in F.Y. 1988 and \$399.2 in F.Y. 1989 and 4.0 positions to provide management/supervisory training and training for personnel office staff in operating agencies. Training and Development Activity.
4. \$30.0 in F.Y. 1988 and \$30.0 in F.Y. 1989 to conduct an audit of claims processing. Employee Benefits Activity.
5. \$104.0 in F.Y. 1988 and \$104.0 in F.Y. 1989 to contract with Ramsey Poison Control Center under Right to Know. Employee Benefits Activity.

GOVERNOR'S RECOMMENDATION: The Governor recommends the following:

- \$143.8 in F.Y. 1988 and \$123.4 in F.Y. 1989 and 3.0 positions to speed up the hiring process and improve candidate suitability.
- \$200.0 in F.Y. 1988 and \$634.8 in F.Y. 1989 and 1.0 position to design and develop a new applicant processing system.
- \$104.0 each year to contract with Ramsey Poison Control Center under the Right-to-Know contract.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: PERSONNEL

AGENCY: EMPLOYEE RELTNS,DPT

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
CLASSIFICATION	421.9	441.4	455.0	475.2		475.2	475.2	473.9		473.9	473.9
RECRUITMENT & EXAMINATION	881.0	871.6	875.1	946.3	594.3	1,540.6	1,290.1	947.7	737.5	1,685.2	1,505.9
TRAINING & DEVELOPMENT	617.4	679.4	668.0	619.4	242.2	861.6	619.4	618.3	399.2	1,017.5	618.3
EMPLOYEE BENEFITS	306.3	294.2	814.7	873.4	134.0	1,007.4	977.4	896.3	134.0	1,030.3	1,000.3
TOTAL	2,226.6	2,286.6	2,812.8	2,914.3	970.5	3,884.8	3,362.1	2,936.2	1,270.7	4,206.9	3,598.4
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	2,226.6	2,286.6	2,812.8	2,914.3	970.5	3,884.8	3,362.1	2,936.2	1,270.7	4,206.9	3,598.4
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	2,226.6	2,286.6	2,812.8	2,914.3	970.5	3,884.8	3,362.1	2,936.2	1,270.7	4,206.9	3,598.4
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	2,004.7	2,006.9	2,126.6	2,234.4	970.5	3,204.9	2,682.2	2,227.6	1,270.7	3,498.3	2,889.8
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	221.9	240.4	184.8	116.1		116.1	116.1	116.1		116.1	116.1
EMPLOYEE INS TRUST		39.3	501.4	563.8		563.8	563.8	592.5		592.5	592.5
TOTAL FINANCING	2,226.6	2,286.6	2,812.8	2,914.3	970.5	3,884.8	3,362.1	2,936.2	1,270.7	4,206.9	3,598.4
POSITIONS BY FUND:											
GENERAL	49.0	51.0	51.0	51.0	12.0	63.0	55.0	51.0	12.0	63.0	55.0
EMPLOYEE INS TRUST			9.0	9.0		9.0	9.0	9.0		9.0	9.0
TOTAL POSITIONS	49.0	51.0	60.0	60.0	12.0	72.0	64.0	60.0	12.0	72.0	64.0

ACTIVITY: CLASSIFICATION & COMPENSATION
 Program: PERSONNEL
 Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

MAJOR OBJECTIVES: To maintain a statewide framework for placing positions into classes based upon job content, and to compensate employees equitably within the classification framework based upon the value of the work performed.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Individual positions audited per year.	3,109	3,000	3,000	3,000

DESCRIPTION: The basic functions of this activity are to maintain the state's job classification system by establishing and abolishing classifications, assigning new classifications to salary ranges, and reviewing individual positions for assignment to the most appropriate classification. Proper classification of a position is critical for selection and retention, bargaining unit designation, and as the basis for equitable compensation relationships among state positions. The compensation aspects of this activity include development of a management position on compensation for collective bargaining, administration of the wage provisions of collective bargaining agreements and plans, preparation of the Pay Equity analysis and report required by law, costing of contract and plan proposals, and the development or review and approval of compensation plans for unrepresented employees.

This activity impacts upon all agencies, employees and positions in the executive branch and classified employees in the legislative branch.

Authority for this activity is found in M.S. 43A.05, Subd. 1.

<u>ACTIVITY STATISTICS:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
1. Positions/classifications rated each year using the Hay job evaluation system.	289	300	300	300
2. Contracts/plans costed each biennium (multiple proposals are costed for each contract or plan).	0	9	0	9
3. Classes receiving pay equity adjustments.	121	105	Minimal*	Minimal*

*Pay Equity Report requires same amount of effort whether or not any classes are identified as underpaid.

CHANGE REQUESTS:

No additional funding is requested.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: CLASSIFICATION

PROGRAM: PERSONNEL

AGENCY: EMPLOYEE RELTNS,DPT

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	421.9	441.4	455.0	475.2		475.2	475.2	473.9		473.9	473.9
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	421.9	441.4	455.0	475.2		475.2	475.2	473.9		473.9	473.9
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	398.2	411.2	418.5	436.6		436.6	436.6	435.0		435.0	435.0
EXPENSES & CONTRAC. SERV	21.5	29.4	35.3	37.4		37.4	37.4	37.7		37.7	37.7
SUPPLIES & MATERIALS	2.2	.8	1.2	1.2		1.2	1.2	1.2		1.2	1.2
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	421.9	441.4	455.0	475.2		475.2	475.2	473.9		473.9	473.9
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	421.9	441.4	455.0	475.2		475.2	475.2	473.9		473.9	473.9
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	421.9	441.4	455.0	475.2		475.2	475.2	473.9		473.9	473.9
POSITIONS BY FUND											
GENERAL	11.5	11.5	11.5	11.5		11.5	11.5	11.5		11.5	11.5
TOTAL POSITIONS	11.5	11.5	11.5	11.5		11.5	11.5	11.5		11.5	11.5

ACTIVITY: RECRUITMENT AND EXAMINATION
 Program: PERSONNEL
 Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$ 7.3	\$ 7.3	\$ 3.5	-0-	-0-

MAJOR OBJECTIVES: To recruit, examine and refer qualified applicants to vacancies in a timely manner so that state agencies can maintain the quality and continuity of their programs and services.

EFFECTIVENESS MEASURES:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
% of agency requests for which qualified candidates are available and referred in 24 hours.	70	70	70	70
% of agency requests (including those requiring conduct of recruitment and selection processes) for which candidates are referred within 60 days.	85	85	85	85

DESCRIPTION: Recruitment and Examination: 1) provides the public and state employees information concerning state employment opportunities; 2) recruits applicants for state employment; 3) conducts examination development and administration designed to determine the qualifications of applicants to perform state jobs; 4) establishes, maintains and refers lists of qualified candidates to state agencies with vacancies; and 5) recommends policy, establishes procedures, and provides training and guidance to state agencies regarding recruitment, selection, and appointment activities in the state service.

The activity serves all appointing authorities, managers and personnel, labor relations, and affirmative action directors/designees in 132 operating agencies, the general public and state employees seeking employment or promotion in state service. The mix of services requested and the intensity of demand fluctuates with the economy and with requirements for state services.

Authority for this activity is found in M.S. 43A.04, and 43A.09 through 43A.16.

ACTIVITY STATISTICS:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Examinations opened during year.	511	600	600	600
Requests for referral of eligible lists.	3,930	4,500	4,500	4,500
Applications for examination received and processed.	64,520	60,000	60,000	60,000
Median days from close of examination to establishment of a list of qualified candidates:				
A. Using written test at centers throughout the state.	66	65	65	65
B. Using experience and training rating.	18	20	20	20

CHANGE REQUESTS:	F.Y. 1988	F.Y. 1989	Type
Hiring Process Speed and Candidate Suitability Improvement (Open and Continuous Testing) Covers costs to implement improvements recommended by a legislatively mandated study. It covers costs to review and revise over 300 exams and to open exams to continuous testing in order to immediately provide names of qualified candidates. Includes funding for positions and related supplies and expense to accomplish the above purposes.	\$359.5	\$302.7	Activity Specific
Applicant Processing System Redesign Includes costs of redesigning the systems which process applications, schedule tests, score examinations, notify applicants of test scores, rank passing candidates, and certify lists of candidates to hiring agencies.	\$234.8	\$434.8	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: RECRUITMENT & EXAMINATION

PROGRAM: PERSONNEL

AGENCY: EMPLOYEE RELTNS,DPT

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	881.0	871.6	875.1	946.3	594.3	1,540.6	1,290.1	947.7	737.5	1,685.2	1,505.9
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	881.0	871.6	875.1	946.3	594.3	1,540.6	1,290.1	947.7	737.5	1,685.2	1,505.9
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	671.1	671.6	699.4	741.4	278.2	1,019.6	870.2	738.7	257.0	995.7	867.5
EXPENSES & CONTRAC. SERV	190.7	198.0	173.5	202.7	290.5	493.2	407.3	206.8	480.5	687.3	636.2
SUPPLIES & MATERIALS	6.9	2.0	2.2	2.2		2.2	2.2	2.2		2.2	2.2
EQUIPMENT	12.3				25.6	25.6	10.4				
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	881.0	871.6	875.1	946.3	594.3	1,540.6	1,290.1	947.7	737.5	1,685.2	1,505.9
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	881.0	871.6	875.1	946.3	594.3	1,540.6	1,290.1	947.7	737.5	1,685.2	1,505.9
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	881.0	871.6	875.1	946.3	594.3	1,540.6	1,290.1	947.7	737.5	1,685.2	1,505.9
POSITIONS BY FUND											
GENERAL	24.0	23.0	23.0	23.0	9.0	32.0	27.0	23.0	8.0	31.0	27.0
TOTAL POSITIONS	24.0	23.0	23.0	23.0	9.0	32.0	27.0	23.0	8.0	31.0	27.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: RECRUITMENT AND EXAMINATION
 PROGRAM: PERSONNEL
 AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

Request Title: Hiring Process Speed and Candidate Suitability Improvement (Open and Continuous Testing)				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$359.5	8.0	\$302.7	7.0
Governor's Recommendation				
General Fund	\$143.8	3.0	\$123.4	3.0
Request requires statutory change: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
Statutes Affected: M.S. 43A.13				

STATEMENT OF REQUEST/OBJECTIVE: The agency requests the above funds and positions to implement recommendations of a legislatively mandated study to speed up the state hiring process and improve the suitability of candidates available to state managers for filling individual jobs.

EFFECTIVENESS MEASURES:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
% of agency requests for which qualified candidates are available and referred in 24 hours.	70	70	80	85
% of agency requests (including those requiring conduct of recruitment and selection processes) for which candidates are referred within 60 days.	85	85	90	95
% of managers and supervisors finding candidates referred to be qualified.	84	84	90	95
% of managers and supervisors finding candidates referred to be well qualified.	74	74	80	90

DESCRIPTION/BACKGROUND: The 1985 legislature directed the Department of Administration (DOA) to study ways to speed up the hiring process for state government. The DOA study showed managerial dissatisfaction with both time delays in the hiring process and with the availability and suitability of referred candidates. They recommended the following actions to improve the process:

1. Open all but low turnover classes to continuous application and testing and keep names on eligible lists for shorter times to ensure state agencies of immediately available qualified candidates for most vacancies.
2. Implement a more aggressive recruitment and advertising program to attract well qualified candidates more specifically suited for individual job vacancies.
3. Increase the hiring options available to state agencies by permitting selection either from among the top 20 (10 when limited to state employees) candidates or from among all candidates who meet vacancy-specific qualifications.
4. Decentralize to agencies administration of non-written exams for classes unique to those agencies.
5. Redesign manual and automated systems.

The Department of Employee Relations, state managers, and supervisors support the Department of Administration's recommendations. However, in order to implement them, additional staff and resources are required. As can be seen in the statistics below, the number of applications received by the Department of Employee Relations has increased dramatically. Division staff has reached a low level as a result of past budget reductions. (Division staff numbered 34 in F.Y. 1980 compared to the present 23.) This combination of events decreased our ability to keep exams current, caused examinations to be closed to application, and adversely affected the speed and quality of candidate referrals.

With open and continuous testing, we are estimating higher application volumes, affording many more people the opportunity to compete, and improving the availability of candidates while reducing turnaround times assuming the receipt of necessary resources.

STATISTICS:	F.Y. 1982	F.Y. 1984	F.Y. 1986	Est. F.Y. 1989
Applications.	20,724	52,986	64,520	75,000
Exams opened each year.	541	706	511	750
Exams kept open to continuous application during year.	250	216	94	485
Turnaround time for non-continuous exams (i.e., median days from closing of exam to list availability):				
With written test	42	52	66	45
With experience and training rating	15	15	18	12

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

(Continuation)

ACTIVITY: RECRUITMENT AND EXAMINATION
 PROGRAM: PERSONNEL
 AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

<u>STATISTICS:</u>	<u>F.Y. 1982</u>	<u>F.Y. 1984</u>	<u>F.Y. 1986</u>	<u>Est.</u> <u>F.Y. 1989</u>
Turnaround time on continuously open exams (i.e., average number of days from date application received to date candidate placed on eligible list):				
With written test	N/A	N/A	53	35
With experience and training rating	N/A	N/A	9	8
Staff in R&E Division	24	22	23	30

RATIONALE: The proposed funding is sought to speed up the application and referral process and improve the suitability of candidates available for state vacancies. It would cover the costs of eight new positions to handle the increased application volume and permit review and revision of examinations to be opened to continuous application. Four staff positions would be used to develop, revise, and update examinations which have not been reviewed due to lack of use and/or shortage of staff. This is essential before exams are opened again to assure their accuracy. Three positions are requested as clerical support for handling increased exam development and application and test volumes. One position will cancel at the end of F.Y. 1988 and a second position will cancel at the end of F.Y. 1989 as automated system improvements permit a decrease in clerical support for test scheduling and scoring operations. The last position is needed for training agency personnel in exam administration and for auditing their exam activities as agencies are encouraged to take on increased delegation of examination functions. Increased supplies, expenses and equipment are requested to support the new positions, to improve the state's recruiting program, to cover increased mailing costs and for more frequent test administration.

The performance indicators used to evaluate this activity and the effect of the changed level of resources will be decreased time to provide qualified candidates to state agencies and increased management satisfaction with referred candidates.

GOVERNOR'S RECOMMENDATION: The Governor recommends a reduced level of funding consisting of \$143.8 for F.Y. 1988 and \$123.4 for F.Y. 1989 and 3.0 additional positions. This will allow the department to begin implementation of the program in this biennium.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: RECRUITMENT AND EXAMINATION
 PROGRAM: PERSONNEL
 AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

- Increase skills banking capability to implement vacancy-specific referrals.
- Permit remote on-line entry of applications and scores and on-line generation of eligible lists to handle increased decentralization.
- Plan for remote entry and immediate on-line scoring of test item responses.
- Plan for flexibility to permit inexpensive system revisions to accommodate inevitable changes in the employment process.

Request Title: Applicant Processing System Redesign				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$234.8	1.0	\$434.8	1.0
Governor's Recommendation				
General Fund	\$200.0	1.0	\$434.8	1.0
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

RATIONALE: The proposed funding is sought to redesign the current application and referral computer systems in order to handle larger volumes of applications within shorter time frames, provide for multiple class testing and scoring, decentralize the processing of exams, and provide agencies qualified candidates for vacancies. The current system for processing applications and referring candidates is too inflexible to keep up with demands for changes on a cost effective basis, and support for its operating system is being phased out in IMB. This redesign was recommended in an Information Management and Automation Study, completed in August, 1986, by IMB.

GOVERNOR'S RECOMMENDATION: The Governor recommends the funding as requested except for a small reduction of \$34.8 in F.Y. 1988 which will delay implementation of the applicant processing system somewhat in the first year.

STATEMENT OF REQUEST/OBJECTIVE: The agency requests the above funds and position to redesign the current application processing, examination scheduling, test scoring, and qualified candidate referral systems. These monies would be used for determining system requirements, development and/or purchase of necessary software and hardware, system documentation, training, and ongoing maintenance and operation costs. This request is based upon recommendations of a legislative mandated study by the Department of Administration to speed up the state hiring process.

DESCRIPTION/BACKGROUND: The present manual and automated applicant processing and candidate referral systems were established in 1978. Major changes in the examining and referral processes (i.e., consolidated clerical exams, increased decentralized exam administration and increased continuous testing) cause major problems since the system is outdated and modifications are costly and time consuming. Approximately 60,000 applications are processed each year and this volume will increase when we begin continuous testing. In order to handle this volume in an expedient manner and have qualified candidates referred to operating agencies as quickly as possible, the present system must be redesigned.

The Department of Administration Hire/Fire Study discussed the problems caused by the current automated system and recommended redesigning the system to provide the flexibility required by DOER staff and operating agencies. A new automated applicant processing system will:

- Decrease processing turnaround time.
- Permit scoring and qualification for multiple classes from a single application/test.

ACTIVITY: TRAINING AND DEVELOPMENT
 Program: PERSONNEL
 Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

MAJOR OBJECTIVES: To assure that quality and cost effective training and development services are available to the state's workforce.

EFFECTIVENESS MEASURES:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
% of applicants admitted to courses.	85	80	80	80
% of requests for technical assistance met.	N/A	80	80	80
No. of different management/supervisory courses.	14	14	14	14
No. of different non-management courses.	24	29	29	29
Cost per participant hour does not exceed.	\$5.00	\$6.00	\$6.00	\$6.00
Client satisfaction:				
• participant evaluation (Scale of 1-5)	4.4	4.0	4.0	4.0
• management survey (Scale of 1-5)	N/A	4.0	4.0	4.0

DESCRIPTION: This activity provides leadership for the state in the use of training and development in achieving managerial as well as operational goals and objectives. This activity: 1) designs and implements a statewide management development program; 2) designs and offers supervisory and non-supervisory training courses for use by all operating agencies; 3) provides training for upward mobility; 4) provides special service programs such as Pre-Retirement Planning and Employment Transition; 5) provides consultant assistance to agencies in design and delivery of courses and programs; 6) designs, implements, and maintains the statewide Employee Performance Appraisal System; and 7) maintains a library/resource center for use by training personnel of operating agencies. Direct services are available to personnel from 132 operating agencies which include all managers (1,100), supervisors (2,600), and all other state employees (31,300). Local governmental jurisdictions within Minnesota are also served on a limited basis.

Training and development is one of the most appropriate vehicles for improving organization performance and ultimately, making organizations more cost effective. With low turnover rates, training and development of existing staff becomes crucial. We visualize training as the means for employees to keep current and productive as changes in the workplace occur.

Several recent studies or reports confirm that training and development is necessary. The Citizen's League in a recent report (State Civil Service: People Make the Difference) recommended that DOER "develop comprehensive training programs, giving major emphasis to management skills in lower and middle level supervisory and management positions. Expanded training opportunities should emphasize involvement of employees in decision-making because of the potential positive effect on employee morale and productivity." The Task Force on Employee Development in the State of Minnesota was established in 1984 so that a coordinated and comprehensive program could be achieved. This task force report concluded:

"Employees are the major asset of any organization, and common sense tells us that investing in people, expanding their knowledge, skills, and abilities, is just good practice. The private sector has known this for some time; the public sector needs to plan for the future, to invest in its people."

At the current level of funding, department efforts have primarily been aimed at providing introductory coursework. Because total resources for training have been limited, the department has not been able to respond to on-going development needs of employees. Training currently taken by managers and supervisors amounts to slightly less than 8 hours per individual per year. This level of training is inadequate to meet the increasing responsibilities and complexities of the supervisory jobs. It is essential that current training efforts be continued, and that new efforts to train managers, supervisors, and personnel staff be initiated so that we have the necessary tools to meet the complex demands of managing in the future.

Authority for this activity is found in M.S. 43A.21.

ACTIVITY STATISTICS:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
1. Management/Supervisory classes sponsored by DOER.				
• No. of participants.	2,179	2,200	2,200	2,200
• Total no. of hours of training received by employees.	29,580	30,000	30,000	30,000
• % of employees participating in at least one course.	35	35	35	35
2. Non-management/non-supervisory classes sponsored by DOER.				
• No. of participants.	4,042	4,000	4,000	4,000
• Total no. of hours of training received by employees.	45,820	46,000	46,000	46,000
• % of employees participating in at least one course.	12.5	13	13	13
3. Management/Supervisory classes assisted by DOER.				
• No. of participants.	N/A	250	300	330
• Total no. of hours of training received by employees.	N/A	2,000	2,400	2,650

ACTIVITY: TRAINING AND DEVELOPMENT
 (Continuation)
 Program: PERSONNEL
 Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1987-89 Biennial Budget

<u>ACTIVITY STATISTICS:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
4. Non-Management/non-supervisory classes assisted by DOER.				
• No. of participants.	N/A	400	440	480
• Total no. of hours of training received by employees.	N/A	3,000	3,300	3,600

<u>CHANGE REQUESTS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Training and Development Budget Change Request	\$242.2	\$399.2	Activity Specific
Funds and staff to develop and implement management/supervisory training in state hiring procedures and performance management and agency personnel office staff in Personnel/Labor Relations administration. See CHANGE request sheet following the fiscal sheet for this activity.			

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: TRAINING & DEVELOPMENT

PROGRAM: PERSONNEL

AGENCY: EMPLOYEE RELTNS,DPT

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	617.4	679.4	668.0	619.4	242.2	861.6	619.4	618.3	399.2	1,017.5	618.3
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	617.4	679.4	668.0	619.4	242.2	861.6	619.4	618.3	399.2	1,017.5	618.3
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	336.9	417.4	455.2	446.6	90.4	537.0	446.6	445.2	124.6	569.8	445.2
EXPENSES & CONTRAC. SERV	253.3	225.7	147.6	131.6	124.9	256.5	131.6	131.9	230.1	362.0	131.9
SUPPLIES & MATERIALS	17.3	19.1	15.2	15.2	23.3	38.5	15.2	15.2	43.3	58.5	15.2
EQUIPMENT	8.5				3.6	3.6			1.2	1.2	
OTHER EXPENSE ITEMS	1.4	17.2	50.0	26.0		26.0	26.0	26.0		26.0	26.0
TOTAL STATE OPERATIONS	617.4	679.4	668.0	619.4	242.2	861.6	619.4	618.3	399.2	1,017.5	618.3
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	395.5	439.0	483.2	503.3	242.2	745.5	503.3	502.2	399.2	901.4	502.2
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	221.9	240.4	184.8	116.1		116.1	116.1	116.1		116.1	116.1
TOTAL FINANCING	617.4	679.4	668.0	619.4	242.2	861.6	619.4	618.3	399.2	1,017.5	618.3
POSITIONS BY FUND											
GENERAL	9.5	10.5	10.5	10.5	3.0	13.5	10.5	10.5	4.0	14.5	10.5
TOTAL POSITIONS	9.5	10.5	10.5	10.5	3.0	13.5	10.5	10.5	4.0	14.5	10.5

CHANGE REQUEST

1987-89 Biennial Budget

 Agency Program Activity

ACTIVITY: TRAINING AND DEVELOPMENT
 PROGRAM: PERSONNEL
 AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

Request Title: Training and Development Budget Change Request

	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$242.2	3.0	\$399.2	4.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: Yes No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE: The funds requested above are to improve the operations of state government by providing timely, inexpensive, and high quality training opportunities for personnel office staff in the operating agencies and to teach managers and supervisors how to use the personnel and labor relations systems to manage work performance more effectively.

DESCRIPTION/BACKGROUND: In a recent legislatively mandated study, Hiring and Firing in State Government, the Department of Administration identified two major areas where DOER needs to expand training efforts: 1) training of agency personnel office staff in all aspects of personnel and labor relations administration so that they can provide better service to their management and employees; and 2) skills training for state managers and supervisors in state hiring procedures and performance management.

Supervisors are seen as the key to effective operations, because they are responsible for guiding and directing the workforce that actually implements and carries out management goals and objectives. Funds allocated for training and development for supervisors has a multiplier effect for the organization. Not only is productivity gained by improving the individuals' performance, but the improved skills and techniques gained by those individuals will have a positive effect on the productivity of those they supervise. An ill-prepared supervisor will create substantial barriers to effective performance on the part of those they supervise.

The effectiveness of personnel and labor relations management in the operating agencies has been a concern for some time. The development process for personnel officers has been more random than structured. In most instances, development has focused on on-the-job experience with little or no actual training. Training has more or less

been left to chance, with little emphasis on consistency of standards within and between agencies or on availability to all personnel staff.

In all these areas, action by a single manager or supervisor can have a significant impact on actions of other managers or supervisors in all agencies. In order to have effective statewide management, it is necessary to have consistent application of management policy.

Training for personnel staff, managers, and supervisors should be provided by DOER rather than by each agency because:

1. DOER functions as the employer for the state.
2. Substantial economies of scale result from central training.
3. Consistency in contract administration and other statewide policies is vital.

We plan on offering new coursework in these categories, with specific courses noted:

1. HIRING PROCEDURES, which will cover all aspects of personnel and labor relations in the selection of employees, with emphasis on equal opportunity, contract requirements, and Merit principles. Specific courses include: State Selection Process; Selecting Employees in a Union Environment; and Effective Selection Interviewing.
2. COACHING AND MOTIVATION, which will serve to build better relationships with employees, encourage employee responsibility and productivity, and provide skills in planning and problem-solving. Specific courses include: Motivation/Coaching; Managing and Resolving Conflict; Supervisory Planning; Assigning Work and Delegation; and Stress Management.
3. IMPROVING EMPLOYEE PERFORMANCE, which will focus on performance problems and how to resolve them. Specific courses include: Problem Solving; Leave Management; Employee Training and Development; Employee Performance Appraisal; and Dealing with Troubled Employees.
4. DISCIPLINARY ACTION, which will cover the administration of collective bargaining agreements, grievance resolution, and corrective discipline. Specific courses include: Handling Discipline and Grievances; and Investigating Employee Misconduct.

Although the Administration study identified training regarding hiring and discipline as critical needs of state managers/supervisors, we think that it would be shortsighted to focus on them exclusively. The firing process can be avoided through more effective performance management. We can help managers/supervisors improve job performance by providing alternative approaches. However, when the disciplinary process is needed, it must be effectively applied.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity
 (Continuation)

ACTIVITY: TRAINING AND DEVELOPMENT
 PROGRAM: PERSONNEL
 AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

Training courses will be designed by DOER. Design will include a train-the-trainer component for those agencies that have the resources (time, money, expertise). DOER will conduct training sessions for those agencies that do not have the interest or resources. Agencies will be encouraged, but not required, to use DOER for delivery to ensure consistency.

ACTIVITY STATISTICS:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
1. Management/supervisory classes	14	14	20	24
2. # of participants	2,179	2,200	5,000	10,300
3. Participant hours	29,580	30,000	94,000	158,000
4. % of manager/supervisor participating in at least one session	35	35	60	60

EFFECTIVENESS MEASURES: Training provides supervisors and managers with tools to resolve difficult organizational and performance problems. Although it is difficult to provide a direct dollar impact, the following are examples of potential value:

Leave Management: Current sick leave usage for state employees averages 7.5 days per employee/year. This costs the state approximately \$23.1 million. A training session based on a clearly defined policy and designed to provide techniques for effectively dealing with abuse of leave should reduce overall sick leave usage. A 1% reduction would save approximately \$230.0.

Grievance Handling: The costs of a grievance that is processed through arbitration ranges between \$2,500 and \$5,000, depending on the complexity of the problem. Training, designed to help managers and supervisors work with staff more effectively should eliminate the cause of some grievances. Avoiding 10 such grievances would save the State of Minnesota \$25,000.

RATIONALE: This request includes funding for three positions in F.Y. 1988 and four positions in F.Y. 1989 and expenses associated with developing and delivering a training curriculum to personnel staff and at least nine new courses for managers and supervisors by the end of the biennium. It is based on an average cost of \$20.00 per training day and will provide sufficient training opportunities so that managers or supervisors can participate in 40 hours of training per year by the end of the biennium.

GOVERNOR'S RECOMMENDATIONS: The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

ACTIVITY: EMPLOYEE BENEFITS
 Program: PERSONNEL
 Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

MAJOR OBJECTIVES: To assure that the Employee Benefits Program meets individual employee needs in a cost effective manner and is in conformance with collective bargaining agreements and other plans defining terms and conditions of employment.

EFFECTIVENESS MEASURES:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
1. State contribution to employee insurance as a % of payroll for the executive branch.	7.4	7.4	7.5	7.5
2. % spent for administration of minimum premium plans:				
A. Hospital/Medical (% of paid claims).	4.2	4.2	4.2	4.2
B. Dental (% of total premium).	9.0	9.0	9.0	9.0
C. Life Insurance (% of claims plus plus % of premium).	5.2	5.2	5.2	5.2
3. Increase for total cost to state of insurance program (%).	-0-	(3.3)	5.0	5.0

DESCRIPTION: The Employee Benefits Activity administers the group insurance plan providing hospital, medical, dental, life, disability, accidental death and dismemberment insurance for all state employees including those of the University of Minnesota. This activity: 1) proposes the benefit design as part of the state's total compensation program; 2) secures coverages specified from a number of vendors at the best prices obtainable; 3) assures a cost effective administrative and financial framework for managing the resources allocated to this purpose; and 4) provides guidance and advice to the collective bargaining process. This activity serves approximately 48,000 employees of state government including the University of Minnesota, the legislative and judicial branches and several quasi-governmental agencies. Approximately 6,000 retired employees of the state service and University of Minnesota also are served at group rates. In F.Y. 1987, approximately \$107 million was spent for premiums. As a result of favorable experience rates and the provisions negotiated in the current labor contracts, health care costs to the state were reduced by approximately \$2.1 million between F.Y. 1986 and F.Y. 1987. Authority for this activity is found in M.S. 43A.22-43A.31.

Beginning in July, 1987 the Employee Benefits Division will assume all administrative responsibility for the state's insurance program. This function, currently performed by Minnesota Mutual, includes the enrollment of participants, processing of premium calculations, payroll deductions and agency billings, payment of premiums to the insurance carriers, and preparation of statistical information and reports. The Department of Employee Relations has authorization to establish a revolving fund to charge agencies for the costs of this administration. The new administrative system will substantially increase the accuracy and timeliness of information, with no increase in administrative costs to the state. The Department of Employee Relations was previously authorized nine positions in revolving fund complement to provide this

administrative service to the state.

ACTIVITY STATISTICS:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
1. No. of employees covered by insurance program.	48,900	48,900	48,900	48,900
2. No. of training sessions for pre-retirement groups.	14	14	14	14
3. No. of calls per year pertaining to insurance plan.				
• Minnesota Mutual	10,400	10,400		
• Benefits Division	3,900	3,900	14,300	14,300

CHANGE REQUESTS:	F.Y. 1988	F.Y. 1989	Type
Audit Consultant Service To provide funding to conduct an audit of the claims payment function of the insurance carrier's paying medical and dental claims from the trust funds. See CHANGE request sheet following the fiscal sheet for this activity.	\$ 30,000	\$ 30,000	Activity Specific
Statewide "Right-to-Know" Contract To pay for services provided by the Ramsey Poison Control Center to the State of Minnesota under the "Right-to-Know" legislation. See CHANGE request sheet following the fiscal sheet for this activity.	\$104,000	\$104,000	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: EMPLOYEE BENEFITS

PROGRAM: PERSONNEL

AGENCY: EMPLOYEE RELTNS,DPT

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	306.3	294.2	814.7	873.4	134.0	1,007.4	977.4	896.3	134.0	1,030.3	1,000.3
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	306.3	294.2	814.7	873.4	134.0	1,007.4	977.4	896.3	134.0	1,030.3	1,000.3
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	172.6	185.8	333.3	484.1		484.1	484.1	495.6		495.6	495.6
EXPENSES & CONTRAC. SERV	133.1	106.0	452.0	222.7	134.0	356.7	326.7	233.1	134.0	367.1	337.1
SUPPLIES & MATERIALS	.6	2.4	4.4	4.0		4.0	4.0	4.2		4.2	4.2
EQUIPMENT			17.0	42.0		42.0	42.0	5.0		5.0	5.0
OTHER EXPENSE ITEMS			8.0	120.6		120.6	120.6	158.4		158.4	158.4
TOTAL STATE OPERATIONS	306.3	294.2	814.7	873.4	134.0	1,007.4	977.4	896.3	134.0	1,030.3	1,000.3
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	306.3	254.9	313.3	309.6	134.0	443.6	413.6	303.8	134.0	437.8	407.8
DEDICATED APPROPRIATIONS:											
EMPLOYEE INS TRUST		39.3	501.4	563.8		563.8	563.8	592.5		592.5	592.5
TOTAL FINANCING	306.3	294.2	814.7	873.4	134.0	1,007.4	977.4	896.3	134.0	1,030.3	1,000.3
POSITIONS BY FUND											
GENERAL	4.0	6.0	6.0	6.0		6.0	6.0	6.0		6.0	6.0
EMPLOYEE INS TRUST			9.0	9.0		9.0	9.0	9.0		9.0	9.0
TOTAL POSITIONS	4.0	6.0	15.0	15.0		15.0	15.0	15.0		15.0	15.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: EMPLOYEE BENEFITS
 PROGRAM: PERSONNEL PROGRAM
 AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

budget, but the department was forced to eliminate the funds during the most recent budget cuts.

GOVERNOR'S RECOMMENDATION: The Governor's recommendation does not provide funding for this request. Alternative funding from the Employee Insurance Trust Fund SAME level is recommended.

Request Title: Audit Consultant Service				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 30.0	-0-	\$ 30.0	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE: The funds requested above are to pay for an audit of claims processing by the companies working under minimum premium arrangements. The specific objective of this request is to assure that the carriers are paying claims only to persons eligible under the employee group insurance program and that the claims are justified in terms of the coverage that the state intended to provide.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Claims paid inappropriately do not exceed 0.5% of total claims	N/A	N/A	0.5	0.5

DESCRIPTION/BACKGROUND: Approximately \$64 million will be disbursed through the insurance trust funds in the insurance year ending 9-30-87. The determination of whether or not to pay the claim and, if paid, how much to pay is made by the claims staff of the 3 carriers who are on contract to perform this service. The carriers are experienced insurance companies with competent claims personnel. It is, however, prudent for the state to verify periodically that the procedure used in screening and paying claims are in accord with the state's contract and plan provisions, and that the recipients are eligible under the terms of statutes, collective bargaining agreements, and plans.

RATIONALE: It is important to have the payment process of the insurance carriers periodically reviewed to ensure that only legitimate claims are being paid. This requires an expertise that the state does not possess. This has been recommended by the legislative auditor for the past several years. The Department of Employee Relations received an appropriation to have this audit conducted in the last biennial

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: EMPLOYEE BENEFITS
 PROGRAM: PERSONNEL PROGRAM
 AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

Request Title: Statewide "Right-To-Know" Contract	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$104.0	-0-	\$104.0	-0-
Governor's Recommendation				
General Fund	\$104.0	-0-	\$104.0	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE: The funds requested above are to pay for the services provided by the Ramsey Poison Control Center to the State of Minnesota under the Right-To-Know contract. This contract was established originally in October, 1985 to ensure the state was in compliance with right to know legislation. The current contract has been paid for by donations from 17 agencies based upon their commitment to providing this information to employees. However, since the services are made available to all state employees in all agencies, it is felt that it would be more equitable to have this program funded by a direct appropriation.

EFFECTIVENESS MEASURES:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
No. of phone calls to the hazard hotline	135	180	200	220
No. of data sheets available	3,000	8,000	13,000	18,000

DESCRIPTION/BACKGROUND: The Right-To-Know contract was established as a cost effective means to ensure compliance with the state's right to know legislation. Due to the need for all agencies to be in compliance and able to provide the required information to employees, it was determined that this can most effectively be done through one combined contract. The general scope of the project included:

1. Provision of a 24 hour a day, 7 day a week toll free hazard hotline answered by pharmacists or physicians.
2. Centralize collection and maintenance of Material Safety Data Sheets (MSDS) information for products used by state agencies.

3. A microfilm data base of MSDS's available for each agency. Paper copies of the MSDS's will be sent to employees upon request.
4. Development of on-site hazardous substance reference materials for reprinting and distribution by State of Minnesota agencies.
5. Annual data analysis and breakdown of hotline use by department.
6. General consultation and advice needed for Right-To-Know compliance.
7. Development of computer capabilities compatible with State of Minnesota computer systems.
8. Specific emergency first aid and safety information for the State of Minnesota Hazardous Material Response Team.

RATIONALE: A general fund appropriation is requested because the contract provides services to all agencies. Usage of the hotline may vary significantly by agency, with those agencies having the greatest use of chemicals and hazardous materials being the agencies most likely to utilize the services of this contract. However, the hazard hotline needs to be available to all state agencies for the state to be in conformance with the law. This is a very important service which has the potential of providing immediate, accurate, and technically valid information to any state employee who has questions regarding a product or hazardous material. If agencies attempted to individually purchase this service, it would result in substantially higher overall costs to the state.

GOVERNOR'S RECOMMENDATION: The Governor concurs with the agency's request to achieve the 1987-89 objectives.

PROGRAM: SOCIAL SECURITY ADMINISTRATION
Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1987-89 Biennial Budget

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

PROGRAM PURPOSE: To fulfill the state's obligation to provide federal social security or medicare coverage for those state and local governmental employees authorized by state law, thus assuring each covered individual a correct social security earnings record.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
1. Administrative costs as % of total contributions collected.	.05	.05	.05	.05
2. % of reports delinquent.	.75	.75	.75	.75
3. No. of federal determination of error reports processed.	6	6	6	6
4. Interest assessed state by federal government.	-0-	-0-	-0-	-0-

OPERATION: Social Security Administration: 1) enters into agreements with the federal government extending federal social security coverage to state and local governmental employees; 2) collects employee and matching employer social security and medicare contributions from 2,300 reporting units covering wages paid to over 200,000 public employees; and 3) supervises and audits the reporting of the social security and medicare wages for all state and local governmental employees.

All of the above responsibilities are designed to provide state and local governmental employees with social security and medicare benefits based upon their public service in Minnesota.

Authority for this program is found in M.S. 355.

<u>PROGRAM STATISTICS:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
1. Contributions remitted to federal government.	\$566,000.0	\$623,000.0	\$689,000.0	\$778,000.0
2. New governmental units covered under state agreement.	20	10	10	10
3. Interest assessed local government units for delinquent payments.	\$7.0	\$10.0	\$10.0	\$10.0
4. On-site audits of governmental units.	110	110	200	200

EXPLANATION OF BUDGET REQUESTS: No increase in staff or funding is requested.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: SOCIAL SECURITY

PROGRAM: SOCIAL SECURITY

AGENCY: EMPLOYEE RELTNS,DPT

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	231.8	198.5	272.5	262.8		262.8	262.8	264.2		264.2	264.2
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	231.8	198.5	272.5	262.8		262.8	262.8	264.2		264.2	264.2
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	197.1	165.3	195.6	183.1		183.1	183.1	183.1		183.1	183.1
EXPENSES & CONTRAC. SERV	22.1	31.7	46.4	49.2		49.2	49.2	50.6		50.6	50.6
SUPPLIES & MATERIALS	1.5	1.5	.8	.8		.8	.8	.8		.8	.8
EQUIPMENT	3.2										
OTHER EXPENSE ITEMS	7.9		29.7	29.7		29.7	29.7	29.7		29.7	29.7
TOTAL STATE OPERATIONS	231.8	198.5	272.5	262.8		262.8	262.8	264.2		264.2	264.2
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	231.8	198.5	272.5	262.8		262.8	262.8	264.2		264.2	264.2
TOTAL FINANCING	231.8	198.5	272.5	262.8		262.8	262.8	264.2		264.2	264.2
POSITIONS BY FUND											
SPECIAL REVENUE	6.0	6.0	6.0	6.0		6.0	6.0	6.0		6.0	6.0
TOTAL POSITIONS	6.0	6.0	6.0	6.0		6.0	6.0	6.0		6.0	6.0

1987-89 BIENNIAL BUDGET
PROGRAM STRUCTURE

AGENCY: REVENUE, DEPARTMENT OF

Section Page
 24

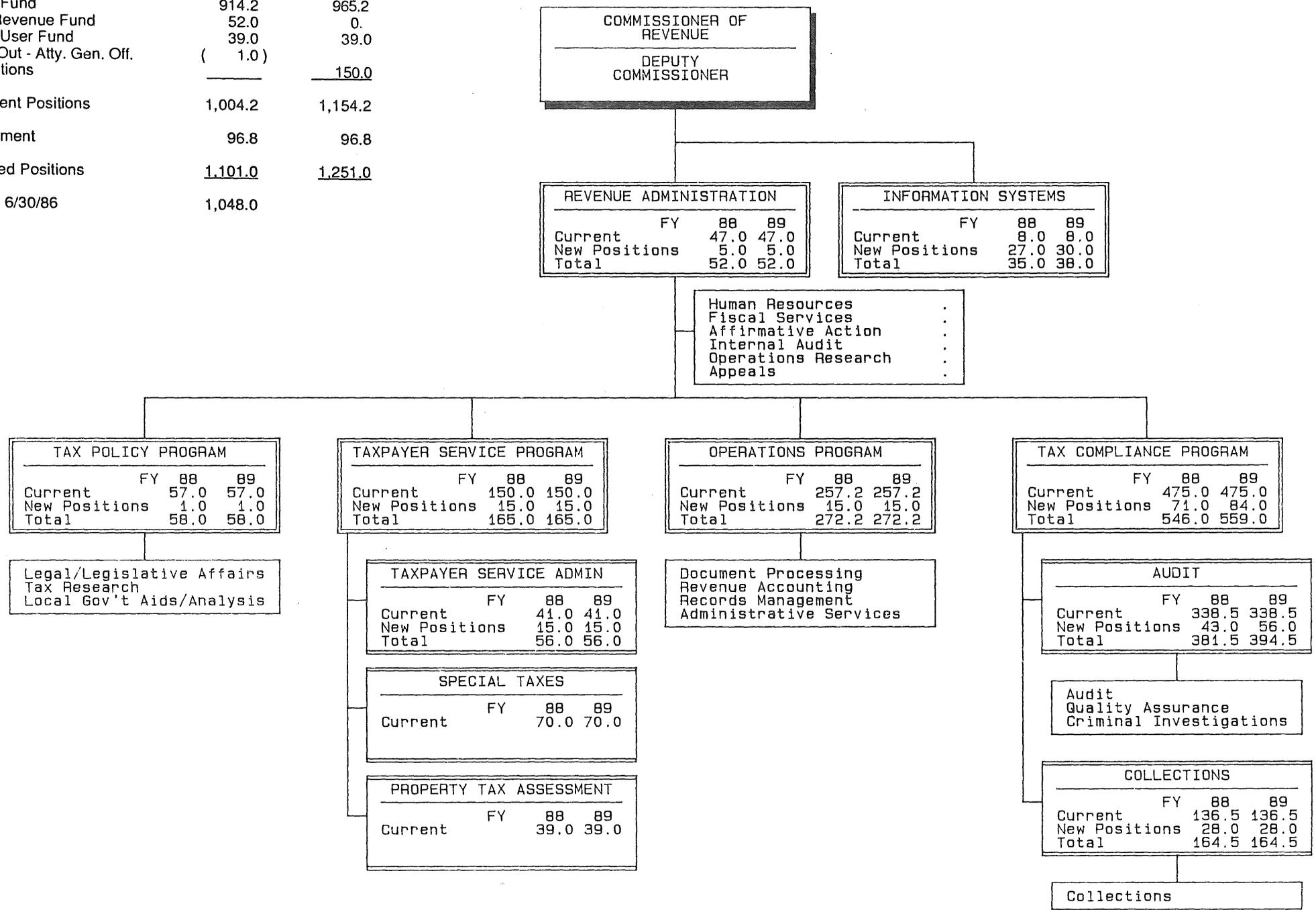
PROGRAM

ACTIVITIES

REVENUE ADMINISTRATION	Commissioner of Revenue Information Systems	11 14
TAX POLICY	Tax Policy	20
TAXPAYER SERVICE	Taxpayer Service Administration Special Taxes. Property Tax Assessment Review	26 30 33
OPERATIONS	Operations Administration	35
TAX COMPLIANCE	Audit Collections.	42 47

MINNESOTA DEPARTMENT OF REVENUE
 Organization Chart
 October 1986

Authority:	Current F.Y. 1987	Requested For 6/30/89
Legislative Complement		
General Fund	914.2	965.2
Special Revenue Fund	52.0	0.
Highway User Fund	39.0	39.0
Transfer Out - Atty. Gen. Off.	(1.0)	
New Positions		150.0
Total Permanent Positions	1,004.2	1,154.2
Other Complement	96.8	96.8
Total Authorized Positions	1,101.0	1,251.0
Employees on 6/30/86	1,048.0	



AGENCY PURPOSE: The mission of the department is to administer the laws of the state dealing with taxation, to ensure compliance through education, information, auditing and enforced collection, and to make recommendations to the Governor and legislature for improvement in tax administration. The primary components of the mission are:

- 1) To assist individual and corporate citizens in meeting their responsibilities by publishing instructions, explanations and interpretations as broadly as possible, and by providing appropriate personal assistance.
- 2) To collect and deposit tax revenues, provide accounting and statistical service, verify the correctness of payments, detect errors and omissions and conduct audits (with criminal prosecutions where appropriate), and otherwise work to ensure compliance to the extent possible within the financial and personnel resources provided.
- 3) To constantly evaluate the effectiveness of the department's operations, explore new techniques - either manual or automated - of achieving its goals, and remedy any deficiencies that may be detected.

OPERATIONAL AND CLIENTELE: The department is in the final stages of a reorganization aimed at increasing the internal efficiency of its operations and emphasizing taxpayer services. The new, functional organization consists of 5 programs: The Revenue Administration Program manages and provides support services to all programs, and serves as the focus of communication with the public and with other units and branches of government. The Tax Policy Program provides technical and legal analysis of tax laws and proposed changes to them, and calculates and pays aids to local governments. The Taxpayer Service Program provides information and service to taxpayers, supervises the classification and appraisal of properties for assessment of property taxes, and administers state commodity taxes. The Operations Program processes tax returns and remittances, and provides accounting, records-management, and administrative services. The Tax Compliance Program audits tax returns and records, and collects delinquent taxes. The department carries out these operations with 1,004.2 legislative complement employees and up to 350 seasonally employed temporary personnel, who operate out of approximately 20 offices throughout the state and 2 out-of-state offices.

The primary clients of the department are individuals and organizations who are required to pay taxes to the state, and local governments. The department helps taxpayers meet their obligations by providing information about the requirements of tax laws and by maintaining accurate records of tax returns and payments. The department has the duty to audit taxpayer compliance with the law and to collect taxes owed but unpaid. Taxpayers who do not pay their proper tax liability cause others to assume a disproportionate share of the state tax burden.

The department assists local governments in administering property tax laws by ensuring accurate local appraisal of property values and classification of properties based upon their use, by appraising the real estate of public utility and railroad companies, and by determining and paying the amount of state aids due local governments.

The department's primary objectives for the 1987-89 biennium are:

- 1) To complete the reorganization of the department by function for improved effectiveness and accountability, avoidance of duplicated functions, and coordination of work flow to realize the greatest possible benefits of the new integrated information systems and databases.
- 2) To accelerate the current schedule for development of an integrated information system in order to realize its revenue and operational benefits sooner, and to reduce the risks inherent in continued use of the inadequate existing systems.
- 3) To consolidate the department's St. Paul area operations into a single location in order to achieve improved administrative efficiency and control, security of cash, data, and systems, and flexibility to accommodate future needs.
- 4) To expand the department's audit presence and collection activity so as to remove current backlogs and prevent their reoccurrence, and to provide a modest long-term increase in the level of compliance activity.

Details of the department's planned operations during F.Y. 1987-89 are provided in the program and activity sections that follow.

INDEX	Agency Request 1987-89 Biennium All Funds	Governor's Recommendations 1987-89 Biennium All Funds	Page
SAME Level Request	\$ 92,930.2	\$ 92,930.2	
Agency-wide CHANGE request			
Special Revenue Fund			
Appropriation to General Fund	-0-	-0-	6
Consolidation of Revenue Operations	249.6	-0-	7
Revenue Administration			
Fiscal Services and Human Resources Management Staff	304.4	-0-	13
Information Systems Development	15,729.5	7,596.7	16
New Information Systems Operations	1,910.9	586.0	18
Teleprocessing Equipment and Transactions	187.2	-0-	19
Tax Policy			
Tax Expenditure Budget-Permanent Complement	-0-	-0-	23
Taxpayer Services			
Telephone Assistance Services	-0-	-0-	28
Taxpayer Services Support for Compliance Changes	161.1	-0-	29
Revenue Operations			
Operations Support for Compliance Change-level	837.6	-0-	38
Compliance			
Attorney General Costs	350.0	-0-	41
Increased Audit Capacity	2,872.7	-0-	45
Out-of-State Offices-Permanent Complement	-0-	-0-	46
Increased Collection Activity	2,375.0	-0-	49
Agency Total	<u>\$ 117,908.2</u>	<u>\$ 101,112.9</u>	

AGENCY FISCAL SUMMARY - BIENNIAL BUDGET

AGENCY: REVENUE, DEPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY PROGRAM:											
REVENUE ADMIN PROGRAM	4,006.3	5,747.0	8,015.6	5,880.7	9,500.5	15,381.2	10,175.1	7,742.6	8,881.1	16,623.7	11,630.9
TAX POLICY PROGRAM	1,626.4	1,673.3	2,804.5	2,848.4		2,848.4	2,848.4	2,841.1		2,841.1	2,841.1
TAXPAYER SERVICES PROGRAM	6,174.5	6,559.6	6,965.4	7,341.4	81.9	7,423.3	7,341.4	7,337.0	79.2	7,416.2	7,337.0
OPERATIONS PROGRAM	7,726.5	8,105.5	9,029.0	10,374.8	431.3	10,806.1	10,374.8	10,419.1	406.3	10,825.4	10,419.1
TAX COMPLIANCE PROGRAM	18,229.5	18,793.4	18,643.8	19,097.2	2,629.0	21,726.2	19,097.2	19,047.9	2,968.7	22,016.6	19,047.9
TOTAL	37,763.2	40,878.8	45,458.3	45,542.5	12,642.7	58,185.2	49,836.9	47,387.7	12,335.3	59,723.0	51,276.0
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	37,762.4	40,877.9	45,454.3	45,538.5	12,642.7	58,181.2	49,832.9	47,383.7	12,335.3	59,719.0	51,272.0
LOCAL ASSISTANCE											
AIDS TO INDS.	.8	.9	4.0	4.0		4.0	4.0	4.0		4.0	4.0
TOTAL EXPENDITURES	37,763.2	40,878.8	45,458.3	45,542.5	12,642.7	58,185.2	49,836.9	47,387.7	12,335.3	59,723.0	51,276.0
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	37,763.2	37,494.9	40,969.9	40,942.5	15,749.9	56,692.4	45,236.9	42,788.6	15,439.0	58,227.6	46,676.9
SP REV DIRECT APPROP		2,019.9	3,042.8	3,107.2	3,107.2-		3,107.2	3,103.7	3,103.7-		3,103.7
HGHWY USER TAX DISTR		1,364.0	1,445.6	1,492.8		1,492.8	1,492.8	1,495.4		1,495.4	1,495.4
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	37,763.2	40,878.8	45,458.3	45,542.5	12,642.7	58,185.2	49,836.9	47,387.7	12,335.3	59,723.0	51,276.0
POSITIONS BY FUND:											
GENERAL	943.2	910.2	913.2	903.2	186.0	1,089.2	919.2	903.2	202.0	1,105.2	931.2
SP REV DIRECT APPROP	52.0	52.0	52.0	52.0	52.0-		64.0	52.0	52.0-		64.0
HGHWY USER TAX DISTR		39.0	39.0	39.0		39.0	39.0	39.0		39.0	39.0
TOTAL POSITIONS	995.2	1,001.2	1,004.2	994.2	134.0	1,128.2	1,022.2	994.2	150.0	1,144.2	1,034.2

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY:

PROGRAM:

AGENCY: REVENUE, DEPARTMENT OF

Request Title: SPECIAL REVENUE FUND APPROPRIATION TO GENERAL FUND	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$3,107.2	52.0	\$3,103.7	52.0
Special Revenue Fund	(3,107.2)	(52.0)	(3,103.7)	(52.0)
	\$ 0	0	\$ 0	0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

Having all our appropriations in 1 fund will provide us with the ability to make management decisions that will increase the effectiveness and efficiency of the department and at the same time maximize the use of the appropriated funds in carrying out legislative intent.

GOVERNOR'S RECOMMENDATION:

While this request has merit, the Governor makes no specific recommendation on this item at this time pending legislative review of Special Revenue and fee supported activities.

STATEMENT OF REQUEST:

The department requests that the above funds and positions be transferred from the Special Revenue Direct Appropriation Fund to the General Fund.

DESCRIPTION/BACKGROUND:

Prior to the 1985 legislative session the Corporation Audit Division was funded from the General Fund. During the 1985 session, legislation was passed which transferred the funding for the Corporation Audit Division from the General Fund to the Special Revenue Direct Appropriation Fund. This legislation was effective for the 1986-87 biennium.

RATIONALE:

The department is requesting that the funds needed to operate the Corporation Audit Division be appropriated from the General Fund. Current state laws prohibit the transferring of positions or funding between funds in the statewide accounting system. This creates severe accounting and personnel problems. When the Corporation Audit Division was established it was all under 1 activity and the funds and positions were in 1 activity. The recently completed reorganization of the agency, which changed the structure from one organized primarily by tax type to one aligned according to a functional level, has resulted in funds and positions for corporations being allotted and spread over 4 of the 5 programs.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY:

PROGRAM:

AGENCY: REVENUE, DEPARTMENT OF

Request Title: CONSOLIDATION OF REVENUE OPERATIONS				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
General Fund	\$111.7	-0-	\$ 137.9	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE: The funds listed above are requested in order to consolidate the department's St. Paul area offices and operations into a single location. The objectives of this request are to:

- 1) Improve the administrative efficiency of the department by improvements to control systems, communications, and coordination through reduced organizational fragmentation.
- 2) Provide adequate office, processing, service and file space for current operations which will meet office design standards and health and fire safety codes.
- 3) Enable the department to plan for the space needs of identified new equipment, staff, and programmatic changes, and for future technological or operational developments.

DESCRIPTION/BACKGROUND: The department is requesting additional funding to consolidate its St. Paul area administrative, enforcement and service offices and processing operations into a single location, with sufficient space to provide for current needs and for known and budgeted future requirements. This request includes both one-time design, moving and setup costs, and an adjustment to the current level of funding for rents and leases. This will change the department's base level allocation for lease costs because of the projected higher lease costs of the space at a consolidated location and because of the additional space which is necessary to provide adequate work space for department operations.

BACKGROUND: The Department of Revenue moved into the Centennial Office Building in 1959. At that time, the department had a central office complement of just over 500

and a limited seasonal workforce. Since 1959, the workload, complement and responsibilities of the department have expanded significantly with the growth of the individual income tax and the addition of withholding tax, state and local sales and use taxes, and property tax refunds; each of these activities has required increases in processing, enforcement, service, and support staff with corresponding space increases for office, processing and records management work area. The metropolitan area complement has increased to the point that, at peak processing times, employment totals over 1,200. This has resulted in per-station space allocations as low as 60 square feet--40 percent less than published standards.

These new activities, together with constant changes in most of the existing taxes and increasing responsibility in the distribution of state aids to local government units and other non-tax duties, resulted in insistent pressure to provide additional office and processing space for return/remittance processing, audit and collection activities, and taxpayer service.

Technological changes have created additional space problems since 1959. The department has had to accommodate over 300 computer terminals, printers and personal computers into already crowded quarters. As part of the modernization of department computer systems, the department will need to absorb many more terminals, remittance processors, minicomputers, and scanners into our operation during the next 6 years.

The end result of increasing workload, staff, and equipment additions and expanded document processing and storage requirements has been significant overcrowding to the point where operations efficiency has been compromised and employees and visitors have had to work in space which is inadequate in qualitative and quantitative terms.

SHORT RANGE SOLUTIONS: To alleviate some of the efficiency, security, and safety problems associated with the chronic space shortage, the department has on 7 occasions since 1959 leased private office space outside the capitol complex to accommodate department personnel and functions. Although these moves eased the acute space shortages for a period, the moves were made with recognition that such fragmentation of the department was an unacceptable long-term solution. The most recent moves took place in the summer of 1986; these were necessary to allow the department to absorb a substantial number of data entry operators, to set up and operate new computer equipment and systems, and to permit improvements in cash processing and taxpayer service.

At present, the department leases space for 16 units in 8 private locations in St. Paul, West St. Paul and Little Canada. This is in addition to parts of 4 floors in the Centennial Office Building. Major units of the department are several miles apart, and even integral parts of the critical cash and return processing operations are nearly a mile apart.

FUNDING REQUIREMENTS: The department requests a change in its budget to fund the following categories of increases in lease costs:

- 1) Design and Planning Cost. There will be a one-time cost for architectural services to represent the department in any construction or remodeling and design and layout

CHANGE REQUEST

Agency Program Activity

(Continuation)

ACTIVITY:

PROGRAM:

AGENCY: REVENUE, DEPARTMENT OF

1987-89 Biennial Budget

equally significant, if non-quantifiable, indirect costs. These costs are identified below, along with a cost/benefit analysis of the consolidation proposal.

- of office/file/processing space. This will supplement the limited planning support which will be available from the Department of Administration on an on-site basis.
- 2) Relocation and Re-Establishment of Operations. There will be a one-time cost for moving the equipment and files from the St. Paul area locations to the consolidated site.
 - 3) Lease Cost Differential. There will be an annual cost for the rent differential between the lease rates for space currently occupied in our multiple locations and the rates for a new facility. Much of the current space is basement or other less desirable work space, or is located in areas with low market desirability. Other space is in redevelopment areas with currently subsidized rents which will revert to higher market rates within 2 years.

COSTS OF CONSOLIDATION:

Direct:

	F.Y. 1988	F.Y. 1989
1) Rent Differential	\$ -0-	\$ 1,724.6
2) Planning and Relocation	111.7	137.9
Total	\$ 111.7	\$ 1,862.5

Indirect:

- 1) Loss of productivity during the department's move into the consolidated location.
- 2) Increase in travel time from some units of the department to the Capitol Complex.
- 3) Slightly greater distance to audit and collection sites formerly served.

ANNUAL BENEFITS OF CONSOLIDATION

Direct:

1) Interest earnings - faster deposits.		\$ 1,646.7
2) Reduced hauling between sites.		77.1
3) Reduced staff travel expenses.		5.3
Total		\$ 1,729.1

Indirect:

- 1) Improved internal communications, processing, control and supervision.
- 2) Smoother processing flow, reduced processing time, and reduced risk of errors and loss of data in the processing of taxpayer returns and payments.
- 3) Saving of more than 500 hours of staff and management travel time annually.
- 4) Less staging, handling, packaging, labor, and storage.
- 5) More flexible facility will be more adaptable to future changes.
- 6) Reduced risk of mutual disaster affecting both IMB and Revenue systems and, consequently, the state's cash flow and revenue base.
- 7) Improved access to records, library, and training facilities.
- 8) Improved security and control of files, equipment and cash.
- 9) Improved environment for employees and operating systems.
- 10) Centennial Building freed for more efficient use by other state agencies.
- 11) Contribution to urban renewal/renovation, construction jobs.
- 12) Stable, professional work environment will maintain morale, productivity, attendance, and retention of experienced personnel.
- 13) Faster, one-stop taxpayer service for forms, payments, audit, appeals, and records retrieval.

Evidence of this differential can be seen by comparing the lease rates paid by the department to the current market rates for office space in the capitol area. Excluding premium space (such as the World Trade Center) which typically costs from \$24 to \$28 per square foot, most basic office space is leasing for \$14 to \$16 per square foot (including improvements) for 1987-88 leases.

- By contrast, Revenue Department St. Paul-area offices cost from \$6.50 to \$11.50 per square foot, with an average for office space of \$9.68. Many of our operations, such as Central Files and Processing, cost as little as \$5.60, bringing the overall average down to \$8.52, or little more than one-half the market rate for office space.
- 4) Cost of Additional Space. There will be the cost for the additional space required for new personnel, systems, or operations, and for the space required to remedy the existing space shortages.

The department expects to significantly expand its audit presence and collection activities over the next 3 years; the data developed for this proposal include area determinations for both current remedial needs and projections of requirements for these expanded activities as identified in the department's short and long-range plan. The projections cover the anticipated needs through the end of the standard lease period, and provide for future availability of potential expansion space for unforeseen circumstances. No funding is requested for this expansion space.

The request represents current estimates for these cost categories. Actual costs for the specific building will be available by the time the proposal is reviewed. A request for lease proposal has been published, and the department will have made a selection from the responding sites by the start of the session.

RATIONALE: The department and the state incur significant costs because of the extent of the congestion and splinting in several major revenue-producing, service, and enforcement operations. These include several categories of major direct costs and some

GOVERNOR'S RECOMMENDATION:

After review of organizational and program requirements, the Governor recommends that funding for consolidating the Department of Revenue be incorporated into the Department of Administration's request to relocate state agencies. Funding for all relocations will be requested in the Capital Budget.

PROGRAM PURPOSE:

The primary responsibility for collection of state taxes rests with the Department of Revenue; the purpose of the Revenue Administration Program is to provide the leadership and support needed to enable the department's people and systems to accomplish this task.

OPERATION:

This program is organized into 2 budget activities, the Commissioner of Revenue Division, and the Information Systems Division. Their operations are as follows:

The Commissioner of Revenue Division comprises the Commissioner and the Deputy Commissioner, and several staff units. Together they coordinate the activities and processes of the department to accomplish the various elements of the department's mission. This involves processing 5 million documents every year and collecting over 5 billion dollars of tax money to support school aids, property tax relief, local government aids, individual assistance programs and a variety of other state programs and operations. The activity establishes priorities, allocates resources, and provides a variety of services that support each program, help to synchronize individual program efforts, and direct the combined programs towards overall goals.

The Information Systems Division has primary responsibility for the development and maintenance of the department's computer systems and data files, and for working with the Department of Administration to integrate these systems with statewide operations and the state central computer facility. This unit manages changes in the specialized systems for processing, audit and collection, and taxpayer information as well as general systems budgets, equipment procurement and maintenance, and other computer-related services. Finally, this unit provides support and review services to the department's micro-computer and interactive systems users.

EXPLANATION OF BUDGET REQUEST:

Four CHANGE items are requested for this program: \$8,462.9 and 27 positions in F.Y. 1988, and \$7,266.6 and 30 positions in F.Y. 1989 are requested for information systems development. \$704.8 in F.Y. 1988 and \$1,206.1 in F.Y. 1989 are requested for new information systems operations. \$62.4 in F.Y. 1988 and \$124.8 in F.Y. 1989 are requested for teleprocessing equipment and transactions. \$158.7 in F.Y. 1988 and \$145.7 in F.Y. 1989 and 5 positions are requested for Fiscal Services and Human Resource Management. The detailed CHANGE requests are on the pages immediately following the Commissioner of Revenue and Information Systems Activity fiscal sheets.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding the systems development program as requested. The funding level recommended here includes a reduction for those items directly related to new tax compliance efforts. These items will be summarized in tax legislation. The Governor recommends biennial funding of \$7,596.7 and 18.0 positions for information system development, and \$586.0 for new information systems operations.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: REVENUE ADMIN PROGRAM

AGENCY: REVENUE, DEPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
COMMISSIONER REVENUE	1,976.2	2,516.6	2,180.0	2,168.9	270.4	2,439.3	2,168.9	3,892.4	283.6	4,176.0	3,892.4
INFORMATION SYSTEMS	2,030.1	3,230.4	5,835.6	3,711.8	9,230.1	12,941.9	8,006.2	3,850.2	8,597.5	12,447.7	7,738.5
TOTAL	4,006.3	5,747.0	8,015.6	5,880.7	9,500.5	15,381.2	10,175.1	7,742.6	8,881.1	16,623.7	11,630.9
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	4,006.3	5,747.0	8,015.6	5,880.7	9,500.5	15,381.2	10,175.1	7,742.6	8,881.1	16,623.7	11,630.9
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	4,006.3	5,747.0	8,015.6	5,880.7	9,500.5	15,381.2	10,175.1	7,742.6	8,881.1	16,623.7	11,630.9
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	4,006.3	5,747.0	7,890.6	5,840.9	9,540.3	15,381.2	10,135.3	7,702.9	8,920.8	16,623.7	11,591.2
SP REV DIRECT APPROP			125.0	39.8	39.8-		39.8	39.7	39.7-		39.7
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	4,006.3	5,747.0	8,015.6	5,880.7	9,500.5	15,381.2	10,175.1	7,742.6	8,881.1	16,623.7	11,630.9
POSITIONS BY FUND:											
GENERAL	54.8	59.8	64.0	54.0	33.0	87.0	60.0	54.0	36.0	90.0	72.0
SP REV DIRECT APPROP	1.0	1.0	1.0	1.0	1.0-		1.0	1.0	1.0-		1.0
TOTAL POSITIONS	55.8	60.8	65.0	55.0	32.0	87.0	61.0	55.0	35.0	90.0	73.0

ACTIVITY: COMMISSIONER OF REVENUE
 Program: REVENUE ADMINISTRATION
 Agency: REVENUE, DEPARTMENT OF

1987-89 Biennial Budget

DESCRIPTION: The Commissioner of Revenue Activity provides the leadership and support needed to enable the department to accomplish its mission, and serves as the focus of department communications with the public and other branches of government. The activity provides the following services:

The commissioner is directly responsible to the governor for the supervision of Minnesota's system of taxation. In addition, the commissioner provides information and advice on tax policy and operations to the governor and legislature, acts as the State Board of Equalization to review individual property tax appeals and direct equalization efforts, and provides guidance to the assistant commissioners in charge of the 4 line programs by establishing department goals and priorities.

The deputy commissioner supervises the staff units in the Revenue Administration Program and directs department operations through the assistant commissioners.

The Fiscal Services Office maintains the department's budget and annual spending plan, manages its accounts-payable and payroll systems, and provides financial operating information to managers.

The Human Resources Office recruits, trains, and places employees. Its activities include benefits administration, personnel policy development, workforce planning, labor relations, and transactions with the Department of Employee Relations.

The Affirmative Action Unit plans, coordinates, and monitors affirmative action and equal opportunity programs to ensure that the department fulfills its legal requirements and its operational commitments to present and prospective employees.

The Operations Research Unit provides research and technical assistance to line and staff units, performs operation analyses, and directs special projects for the Commissioner's Office.

The Internal Audit Unit performs independent appraisals of operations within the department to safeguard department assets, to ensure that acceptable policies and procedures are followed, to maintain the integrity of data collection and accounting processes, to meet legal and professional standards, and to use resources efficiently and effectively.

The Appeals Unit develops appeal procedures and conducts conferences to resolve disputes arising out of the audit, assessment, and collection of taxes (except property taxes) administered by the department. This is the final administrative step prior to a formal appeal to the tax court or district court.

OBJECTIVE: To provide general policy, leadership, and management to the department's operation, and to provide support services and information to all units of the department sufficient to sustain levels of output that will meet their biennial budget objectives.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

EFFECTIVENESS MEASURES:	F.Y. 1985	F.Y. 1986	F.Y. 1987	(est.) F.Y. 1988	(est.) F.Y. 1989
Days to process employee expense reports	10	10	10	10	10
% vendor payments made within 30 days	98	99	99	99	99
% minority managers/supervisors/prof.	3.0	4.0	4.4	4.6	4.8
% female managers/supervisors/prof.	29.6	30.8	34.0	37.0	40.0
Average hours training per employee	55	60	65	70	75
Internal audits completed	7	3	5	12	15

ACTIVITY STATISTICS:

Expense Reports Processed	2,789	2,853	3,050	3,050	3,050
Vendor Payments Processed	56,898	58,147	59,500	60,000	60,000
Union Grievances Handled	35	40	40	35	30
Appointments Made	625	630	660	630	600
Department Sponsored Training Activities	20	70	90	100	120
Appeal Cases Processed:	*	12,564	12,564	12,564	12,564

* These statistics on appeals were first prepared for F.Y. 1986, in order to plan for the organization of the Appeals Office.

CHANGE REQUEST:

Fiscal Services and Human Resources Management Staff	F.Y. 1988	F.Y. 1989	Type
Covers costs for increased staff. See CHANGE request sheet following the fiscalsheet for this activity.	158.7	145.7	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: COMMISSIONER REVENUE

PROGRAM: REVENUE ADMIN PROGRAM

AGENCY: REVENUE, DEPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,976.2	2,516.6	2,180.0	2,168.9	270.4	2,439.3	2,168.9	3,892.4	283.6	4,176.0	3,892.4
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	1,976.2	2,516.6	2,180.0	2,168.9	270.4	2,439.3	2,168.9	3,892.4	283.6	4,176.0	3,892.4
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	1,380.8	1,671.9	1,709.3	1,701.7	127.4	1,829.1	1,701.7	1,696.0	156.0	1,852.0	1,696.0
EXPENSES & CONTRAC. SERV	521.5	679.0	425.1	421.6	125.7	547.3	421.6	2,150.8	125.1	2,275.9	2,150.8
SUPPLIES & MATERIALS	64.7	105.9	24.0	24.0	1.5	25.5	24.0	24.0	1.5	25.5	24.0
EQUIPMENT	9.2	59.8	21.6	21.6	15.8	37.4	21.6	21.6	1.0	22.6	21.6
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	1,976.2	2,516.6	2,180.0	2,168.9	270.4	2,439.3	2,168.9	3,892.4	283.6	4,176.0	3,892.4
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	1,976.2	2,516.6	2,055.0	2,129.1	310.2	2,439.3	2,129.1	3,852.7	323.3	4,176.0	3,852.7
SP REV DIRECT APPROP			125.0	39.8	39.8-		39.8	39.7	39.7-		39.7
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	1,976.2	2,516.6	2,180.0	2,168.9	270.4	2,439.3	2,168.9	3,892.4	283.6	4,176.0	3,892.4
POSITIONS BY FUND											
GENERAL	44.8	44.8	46.0	46.0	6.0	52.0	46.0	46.0	6.0	52.0	46.0
SP REV DIRECT APPROP	1.0	1.0	1.0	1.0	1.0-		1.0	1.0	1.0-		1.0
TOTAL POSITIONS	45.8	45.8	47.0	47.0	5.0	52.0	47.0	47.0	5.0	52.0	47.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: COMMISSIONER OF REVENUE
 PROGRAM: REVENUE ADMINISTRATION
 AGENCY: REVENUE, DEPARTMENT OF

Request Title: FISCAL SERVICES AND HUMAN RESOURCE MANAGEMENT STAFF				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$158.7	5.0	\$145.7	5.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

RATIONALE:

If the department is to succeed in meeting all its current and expanding objectives, it is essential to augment budgetary control and fiscal administration, to provide adequate financial operating information to managers, and to recruit and maintain an adequate level of qualified, well-trained staff. The resources requested will restore the department's ability to meet our objectives in these areas.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation for funding of additional compliance efforts will be summarized in tax legislation. Although funding and positions are indicated in this activity request, the Governor makes no specific recommendation for these items.

STATEMENT OF REQUEST/OBJECTIVE:

The department requests the above funds and positions in order to provide levels of fiscal and human resource management services necessary to support the department's operations for the biennium.

DESCRIPTION/BACKGROUND:

The Fiscal Service Office and the Human Resources Management Office lack the resources to meet the current demand for their services throughout the department. New initiatives, reorganization, and the general level of change in the department have strained the ability of both offices to provide needed services timely and efficiently. The additional staff and funds requested by the department, expansion of the account structure, the planned transfer of data-entry from the Department of Administration to the Department of Revenue, and other initiatives will add to the demand for service from both these offices during the 1987-89 biennium.

The department is requesting 2 positions for the Fiscal Services Office and 3 positions for the Human Resource Management (HRM) Office, along with support funds for the positions, for each year of the biennium. The HRM positions requested are: an employee development specialist for training and development work, a personnel officer, senior for job classification, recruiting, selection, staffing, union contract administration, and other duties, and a personnel aide for technical and clerical support. The request also includes funds to plan, design, and conduct additional training programs for new and existing staff.

ACTIVITY: REVENUE INFORMATION SERVICES
 Program: REVENUE ADMINISTRATION
 Agency: REVENUE, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

DESCRIPTION: The Revenue Information Services activity provides essential information systems and data processing services to each of the department's program areas to permit them to effectively perform their statutory responsibilities. This division includes the following sections:

Support Services

Maintains existing computerized systems and modifies them or develops interim systems, if cost reductions or increases in revenue will exceed expenses prior to the scheduled replacement of the current systems by the new integrated computer system. Support Services personnel also act as user liaison in the investigation and correction of problems that occur with current systems. This section also provides all teleprocessing equipment and transactions services for the department.

Operations/Maintenance

Maintains new integrated computer systems and develops subsystems, in progressive steps, that result in immediate benefits to the department and state, as well as becoming components of the new integrated information system.

Development

Develops a department-wide, integrated computer system to meet the current and future information needs of the department. Successful development of this system will have major and long-lasting impact on the efficiency and effectiveness of the department as a whole.

OBJECTIVE: To direct, coordinate, and conduct all activities related to information systems, as required for the department to achieve its goals and objectives in an efficient and effective manner.

EFFECTIVENESS MEASURES: This activity provides for the planning, coordination, development, operation, and maintenance of new systems, and the maintenance and modification of the existing systems. This includes the early installation of remittance processing equipment that will expedite cash deposits. The benefits include avoidance of encoding charges, resulting in an annual savings of \$30.0, improvement of funds availability by 1 day, resulting in an additional annual interest income of \$980.0, and elimination of lock box processing fees of \$360.0 annually.

Development stages for the new integrated computer system are on or ahead of schedule. Benefits associated with the integrated system are both tangible and intangible. Many of the intangible benefits deal with improved efficiencies, fewer manual operations, productivity improvements, and more timely, complete, and accurate information. Most of the tangible dollar benefits will accrue in F.Y. 1990-92, the final years of implementation under the accelerated schedule proposed in the CHANGE items.

Volumes of on-line activity are increasing because of taxpayer service efforts. The following are our projected increases:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Teleprocessing "Hits" (millions)	10.7	11.3	12.9	13.5

EXPLANATION OF BUDGET REQUEST: In practice, the development of new computer systems must be thoroughly interwoven with maintenance and operation of the old system and with service to its users. The activity description, therefore, covers the whole array of systems activity. But the development program will eventually be completed, and will not be a permanent part of the department's mission, so the entire request for new systems development activity is treated as a set of CHANGE items, and the F.Y. 1988-89 development costs were not included in the calculation of the SAME - level funding for this activity.

CHANGE REQUESTS:	F.Y. 1988	F.Y. 1989	TYPE
Computer Systems Development Needed to provide for the costs (personnel, equipment, services and charges to replace obsolete computer systems.	\$ 8,462.9	\$ 7,266.6	Activity Specific
New Integrated Systems Operations Covers costs of IMB services and equipment	704.8	1,206.1	Activity Specific
Teleprocessing Equipment and Transactions To provide on-line retrieval of information to additional users	62.4	124.8	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: INFORMATION SYSTEMS

PROGRAM: REVENUE ADMIN PROGRAM

AGENCY: REVENUE, DEPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	2,030.1	3,230.4	5,835.6	3,711.8	9,230.1	12,941.9	8,006.2	3,850.2	8,597.5	12,447.7	7,738.5
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	2,030.1	3,230.4	5,835.6	3,711.8	9,230.1	12,941.9	8,006.2	3,850.2	8,597.5	12,447.7	7,738.5
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	378.9	535.0	972.0	354.8	994.9	1,349.7	807.3	354.2	1,158.9	1,513.1	1,118.2
EXPENSES & CONTRAC. SERV	1,603.2	1,990.9	4,716.3	3,228.9	4,366.3	7,595.2	5,477.8	3,367.9	5,716.9	9,084.8	5,939.4
SUPPLIES & MATERIALS	6.8	63.2	30.8	14.8	25.6	40.4	18.2	14.8	27.2	42.0	43.5
EQUIPMENT	41.2	641.3	116.5	113.3	3,843.3	3,956.6	1,702.9	113.3	1,694.5	1,807.8	637.4
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	2,030.1	3,230.4	5,835.6	3,711.8	9,230.1	12,941.9	8,006.2	3,850.2	8,597.5	12,447.7	7,738.5
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	2,030.1	3,230.4	5,835.6	3,711.8	9,230.1	12,941.9	8,006.2	3,850.2	8,597.5	12,447.7	7,738.5
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	2,030.1	3,230.4	5,835.6	3,711.8	9,230.1	12,941.9	8,006.2	3,850.2	8,597.5	12,447.7	7,738.5
POSITIONS BY FUND											
GENERAL	10.0	15.0	18.0	8.0	27.0	35.0	14.0	8.0	30.0	38.0	26.0
TOTAL POSITIONS	10.0	15.0	18.0	8.0	27.0	35.0	14.0	8.0	30.0	38.0	26.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: REVENUE INFORMATION SERVICES
 PROGRAM: REVENUE ADMINISTRATION
 AGENCY: REVENUE, DEPARTMENT OF

Request Title: INFORMATION SYSTEMS DEVELOPMENT				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$8,462.9	27.0	\$7,266.6	30.0
NOTE: Total funding for development of new integrated system re-justified.				
Governor's Recommendation				
General Fund	\$4,060.0	6.0	\$3,536.7	18.0
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the funds and positions outlined above to continue, at an accelerated pace, the development and implementation of an integrated information system. The request represents an accelerated schedule that would result in completion of the system during F.Y. 1992. The objectives are to replace the inadequate existing information systems, to maximize the revenue and productivity benefits to the state from components of the new system by accelerating their development, and to reduce the risk of critical failures in the existing systems before the new systems are in place.

DESCRIPTION/BACKGROUND:

Evaluations by the Office of the Legislative Auditor, the department, and independent consultants found that the department's existing automated information systems are severely deficient and should be replaced, and recommended that the development of new systems should be controlled by comprehensive planning, freezing the general design requirements early in the process, and implementation of the system in manageable modules, rather than all at once. The department carried out a long-range systems study during F.Y. 1984 and 1985, and completed a general, integrated system design in F.Y. 1985. The key feature of the design is an integrated taxpayer-identification data base serving all tax types. The implementation plan calls for establishing the nucleus of the new integrated tax systems, and proceeding with a set of parallel projects to develop additional components even as the core applications are being used and accruing benefits. Components of the new integrated systems are called "progressive systems," to distinguish them from "interim systems" (short-term improvements that enable the existing systems to continue functioning until they are replaced).

Three criteria govern the priorities for developing progressive systems: 1) Information "interdependencies": certain data items must be available before the next step can proceed. 2) Return on investment: applications that can yield earlier or greater benefits, either in tax collections, or in operating efficiencies, are selected for earlier development. 3) Immediate need: applications are selected that remedy problems where the existing systems are most likely to fail, and where the failure would do most harm to the department's ability to carry out its mission.

The 1985 legislature authorized a multi-year, multi-stage development and implementation program, and appropriated \$3,184.0 for the first 2 years of the program (\$1,400.0 for F.Y. 1986 and \$1,784.0 for F.Y. 1987). The plan, as originally presented, called for a 5 to 6 year effort, but funding constraints required that the F.Y. 1987 through 1988 effort be limited to a level consistent with a 10 year implementation program (completion by F.Y. 1995). The department is now in the second year of the implementation plan, and in stage 5 of the plan (application definition). Stages 3 (conceptual design) and 4 (general design) were completed on schedule. The progressive systems that will become operational in January and February, 1987, include mail-sorting of tax returns, improved data-entry, and cash remittance processing. These will result in projected processing savings and interest accruals of over \$1.3 million a year.

Though the implementation of new systems will take several biennia, it is a one-time process, essential to, but separate from the ongoing operations that carry out the department's mandates. The department was, therefore, instructed to remove the resources dedicated to new systems development during F.Y. 1986 through 1987 from its SAME level budget request and treat the entire request as a CHANGE item. The department, therefore, requests authorization and resources to continue the development and implementation of the new systems, and further requests that the implementation be accelerated and completed during F.Y. 1992. The funds requested will be used to continue 10 current positions, and add 17 positions during the first year and 3 during the second year. Additional costs included in the request are for professional and technical services, data processing services, and equipment.

The agency request would result in completion of the taxpayer registration system during F.Y. 1989, and installation of usable components of the document processing, taxpayer accounts, revenue accounting, audit management, and collection management systems during the biennium.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity
(Continuation)

ACTIVITY: REVENUE INFORMATION SERVICES
PROGRAM: REVENUE ADMINISTRATION
AGENCY: REVENUE, DEPARTMENT OF

RATIONALE:

The department's computer systems are integral to its continuing ability to administer the state's tax laws. The current systems severely limit the department in monitoring its internal performance, responding to state policy-makers, providing quick and accurate responses to the taxpayers, and providing adequate and timely data for enforcement personnel.

Studies by the Legislative Auditor's Office, our consultant Deloitte Haskins and Sells, and others interested in the department's information systems, have identified the following deficiencies:

- 1) The existing systems employ 1960 technology and have problems of reliability, efficiency, functional responsiveness and effectiveness.
- 2) Multiple-level modifications and patches have jeopardized their integrity.
- 3) They no longer meet present operational needs or procedures.
- 4) Relocation of the department is hampered by systems which are not readily adaptable to location changes.
- 5) Changes to information needs and new tax legislation are difficult and costly to implement.
- 6) The cost of maintaining and operating the existing systems is rising.

The recently completed general systems design addressed the current shortcomings while the implementation plan provides a staged process to correct the systems shortcomings based on the building of a central information base using tested data collection and validation techniques. The updating and using systems, which access the data, will be primarily concerned with accuracy, security and integrity. The implementation sequence will provide for information interdependencies (certain data items must be available before the next step can proceed), and the return on investment based on the benefits to be realized. The critical condition of the existing systems is another basis for assigning priorities. As progressive or interim systems which show a benefit are identified, they will be implemented.

A 5 to 6 year implementation schedule will maximize benefits. The longer 10 year time frame, as currently planned, will reintroduce inefficiencies and problems into the revised systems and require an increase in maintenance and modification activities. The individual subsystems will be obsolete before the whole system is done. The longer process will also delay realization of the benefits to be gained.

Significant benefits will accrue to the state from the integrated systems. The taxpayer registration files which will be available through terminals to over 500 Department of Revenue employees will achieve over \$200,000 per year in benefits. Automation of the document processing operation will realize \$2-3 million in annual benefits. It is estimated a new accounts receivable system will realize approximately \$10 million in increased revenues the first 2 years and \$2-3 million annually thereafter. A modern automated collection system will help increase revenues by over \$2-3 million annually. A 5 year implementation program will allow the benefits to be realized much earlier than the current 10 year plan. Though the annual costs of the accelerated plan are higher than those of the extended plan, the cumulative benefits would exceed accumulated costs during F.Y. 1991. The extended plan would break even in F.Y. 1994. It is estimated that the total cost of the accelerated program will be approximately \$10 million less than that of the extended program.

The development of new systems that are capable of responding to the current and future needs of taxpayers, policy-makers and operational personnel is critical. In order for the department to continue performing its mission and improving its productivity, the department must take advantage of proven technology and eliminate systems which cannot perform their function and which run the risk of failing catastrophically. The automation of repetitive, labor intensive tasks will improve the accuracy and availability of information for policy-makers and will result in fairer and more equitable administration of the tax law.

The department recognizes that systems development requires an investment in resources in order to provide these long range benefits. Failure to invest in these resources will result in less revenue to fund state programs, increased personnel and operating costs and inadequate information from which policy-makers and state fiscal management can make decisions.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding for the systems development program as requested. The funding level recommended here includes a reduction for those items directly related to new tax compliance efforts. These items will be summarized in separate tax legislation. The Governor recommends biennial funding of \$7,596.7 and 18.0 positions for information system development.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: REVENUE INFORMATION SERVICES
 PROGRAM: REVENUE ADMINISTRATION
 AGENCY: REVENUE, DEPARTMENT OF

Request Title: NEW INFORMATION SYSTEMS OPERATIONS				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$704.8	-0-	\$1,206.1	-0-
Governor's Recommendation				
General Fund	\$234.4	-0-	\$ 351.6	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The department requests the computer services funds listed above in order to pay the Department of Administration for use of Information Management Bureau (IMB) services and equipment required for the operation of new system components to be installed during F.Y. 1988 and F.Y. 1989.

DESCRIPTION/BACKGROUND:

Assessments made by the Legislative Auditor's Office, our consultant Deloitte Haskins and Sells, and others interested in the department's information systems, have established that the department's existing computerized systems are in need of replacement. The completed studies identified the following deficiencies:

- 1) Existing systems are functionally unresponsive and ineffective.
- 2) Multiple-level modifications and patches have jeopardized their integrity.
- 3) They no longer meet present operational needs or procedures.
- 4) Relocation of the department is hampered by systems which are not readily adaptable to location changes.
- 5) Changes to provide for information needs or new tax legislation are difficult and costly to implement.

The recently completed general systems design addressed the shortcomings of the current systems. The implementation plan provides a staged process to correct the systems shortcomings based on the building a central information base, and adding subsystems in an order determined by information interdependencies (certain data items must be available before the next step can proceed), the return on investment based on the benefits to be realized, and critical conditions in the existing systems. Progressive or interim systems which show a benefit will be implemented using an evolutionary process that allows segments to be installed to 6 to 9 month time-frames. The department is requesting an accelerated development program to install portions of the new systems for taxpayer registration, document processing, taxpayer accounts, audit management, collection management, and revenue accounting during the 1987-89 biennium. This CHANGE request is for the IMB services associated with the accelerated program.

RATIONALE:

The development of new systems which can respond to the current and future needs of taxpayers, policy-makers and operational personnel is critical. In order for the department to continue performing its mission and improving its productivity, the department must take advantage of proven technology and eliminate systems that cannot perform their function and that run the risk of failing catastrophically. The automation of repetitive, labor intensive tasks will improve the accuracy and availability of information for policy-makers, and will result in fairer and more equitable administration of the tax law.

A 5 to 6 year implementation schedule would maximize benefits. The longer 10 year time frame, as currently planned, will reintroduce inefficiencies and problems into the revised systems and require an increase in maintenance and modification activities. Individual sub-systems will be obsolete before the whole system is done, and delay realization of benefits. These benefits are cumulative and can quickly provide a return on the investment. The majority of the benefits will not result in reduced operating expenses for the department but appear instead as additional revenues for the state.

Significant benefits will accrue to the state from the integrated systems. The taxpayer registration files, which will be available through terminals to over 500 DOR employees, will achieve over \$200,000 per year in benefits. Automation of document processing will realize \$2-3 million dollars in annual benefits. It is estimated a new accounts receivable system will realize approximately \$10 million in increased revenues the first 2 years and \$2-3 million annually thereafter. A modern automated collection system will help increase revenues by over \$2-4 million annually.

GOVERNOR'S RECOMMENDATION:

The Governor recommends biennial funding of \$586.0 for new information systems operations. This recommendation includes a reduction for those items directly related to new tax compliance efforts. These items will be summarized in separate legislation.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: INFORMATION SERVICES
 PROGRAM: REVENUE ADMINISTRATION
 AGENCY: REVENUE, DEPARTMENT OF

Resulting benefits include providing additional systems users with rapid retrieval of the most current information, eliminating manual functions and other storage media and improving responses to taxpayer inquiries. The reduced personnel time for retrieval of required information, which would allow users to be more productive in other areas, projects into annual savings of approximately \$75,000 to \$100,000. Elimination of other storage media would result in annual savings of approximately \$50,000 to \$60,000.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation for funding of additional compliance efforts will be summarized in tax legislation. Although funding and positions are indicated in this activity request, the Governor makes no specific recommendation for these items.

Request Title: TELEPROCESSING EQUIPMENT AND TRANSACTIONS				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$62.4	-0-	\$124.8	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The department requests the computer services funds outlined above for acquisition of additional terminals and printers and for payment of additional transaction processing costs. The objective is to take advantage of the increased availability of on-line systems information via computer terminals in order to increase productivity and improve service to taxpayers.

DESCRIPTION/BACKGROUND:

Many of the department's existing computerized systems were developed without the capability of on-line retrieval of information. Since implementation of these systems, as funds were available and feasibility established, they have been upgraded to provide this service to the department's systems users. During the current biennium, several systems have or will be improved to provide this on-line retrieval capability.

RATIONALE:

The department's emphasis on improving the productivity of its personnel and services to taxpayers requires that existing systems be improved if there is a payback in the interim before their replacement with the new integrated systems. To maximize the associated benefits, this on-line information retrieval capability must be made available to additional users. Appropriation of the requested funds would satisfy this need.

PROGRAM: TAX POLICY
 Agency: REVENUE, DEPARTMENT OF

1987-89 Biennial Budget

PROGRAM PURPOSE: The Tax Policy Program provides the Revenue Department, the executive branch, and the Legislature with technical and legal analysis of existing tax law, identifies problems with existing law, and evaluates alternatives to existing tax law.

OPERATION: The program, directed by an Assistant Commissioner for Tax Policy, consists of a single budget activity, which contains 3 divisions: Legal and Legislative Affairs, Research, and Local Government Aids and Analysis.

The Legal and Legislative Affairs Division:

- 1) Provides legal counsel to the department, its employees, and representatives of local units of government by answering questions of tax policy and statute or rule interpretation as applied to the various taxpayer fact situations;
- 2) Suggests, drafts, and processes administrative rules so that the department has the necessary tools to determine and enforce tax liabilities;
- 3) Represents the department at administrative hearings which determine or enforce a tax liability;
- 4) Instructs other department employees and representatives of local units of government in specific tax subjects and general policy or law research; and
- 5) Suggests areas that need legislation to clarify or modify a substantive or procedural tax provision of state law, drafts the bills to accomplish suggested law changes, and represents the department at legislative hearings related to the drafted bills.

The department is considering plans to computerize the division's records so that legal opinions on related matters are more reliably consistent and so that opinions involving similar but varied fact patterns are rendered more quickly and efficiently. It is anticipated that change will be imposed on the division in the area of administrative tax collection hearings. The number of these hearings is expected to increase by one-third for F.Y. 1988 and F.Y. 1989 as compared to F.Y. 1987, due to increased audit and collection activity.

STATISTICS:*	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Legal Opinions Rendered	100	100	100	100
Rulemaking Administrative Hearings	9	9	9	9
Adjudicative Administrative Hearings	50	75	75	75
Training Sessions Conducted	6	6	6	6
Legislative Bills Drafted	6	6	6	6

* These statistics were first accumulated in F.Y. 1986 in order to plan the organization of this unit.

The Research Division exists to generate the necessary level of research and information on state taxes and revenues. The division:

- 1) Develops and publishes annual reports on state individual income taxes, corporate income taxes, sales and use taxes and property tax refunds, and on related programs, monitors law changes affecting state taxes, and regularly publishes a summary description of the state and local tax system;
- 2) Prepares revenue analyses to assist policy-makers in making tax law and budget decisions on proposed changes in state taxes, estimates the fiscal impact of federal law changes, department legislation, technical tax changes and other proposals on state revenue, and publishes a comprehensive tax expenditure budget report pursuant to legislative mandate;
- 3) Forecasts tax revenues in conjunction with the Department of Finance, monitors tax collections and reports them daily and monthly, maintains current and historical economic information to help in understanding revenue trends, and uses a state economic forecasting model to conduct tax-related and other policy simulations; and
- 4) Conducts tax burden comparisons and other special studies, on request, to analyze tax policy issues and provide information on all aspects of state taxes and revenues.

The Local Government Aids and Analysis Division:

- 1) Calculates and distributes the credits and aids listed in Activity Statistics to the state's 1,813 towns, 855 cities, 87 counties, 438 school districts, 386 special taxing districts, 749 fire departments and 481 police departments. The division administers the following credits and aids: the homestead credit; mobile home homestead credit; local government formula aid; fire and police aid; wetland credit and aid; native prairie credit and aid; agricultural preserve credit; agriculture school aid; disaster credit; enterprise zone credit; taconite aid reimbursement; regional transit board aid; and attached machinery aid. (School district payments are made by the Department of Education.);
- 2) Audits the levies of 129 cities, 17 towns and 87 counties each year to ensure that their property tax revenues are within legal limits and makes corrections by reducing aid payments;
- 3) Gathers information on the amounts of property tax raised by local governments and on the assessed values of property in each of the approximately 47 property classes by taxing district, reviews the information for accuracy and distributes it to the public, the governor, and the legislature for use in developing tax policies; and

Agency: REVENUE, DEPARTMENT OF

- 4) Analyzes for the governor and the legislature the effects of proposed legislation involving changes in the property tax, in levy limits, in the determination of assessed values, and in local government aids and property tax credits.

ACTIVITY STATISTICS:	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Property Tax Aid and Credit Amounts Paid to Local Units of Government: (000)	\$940,065	\$978,396	\$1,067,332	\$1,095,693	\$1,121,043
Local Government Levy Limits:					
Number of Governmental Units Subject to Levy Limits	192	192	233	233	233
Levy Limit Penalties					
- Aid Reductions (000)	\$ 138	\$ 138	\$ 152	\$ 143	\$ 143
- Levy Reductions (000)	\$ 43	\$ 72	\$ 35	\$ 343	\$ 343
Research Proposals	175	190	200	215	230

CHANGE REQUEST: One permanent position for tax expenditure analysis is requested, to replace 1 temporary position. No additional funds are requested. Details are on the CHANGE request following the fiscal page for this program.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request for an additional complement position for tax expenditure analysis.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: TAX POLICY ADMIN

PROGRAM: TAX POLICY PROGRAM

AGENCY: REVENUE, DEPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,626.4	1,673.3	2,804.5	2,848.4		2,848.4	2,848.4	2,841.1		2,841.1	2,841.1
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	1,626.4	1,673.3	2,804.5	2,848.4		2,848.4	2,848.4	2,841.1		2,841.1	2,841.1
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	1,187.4	1,240.8	2,124.8	2,288.3		2,288.3	2,288.3	2,280.9		2,280.9	2,280.9
EXPENSES & CONTRAC. SERV	397.1	356.8	625.6	506.0		506.0	506.0	506.1		506.1	506.1
SUPPLIES & MATERIALS	16.6	40.3	41.7	41.7		41.7	41.7	41.7		41.7	41.7
EQUIPMENT	25.3	35.4	12.4	12.4		12.4	12.4	12.4		12.4	12.4
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	1,626.4	1,673.3	2,804.5	2,848.4		2,848.4	2,848.4	2,841.1		2,841.1	2,841.1
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	1,626.4	1,668.1	2,755.3	2,716.9	131.5	2,848.4	2,716.9	2,709.8	131.3	2,841.1	2,709.8
SP REV DIRECT APPROP		5.2	49.2	131.5	131.5-		131.5	131.3	131.3-		131.3
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	1,626.4	1,673.3	2,804.5	2,848.4		2,848.4	2,848.4	2,841.1		2,841.1	2,841.1
POSITIONS BY FUND											
GENERAL	45.0	49.0	54.0	54.0	4.0	58.0	55.0	54.0	4.0	58.0	55.0
SP REV DIRECT APPROP	3.0	3.0	3.0	3.0	3.0-		3.0	3.0	3.0-		3.0
TOTAL POSITIONS	48.0	52.0	57.0	57.0	1.0	58.0	58.0	57.0	1.0	58.0	58.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: TAX POLICY
 PROGRAM: TAX POLICY
 AGENCY: REVENUE, DEPARTMENT OF

	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Request Title: TAX EXPENDITURE BUDGET - PERMANENT COMPLEMENT				
Agency Request				
General Fund	\$ -0-	1.0	\$ -0-	1.0
Governor's Recommendation				
General Fund	\$ -0-	1.0	\$ -0-	1.0
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE: The agency requests that a full-time complement Research Analyst position be allocated for tax expenditure analysis purposes. Additional funding is not required as this position would replace a temporary full-time position under the current program.

DESCRIPTION/BACKGROUND: M.S. 270.067 mandates that the Commissioner of Revenue shall prepare a tax expenditure budget report to be submitted as a supplement to the Governor's biennial budget. Funding to conduct this study is currently a part of the agency budget and 2 positions in Research Section, 1 permanent part-time and 1 temporary full-time, are dedicated to this activity.

RATIONALE: Since the statutory requirement to conduct the tax expenditure study is on-going, the change to a permanent status position would provide additional continuity for this activity. The part-time position was previously changed to permanent part-time status. As funding already exists for this activity, no additional amount is requested.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

PROGRAM: TAXPAYER SERVICES
Agency: REVENUE, DEPARTMENT OF

1987-89 Biennial Budget

PRIORITIES:

One of the primary aims of the reorganization is to build upon the proven honesty and responsibility of most Minnesota taxpayers by making it as easy as possible for them to carry out their responsibilities under the tax laws. The department will continue to work with the governor, the legislature, and concerned taxpayers to simplify taxes and procedures. However successful this effort may be, the tax laws will remain somewhat complex because they must apply as fairly as possible to people and firms in different circumstances in a rapidly changing economy. The highest priority of this program is to integrate its communicative and technical capabilities and develop them further, so that taxpayers are effectively guided through those tasks that cannot be made simple.

PROGRAM PURPOSE:

Under the state's many and complex tax laws, citizens, organizations, and public officials are responsible for knowing about tax requirements, determining the proper amount of their tax obligations, and paying the amounts so determined to state and local governments.

The primary purpose of this program is to assist people in carrying out their responsibilities by interpreting tax law, explaining interpretations and procedures clearly and distributing explanations as broadly as possible, and by providing special assistance to people who cannot follow the procedures necessary to meet their tax requirements. The program combines expertise in writing, forms design, publication, media relations, and training with the technical expertise of people who have worked with all types of taxes (income, sales, property, and commodity taxes).

OPERATION:

The Taxpayer Services Program encompasses 3 budget activities:

Taxpayer Service Administration:

(1) manages the Taxpayer Service Program, (2) communicates tax laws, rules, and procedures through forms and instructions, manuals, circulars, and media publicity, (3) provides telephone assistance and volunteer training to assist taxpayers who need help with common procedures, and (4) provides technical support in those cases where the application of the law to a taxpayer's particular circumstances is unclear.

Special Taxes:

Administers taxes on commodities by providing collection, audit, research, and information services. These taxes apply primarily to the amount of some commodity handled or sold rather than to the dollars involved in a transaction or the value of a property. They typically involve many transactions, but relatively few taxpayers. Service is an important component of administering these taxes, and each of them requires specialized knowledge of a particular industry. It is, therefore, more efficient to consolidate the administration of these taxes into 1 division of the Taxpayer Services Program than to employ separate staff for the compliance and service functions.

Property Tax Assessment and Review:

(1) assesses public utility and transportation properties, and (2) evaluates, supervises, instructs and assists local officials in carrying out appraisals for property taxes.

EXPLANATION OF BUDGET REQUEST:

Two CHANGE items are requested for this program. \$81.9 in F.Y. 1988 and \$79.2 in F.Y. 1989 and 3 positions are requested for Taxpayer Service Administration to respond to increased demand generated by Compliance Program changes. Twelve complement positions are requested for Taxpayer Service Administration to replace the equivalent of 12 positions currently filled by seasonal employees. No additional funds are requested for these positions. Details of these CHANGE items will be found on the CHANGE request sheets following the Taxpayer Service Administration fiscal sheet.

GOVERNOR'S RECOMMENDATION:

The Governor recommends 9.0 complement positions for the purpose of converting existing seasonal telephone assistance positions to full time. The recommendation for the funding of additional compliance efforts will be summarized in tax legislation.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: TAXPAYER SERVICES PROGRAM

AGENCY: REVENUE, DEPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
TAXPAYER SERVICE ADM	2,424.6	2,710.2	2,620.5	2,833.3	81.9	2,915.2	2,833.3	2,829.2	79.2	2,908.4	2,829.2
SPECIAL TAXES	2,339.3	2,344.3	2,689.2	2,792.7		2,792.7	2,792.7	2,793.3		2,793.3	2,793.3
PROP TX ASSESS REVW	1,410.6	1,505.1	1,655.7	1,715.4		1,715.4	1,715.4	1,714.5		1,714.5	1,714.5
TOTAL	6,174.5	6,559.6	6,965.4	7,341.4	81.9	7,423.3	7,341.4	7,337.0	79.2	7,416.2	7,337.0
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	6,173.7	6,558.7	6,961.4	7,337.4	81.9	7,419.3	7,337.4	7,333.0	79.2	7,412.2	7,333.0
LOCAL ASSISTANCE											
AIDS TO INDS.	.8	.9	4.0	4.0		4.0	4.0	4.0		4.0	4.0
TOTAL EXPENDITURES	6,174.5	6,559.6	6,965.4	7,341.4	81.9	7,423.3	7,341.4	7,337.0	79.2	7,416.2	7,337.0
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	6,174.5	5,186.8	5,400.7	5,712.5	218.0	5,930.5	5,712.5	5,705.7	215.1	5,920.8	5,705.7
SP REV DIRECT APPROP		8.8	119.1	136.1	136.1-		136.1	135.9	135.9-		135.9
HGHWY USER TAX DISTR		1,364.0	1,445.6	1,492.8		1,492.8	1,492.8	1,495.4		1,495.4	1,495.4
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	6,174.5	6,559.6	6,965.4	7,341.4	81.9	7,423.3	7,341.4	7,337.0	79.2	7,416.2	7,337.0
POSITIONS BY FUND:											
GENERAL	146.0	107.0	107.0	107.0	19.0	126.0	116.0	107.0	19.0	126.0	116.0
SP REV DIRECT APPROP	4.0	4.0	3.0	4.0	4.0-		4.0	4.0	4.0-		4.0
HGHWY USER TAX DISTR		39.0	39.0	39.0		39.0	39.0	39.0		39.0	39.0
TOTAL POSITIONS	150.0	150.0	149.0	150.0	15.0	165.0	159.0	150.0	15.0	165.0	159.0

ACTIVITY: TAXPAYER SERVICE ADMINISTRATION
 Program: TAXPAYER SERVICES
 Agency: REVENUE, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY DESCRIPTION: Taxpayer Service Administration Division provides information and services to assist individual and business taxpayers in meeting their tax filing and payment obligations. The division consists of 3 sections, Administration and Support, Telephone Assistance, and Technical Services.

Taxpayer Service Administration and Support: (1) manages the 3 divisions of the Taxpayer Service program; (2) develops and produces tax forms and instructions; (3) provides educational services and outreach to taxpayers through print and broadcast media, newsletters, form letters, pamphlets, and bulletins; (4) works with other state agencies, the federal Internal Revenue Service, the University of Minnesota, and other organizations to inform taxpayers and develop taxpayer assistance programs; (5) produces the annual Student Tax Guide for use by high schools; and (6) helps taxpayers to resolve problems that have not been solved through normal channels.

Telephone Assistance: (1) responds directly to telephone inquires regarding tax law, filing requirements, department procedures, account status, forms, billings, and re-funds; and (2) refers questions that require extensive analysis or departmental decisions to Technical Services, or to another unit, if appropriate.

Technical Services: (1) analyzes and resolves technical problems in applying tax laws and procedures to the complex circumstances of particular individuals or firms; (2) identifies issues that require a decision or action by other parts of the department, and refers them appropriately; (3) analyzes patterns of inquiry to identify opportunities for improving procedures and clarifying forms, instructions, and other publications; (4) responds to requests for tax exempt status; (5) develops information for use in reference and training manuals; and (6) issues specialized circulars to assist particular groups of taxpayers in meeting their obligations. During the biennium, the section plans to organize tax information into comprehensive manuals or electronic references for auditors; Taxpayer Services employees, and the public.

ACTIVITY STATISTICS:	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
<u>Telephone Assistance:</u>					
Calls answered	461,000	417,000	480,000	650,000*	610,000
* F.Y. 1988 estimate is based on the assumption that the legislature will make some changes in state tax laws in response to recent federal changes, and that most calls now answered by Technical Services will be answered by Telephone Assistance.					
Rent Paid Affidavits	6,000	6,500	7,000	7,500	7,750
<u>Technical Services:</u>					
Calls answered	142,000	128,000	120,000	15,000	15,000
Correspondence					
Received	31,361	33,721	39,000	39,000	39,000
Written	13,086	13,149	15,200	15,200	15,200
Walk-ins assisted	3,141	3,983	4,600	4,600	4,600

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-
			(est.)	(est.)	(est.)
<u>ACTIVITY STATISTICS:</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Tax-exempt returns examined	782	2,040	4,000	4,000	4,000
Applications Processed: Abatements and Adjustments Processed	10,963	14,456	13,800	11,400	11,400
	21,431	17,300	19,000	19,000	19,000
<u>Taxpayer Services:</u>					
Volunteer assistance:					
Volunteers trained	1,300	1,500(1)	1,600	1,700	1,800
Number of sites	330	380	400	420	440
Returns prepared	41,000	50,000	51,000	52,000	53,000
Taxpayers assisted	45,000	70,000(2)	71,000	73,000	74,000

Note: (1) The increase includes growth in volunteer training activity by Area Vocational Technical Institutes.
 (2) From 1986 on, includes spouses when couples are assisted.

Student Tax Guide	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Participating Schools	460	500	510	520	530
Participating Students	47,000	55,000	60,000	62,000	65,000

ACCOMPLISHMENTS: The division responded to the 1985 changes in tax law by redesigning the most used forms and instructions to make forms easier to complete and instructions easier to find and use. The standard form (M-1) was shortened by 9 lines; additions and subtractions were reduced from 31 to 14. Instructions were reduced from 23 pages to 7 pages. The new short form (M-1A) was reduced from 14 lines to 7, and the instructions were reduced from 10 pages to one. Filing was made easier for many small businesses by itemizing additions and credits on information returns, reducing the need to refer to instructions.

CHANGE REQUESTS:	F.Y. 1988	F.Y. 1989	TYPE
Taxpayer Services Support for Compliance Changes	81.9	79.2	Activity Specific
Covers costs for increased staff. See CHANGE request sheet following the fiscal sheet for this activity.			
Telephone Assistance Staff	-0-	-0-	Activity Specific
Allows funds now allocated for seasonal positions and unemployment costs to be used for permanent staff. See the CHANGE request sheet following the fiscal sheet for this activity.			

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: TAXPAYER SERVICE ADM

PROGRAM: TAXPAYER SERVICES PROGRAM

AGENCY: REVENUE, DEPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	2,424.6	2,710.2	2,620.5	2,833.3	81.9	2,915.2	2,833.3	2,829.2	79.2	2,908.4	2,829.2
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	2,424.6	2,710.2	2,620.5	2,833.3	81.9	2,915.2	2,833.3	2,829.2	79.2	2,908.4	2,829.2
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	1,141.3	1,188.6	1,348.1	1,555.5	74.8	1,630.3	1,555.5	1,550.6	74.8	1,625.4	1,550.6
EXPENSES & CONTRAC. SERV	1,282.3	1,521.6	1,261.5	1,266.9	4.4	1,271.3	1,266.9	1,267.7	4.1	1,271.8	1,267.7
SUPPLIES & MATERIALS	1.0		2.9	2.9	.9	3.8	2.9	2.9	.3	3.2	2.9
EQUIPMENT			8.0	8.0	1.8	9.8	8.0	8.0		8.0	8.0
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	2,424.6	2,710.2	2,620.5	2,833.3	81.9	2,915.2	2,833.3	2,829.2	79.2	2,908.4	2,829.2
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	2,424.6	2,710.2	2,620.5	2,833.3	81.9	2,915.2	2,833.3	2,829.2	79.2	2,908.4	2,829.2
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	2,424.6	2,710.2	2,620.5	2,833.3	81.9	2,915.2	2,833.3	2,829.2	79.2	2,908.4	2,829.2
POSITIONS BY FUND											
GENERAL	40.0	40.0	41.0	41.0	15.0	56.0	50.0	41.0	15.0	56.0	50.0
TOTAL POSITIONS	40.0	40.0	41.0	41.0	15.0	56.0	50.0	41.0	15.0	56.0	50.0

CHANGE REQUEST

 Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: TAXPAYER SERVICES ADMINISTRATION

PROGRAM: TAXPAYER SERVICES

AGENCY: REVENUE, DEPARTMENT OF

Request Title: TELEPHONE ASSISTANCE STAFF

Agency Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
General Fund	\$ -0-	12.0	\$ -0-	12.0
Governor's Recommendation				
General Fund	\$ -0-	9.0	\$ -0-	9.0

Request requires statutory change: Yes No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests authority to convert positions in the Telephone Assistance Section, currently staffed year-round by seasonal employees, to full-time complement positions. The objective is to improve service to taxpayers who call the department for assistance.

DESCRIPTION/BACKGROUND:

Demand for telephone assistance increases drastically during the filing seasons for income taxes and property tax refunds. The legislature has traditionally appropriated funds to hire seasonal employees to cover these fluctuations. In recent years, the level of demand during non-peak periods has required the use of 14 seasonal positions to provide the equivalent of 12 year-round positions (12 seasonal employees for 10 months each, and 12 more for 2 months each, during any year). The 10-month limit on the term of employment of a seasonal employee has required the department to lay off experienced employees and train new ones for the same work. Making these positions permanent would enable the department to retain experienced employees and better serve the public. The additional costs of benefits for permanent employees would be offset by the reduction in payments for unemployment benefits. The department, therefore, requests no additional funds for these positions.

RATIONALE:

Using permanent employees to do work currently done year-round by seasonals would provide continuity of experience for more of the department's front-line service personnel, resulting in improved communication and problem solving ability, morale, teamwork, and service to taxpayers requesting information. Savings in unemployment would be offset by the costs of benefits for permanent employees, but the department would realize a cost-benefit by expending the funds for productivity rather than for unemployment.

GOVERNOR'S RECOMMENDATION:

After review of this activity, the Governor recommends 9.0 complement positions for the conversion of seasonal employees to full time.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: TAXPAYER SERVICES ADMINISTRATION

PROGRAM: TAXPAYER SERVICES

AGENCY: REVENUE, DEPARTMENT OF

Request Title: TAXPAYER SERVICES SUPPORT FOR COMPLIANCE CHANGES

	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$81.9	3.0	\$79.2	3.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: Yes No
Statutes Affected:

STATEMENT OF REQUEST:

The department requests the above funds and positions in order to perform necessary tasks that will be required because of the requested increases in audit and collections activity. The objective is to respond to taxpayers' questions and problems resulting from sending out to taxpayers additional compliance notices.

DESCRIPTION/BACKGROUND:

Audit and collection activity generates many notices to taxpayers identified by methods short of a full audit, where some indication of noncompliance exists in the pattern of information available to the department, such as a discrepancy that shows up from matching computer files. In many of those cases (about 10 percent), the taxpayer is able to provide information that clears up the problem or results in adjustment of the proposed action, once the discrepancy is clarified. The Technical Support Services Section assists such taxpayers in understanding why they received a notice, whether they will be able to resolve the problem, and what evidence they should provide, and follows up after these contacts to ensure that the appropriate actions are taken within the department.

The increased level of audit and collection activity proposed in the CHANGE requests of the Compliance Program will result in increased demand for technical services. In order to meet this demand, the department is requesting 3 positions for the Technical Services Section, along with support funds, for each year of the biennium.

RATIONALE:

Effective compliance activity requires effective follow-up services to resolve problems or, when they cannot be resolved, to communicate the results of noncompliance. The requested increases in the level of compliance activity will result in increased demand for technical services to taxpayers. If additional resources are not provided, the increased demand will reduce the level of service to taxpayers who contact the department for help in their voluntary efforts to comply with the tax laws. The positions requested will enable the department to continue to serve its general clientele and meet the increased demand caused by increased audit and collections activity.

GOVERNOR'S RECOMMENDATION:

The recommendation for the funding of additional compliance efforts will be summarized in tax legislation. Although funding and positions are indicated in this activity request, the Governor makes no specific recommendation for these items.

ACTIVITY: SPECIAL TAXES DIVISION
 Program: TAXPAYER SERVICES
 Agency: REVENUE, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$ 349,026	\$ 311,506	\$ 339,134	\$ 269,705	\$ 257,185

EFFECTIVENESS MEASURES:	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
(Figures as of Nov., 1986)	(in thousands of dollars)				
Collections by Tax Type:					
Cigarette and Tobacco	\$ 85,314	\$ 101,633	\$ 106,681	\$ 99,720	\$ 98,015
Liquor, Wine and Beer	52,427	51,506	51,707	48,817	49,465
Telephone and Telegraph					
Tax	54,859	56,282	101,755	36,166	22,616
Pull-Tab	-0-	-0-	2,334	5,740	6,300
Insurance Taxes*	76,463	97,193	98,881	100,871	101,868
Miscellaneous	2,000	2,100	4,100	4,200	4,300

*F.Y. 1987 increase reflects increased premiums and clearance of a backlog; continued high level reflects increased premiums and establishment of audit presence.

On Premise Audit (By Type):	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Cigarette and Tobacco Tax	250	250	225	235	250
Liquor, Wine and Beer	35	40	25	40	45
Telephone and Telegraph	3	15	10	15	20
Hazardous and Solid Waste					
Taxes	5	30	5	5	5
Insurance	--	--	3	3	3
Pull-Tab	--	--	40	35	30

PETROLEUM TAXES: This unit: (1) collects the state per-gallon taxes on gasoline and aviation fuel, and on diesel fuel and propane gas used in motor vehicles, and administers the interstate road tax program, (2) issues and renews licenses or permits, (3) instructs applicants for licenses and permits in record-keeping and reporting requirements, (4) issues refunds to qualified taxpayers and end users of the products, and (5) audits returns, refund applications, and other records of taxpayers and end users to ensure compliance with the tax laws.

ACTIVITY STATISTICS:	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
(in thousands of dollars)					
Collections:					
Highway Gas Taxes	\$ 357,825	\$ 340,103	\$ 349,400	\$ 349,400	\$ 349,400
Aviation Fuel Taxes	2,606	2,604	2,500	2,500	2,500
Licenses and Permits Issued:					
Trip Permits	7,425	7,409	7,500	7,500	7,500
Distributors	1,184	1,168	1,200	1,200	1,200
Special Fuel Dealers					
and Bulk Purchasers	2,084	2,012	2,100	2,100	2,100
Motor Carriers	16,119	16,173	12,000*	12,000	12,000

*Reflects reduced licensing of out-of-state carriers due to "base-state" fuel tax agreement, under law passed in 1986.

ACTIVITY DESCRIPTION: The Special Taxes Division administers the state's taxes on commodities, combining the functions of 3 former divisions: Alcohol, Tobacco, and Special Taxes, Mineral Taxes, and Petroleum Taxes. For all these commodity taxes, the primary functions of the division are: (1) to develop and distribute forms, instructions, and other information to make voluntary compliance with tax laws as easy as possible for taxpayers, (2) to collect and record tax payments and supporting data, (3) to issue and renew licenses and permits as a means of identifying taxpayers, (4) to carry out audits and other investigations to ensure compliance, (5) to make appropriate refunds, (6) to conduct studies that are used to refine tax administration, inform the public, and identify issues and opportunities that require the attention of decision makers, and (7) to draft legislation on commodity taxes. The specific taxes administered by this division are described below. The units are equivalent to the divisions that existed before the department's reorganization.

ALCOHOL, TOBACCO, AND SPECIAL TAXES: Collects taxes, maintains records, conducts audits, and ensures that taxpayers meet statutory bonding, licensing, and pricing requirements for the following taxes: (1) state cigarette and tobacco tax (from about 375 distributors and subjobbers), (2) gross earnings tax (from 125 telephone companies and from telegraph companies and trust companies), (3) state tax on the generation of hazardous waste, (4) tax on the disposal of solid waste in the 7 county metropolitan area, (5) liquor, wine, and beer taxes (from distributors and manufacturers), (6) pull-tab tax (from 40 distributors), (7) controlled-substance tax (from dealers), and (8) insurance tax (from insurance companies). In addition, the section ensures that proper fund allocations are made, and maintains the non-filer project for out-of-state companies.

BUDGET ISSUES: The pull-tab and controlled-substances taxes were enacted in 1986. Forty pull-tab distributors have so far been licensed, and half of an auditor's time has been allocated to monitoring compliance. If more distributors are found, or if activity in this area increases, more resources may be required. The department is not planning to monitor retail pull-tab activity. The number of people required to pay the controlled-substance tax is unknown and difficult to estimate. The department is not requesting additional resources at this time for these activities.

ACTIVITY: SPECIAL TAXES DIVISION
 (Continuation)
 Program: TAXPAYER SERVICES
 Agency: REVENUE, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY STATISTICS:	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Audits:					
Distributors	471	422	450	450	450
Special Fuel	2,257	2,161	2,000	2,000	2,000
Road Tax	254	271	300	300	300
Refund Applications*	3,060	7,800	10,000	10,000	10,000

*Growth reflects direct administration of off-highway fuel tax refunds (no longer handled as an income-tax credit).

Refund Amounts:	(in thousands of dollars)				
Motor Fuel Tax	\$ 10,031	\$ 6,067	\$ 7,334	\$ 7,334	\$ 7,334
Aviation Tax	292	372	331	331	331

MINERAL TAXES: This unit: (1) collects from 10 mining companies the occupation tax, the taconite production tax and royalty taxes; (2) collects the gross earnings tax from 2 taconite railroad companies; (3) audits the records and reports of the mining companies and companies that do business with them and monitors mining operations in person; (4) determines the amount of taconite production tax revenue due to 74 local units of government; (5) estimates the quantities and market values of iron range taconite and iron ore deposits to furnish to county auditors for their use in determining local property taxes; and (6) analyzes and forecasts production of all types of minerals in Minnesota, and publishes the annual Minnesota Mining Tax Guide, a comprehensive report on all taxes affecting Minnesota mining operations, for use in developing tax policies on the state's mineral resources.

During F.Y. 1986, the Minerals Tax Unit embarked upon the Mesabi Map Project to update and improve the 1961 iron range geologic maps formerly published by the Great Northern Railroad. The project is jointly funded with the Department of Natural Resources, St. Louis and Itasca Counties, Iron Range Rehabilitation and Resources Board (IRRRB), and the Range Association of Municipalities and Schools (RAMS). The updated maps are expected to be completed in F.Y. 1988 or F.Y. 1989.

ACTIVITY STATISTICS:	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
	(in thousands of dollars)				
Taconite Production Tax	\$ 64,514	\$ 65,092	\$ 47,600	\$ 44,900	\$ 48,900
Occupation Tax:					
Taconite					
Net Tax Due	29,915	4,836	4,500	3,500	3,500
M.S. 298.40 Credits	(19,310)	(5,797)	0	0	0
Actual Tax Collected	10,605	(961)	4,500	3,500	3,500
Iron Ore	380	531	400	400	400
Royalty Tax:					
Taconite	3,936	3,715	2,237	2,331	2,331
Iron Ore	523	415	258	288	288
Miscellaneous Ores	5	3	1	0	0
Taconite Railroad Gross Earnings Tax:					
Earnings Tax:	1,678	1,985	436	1,091	1,091
M.S. 298.40 Credits	(1,678)	(796)	(0)	0	0
Actual Tax Collected	0	1,189	436	1,091	1,091

CHANGE REQUEST: No changes are requested for this activity.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: SPECIAL TAXES

PROGRAM: TAXPAYER SERVICES PROGRAM

AGENCY: REVENUE, DEPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	2,339.3	2,344.3	2,689.2	2,792.7		2,792.7	2,792.7	2,793.3		2,793.3	2,793.3
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	2,339.3	2,344.3	2,689.2	2,792.7		2,792.7	2,792.7	2,793.3		2,793.3	2,793.3
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	1,991.0	1,945.8	2,170.1	2,263.8		2,263.8	2,263.8	2,258.6		2,258.6	2,258.6
EXPENSES & CONTRAC. SERV	306.4	335.4	495.4	505.2		505.2	505.2	511.0		511.0	511.0
SUPPLIES & MATERIALS	14.7	35.3	13.2	13.2		13.2	13.2	13.2		13.2	13.2
EQUIPMENT	27.2	27.8	10.5	10.5		10.5	10.5	10.5		10.5	10.5
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	2,339.3	2,344.3	2,689.2	2,792.7		2,792.7	2,792.7	2,793.3		2,793.3	2,793.3
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	2,339.3	971.5	1,124.5	1,163.8	136.1	1,299.9	1,163.8	1,162.0	135.9	1,297.9	1,162.0
SP REV DIRECT APPROP		8.8	119.1	136.1	136.1-		136.1	135.9	135.9-		135.9
HGHWY USER TAX DISTR		1,364.0	1,445.6	1,492.8		1,492.8	1,492.8	1,495.4		1,495.4	1,495.4
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	2,339.3	2,344.3	2,689.2	2,792.7		2,792.7	2,792.7	2,793.3		2,793.3	2,793.3
POSITIONS BY FUND											
GENERAL	66.0	27.0	27.0	27.0	4.0	31.0	27.0	27.0	4.0	31.0	27.0
SP REV DIRECT APPROP	4.0	4.0	3.0	4.0	4.0-		4.0	4.0	4.0-		4.0
HGHWY USER TAX DISTR		39.0	39.0	39.0		39.0	39.0	39.0		39.0	39.0
TOTAL POSITIONS	70.0	70.0	69.0	70.0		70.0	70.0	70.0		70.0	70.0

ACTIVITY: PROPERTY TAX REVIEW DIVISION
 Program: TAXPAYER SERVICES
 Agency: REVENUE, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVE: To improve the quality and accuracy of property tax assessments in Minnesota.

ACTIVITY DESCRIPTION: The Property Tax Review Division is responsible for ensuring that real and personal property taxes in Minnesota are administered promptly, fairly, and in accordance with statute. The division (1) directs and provides general supervision over the assessment of all real and personal property in the state, and (2) furnishes local units of government with valuations for the property of companies subject to direct assessment by the Commissioner of Revenue. In order to fulfill these responsibilities, the division:

- 1) Appraises the property of certain utility and transportation firms and furnishes their market values to the local units of government responsible for determining property taxes on the properties.
- 2) Develops guidelines to ensure that township, city, and county assessors assign proper classifications to real and personal properties and appraise them at market value.
- 3) Studies the accuracy of appraisals and corrects assessors' estimates that differ substantially from market value.
- 4) Helps assessors appraise difficult-to-value commercial and industrial properties.
- 5) Reviews and processes property tax abatement applications approved by county boards.
- 6) Designs and provides educational programs to assist local assessors in attaining and maintaining accreditation and certification licenses, and provides support services for the State Board of Assessors.
- 7) Prepares and issues state deeds for tax forfeited land that has been sold by county boards.
- 8) Gathers data on real estate sales and uses it: (1) to develop estimates of property values for use by the Department of Education in determining how much property tax and state aid each school district may receive under statutory formulas, and (2) to report to the public, the governor, and the legislature on how closely to market value the state's assessors are appraising properties.

RECENT ACCOMPLISHMENTS: (1) The division developed a new method of apportioning the value of state-assessed property, automating calculations that would otherwise have been almost impossible with available staff. Results: quick and accurate summary reports, and valuation error rates less than 0.01 percent. (2) The division has adopted a comprehensive loose-leaf reference manual to inform assessors of changes in procedure or the law. Assessors can now find all the current information on any point of inquiry in one place, without cross-referencing old bulletins. (3) The division's annual sales ratio study measures the accuracy and consistency of assessments by comparing the actual selling prices of real properties to assessors' estimates of market value. In 1984, the division began adjusting its comparison values to allow for the effects of specific financing arrangements on real estate selling prices. The improved consistency of comparison has made the sales ratio study a more effective resource for local assessors and other officials, the State Board of Equalization, and the Tax Court.

EFFECTIVENESS MEASURES: Statewide assessment/sales ratio:

Property Type	1980	1981	1982	1983	1984	1985*	
Residential	76.7%	81.3%	84.0%	87.1%	88.5%	90.2%	*Before
Apartment	70.9	72.9	76.0	79.2	78.7	84.6	Revisions
Seasonal	61.3	66.8	71.2	74.7	77.7	80.6	
Farm	59.5	65.5	70.6	86.2	94.6	95.6	
Comm-Industrial	65.1	66.2	69.7	75.5	79.1	78.6	

ACTIVITY STATISTICS:	Actual F.Y. 1985	Actual F.Y. 1986	Obj/Est F.Y. 1987	Obj/Est F.Y. 1988	Obj/Est F.Y. 1989
Appraisal Activity By Type of Property:					
Electric Companies	65	65	65	65	65
Gas and Pipeline Companies	25	25	25	25	25
Airlines	35	35	35	35	35
Railroads	14	14	14	14	14
Commercial and Industrial	250	250	250	250	250
Valuations of Appraised Properties: (million of dollars)					
Public Utilities	4,064	4,299	4,514	4,740	4,977
Airlines	141	195	215	226	237
Railroads	255	270	283	297	312
Education Activity:					
Courses, Seminars and Conferences	25	25	25	25	25
Total Attendance	1,900	2,000	2,000	2,000	2,000
State Board of Equalization					
Hearings:	115	120	120	120	120
Abatement Applications:	7,149	6,500	6,800	7,000	7,200
State Deeds:	1,294	1,474	1,350	1,300	1,400
Instructional Letters and Bulletins to Assessors:					
Letters	340	350	350	350	350
Bulletins or Manual Updates	12	12	12	12	12
Sales Ratio Study:					
Sales Certificates Received and Evaluated	179,200	180,000	170,000	165,000	165,000
Incorporated in Study	58,000	60,000	58,000	56,000	56,000

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: PROP TX ASSESS REVM

PROGRAM: TAXPAYER SERVICES PROGRAM

AGENCY: REVENUE, DEPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,409.8	1,504.2	1,651.7	1,711.4		1,711.4	1,711.4	1,710.5		1,710.5	1,710.5
LOCAL ASSISTANCE											
AIDS TO INDS.	.8	.9	4.0	4.0		4.0	4.0	4.0		4.0	4.0
TOTAL EXPENDITURES	1,410.6	1,505.1	1,655.7	1,715.4		1,715.4	1,715.4	1,714.5		1,714.5	1,714.5
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	1,120.5	1,157.5	1,330.1	1,368.5		1,368.5	1,368.5	1,363.9		1,363.9	1,363.9
EXPENSES & CONTRAC. SERV	271.1	273.9	311.9	333.2		333.2	333.2	336.9		336.9	336.9
SUPPLIES & MATERIALS	11.0	55.8	6.9	6.9		6.9	6.9	6.9		6.9	6.9
EQUIPMENT	7.2	17.0	2.8	2.8		2.8	2.8	2.8		2.8	2.8
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	1,409.8	1,504.2	1,651.7	1,711.4		1,711.4	1,711.4	1,710.5		1,710.5	1,710.5
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	1,410.6	1,505.1	1,655.7	1,715.4		1,715.4	1,715.4	1,714.5		1,714.5	1,714.5
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	1,410.6	1,505.1	1,655.7	1,715.4		1,715.4	1,715.4	1,714.5		1,714.5	1,714.5
POSITIONS BY FUND											
GENERAL	40.0	40.0	39.0	39.0		39.0	39.0	39.0		39.0	39.0
TOTAL POSITIONS	40.0	40.0	39.0	39.0		39.0	39.0	39.0		39.0	39.0

PROGRAM: REVENUE OPERATIONS
 Agency: REVENUE, DEPARTMENT OF

1987-89 Biennial Budget

PROGRAM PURPOSE: This program is primarily responsible for processing and accounting for all tax payments, returns, and other documents, depositing cash remittances, and providing support services for the department.

OPERATION: The program consists of a single budget activity, which is organized into 4 divisions: Document Processing, Revenue Accounting, Records Management, and Administrative Services.

Document Processing manages the processing of tax returns. The division codes cash remittances and refund claims to the proper fund, deposits remittances, manages automated processing functions and data entry, examines returns for accuracy and compliance with tax laws, and directs the withholding tax "lockbox" bank processing operations.

Revenue Accounting maintains the accuracy of an internal general ledger system, provides financial reports to Revenue management, the Department of Finance and others, maintains a taxpayer account ledger which includes accounts receivable, prepaid taxes, and history files, processes all adjustments to taxpayer's accounts, manages taxpayers' refund warrants and all offsets, provides refund information to taxpayers, and administers the Revenue Recapture Program.

Records Management is responsible for the updating, storage, retrieval, disposition, and control of business and individual tax related records of Minnesota taxpayers. The division processes applications for business tax numbers, stores and retrieves individual and business tax records requested for audit or collection purposes, responds to requests for information; microfilms tax records and identifies and disposes of tax records according to an approved records retention schedule.

Administrative Services provides a variety of support services to the Operations Program and to all department divisions. This division processes and distributes all incoming and outgoing mail which includes processing all tax returns/cash remittances and mailing refunds or other tax related documents; provides centralized services for communications systems, word processing, fixed asset accountability, purchase of equipment and supplies, transportation, and management of lease and building services for Revenue offices located in St. Paul, out-state and out-of-state.

ACTIVITY STATISTICS:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
			(thousands)	
<u>Document Processing</u>				
Income Tax Returns	1,825.0	1,855.3	1,887.6	1,937.0
Property Tax Returns	624.4	630.4	636.7	643.1
Withholding Tax Returns	1,043.4	1,046.9	1,050.3	1,053.8
Trust and Other Tax Returns	1,200.0	1,200.0	1,200.0	1,200.0
Days to Deposit +\$100.0	.5	.5	.5	.5
Days to Deposit +\$1.0	1.0	1.0	1.0	1.0
Days for Refunds	35.0	35.0	35.0	35.0
<u>Revenue Accounting</u>				
<u>Revenue Recapture:</u>				
Certifications	75.9	80.0	83.0	85.9
Fee Collections	\$ 228.2	\$ 240.0	\$ 249.0	\$ 257.7
Offsets	26.9	28.0	28.3	28.6
Total Dollars Offset	\$ 5,344.2	\$ 5,397.6	\$ 5,451.6	\$ 5,506.1
<u>Taxpayer Adjustments:</u>				
Adjustment Count	131.4	134.0	136.7	139.4
<u>Taxpayer Files:</u>				
Prepaid Tax Accounts	222.0	222.0	222.0	222.0
Prepaid Tax Balance	\$1,370,621.1	\$1,370,621.1	\$1,370,621.1	\$1,370,621.1
<u>Records Management</u>				
Business Applications	35.5	34.9	36.3	37.7
Requests for Information	55.8	56.0	56.5	57.0
Correspondence Processed	352.2	369.8	388.3	407.7
Documents Microfilmed	3,021.8	3,142.7	3,268.4	3,399.1
<u>Administrative Services</u>				
Incoming Mail Pieces	5,540.0	5,660.0	5,660.0	5,660.0

ISSUES AND PRIORITIES: The chief priority of the Operations Program is to maintain the production and cash management standards attained in the current biennium, while improving the productivity of all processing operations. The Operations activity will be a major beneficiary of improvements to the computer processing systems and the addition of automated remittance-processing and mail-sorting equipment. While the automation of certain processes will improve productivity, the increased speed of mail sorting and remittance processing will require substantial changes in other nonautomated processes.

(Continuation)

Agency: REVENUE, DEPARTMENT OF

During the next biennium, the program is planning for 3 major initiatives to improve processing operations: (1) further improvement of the department's computer systems, (2) consolidation of processing activities in 1 location with appropriate redesign of work flow, and (3) assumption of the data entry function currently performed by the Department of Administration. The program must take full advantage of the opportunities for improved productivity offered by these initiatives, while maintaining our on-going priorities: (1) to analyze current procedures for improvements in productivity, (2) to maintain compliance with generally accepted accounting principles (GAAP), (3) to identify options for managing the massive flow of returns and other documents, and (4) to provide increased support services needed by other department programs.

BUDGET ISSUES: Another major priority for Revenue Operations is the additional staff and resources that will be needed to support the increased level of audit and collection actions proposed by the Compliance Program. Changes in the level of audit and collection actions have a direct impact on cash and tax return/document processing, increases the number of adjustment transactions to taxpayer records and department data bases, and the overall increase in work load and Compliance Program personnel affects the Revenue Operations Program's ability to provide the required level of support services.

EXPLANATION OF THE BUDGET REQUEST:CHANGE REQUESTS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Operations Support Services for Compliance CHANGE-Level	\$ 431.3	\$ 406.3	Program
Covers staff and related supply and expense costs that will result from increased audit and collection activities. Details of this request are on the CHANGE-level page following the Operations Activity fiscal sheet.			

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation for the funding of additional compliance efforts will be summarized in tax legislation.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: OPERATIONS ADMIN

PROGRAM: OPERATIONS PROGRAM

AGENCY: REVENUE, DEPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	7,726.5	8,105.5	9,029.0	10,374.8	431.3	10,806.1	10,374.8	10,419.1	406.3	10,825.4	10,419.1
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	7,726.5	8,105.5	9,029.0	10,374.8	431.3	10,806.1	10,374.8	10,419.1	406.3	10,825.4	10,419.1
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	6,468.8	6,778.0	7,569.7	8,878.3	374.6	9,252.9	8,878.3	8,851.8	374.6	9,226.4	8,851.8
EXPENSES & CONTRAC. SERV	1,129.8	1,125.8	1,286.0	1,313.9	24.7	1,338.6	1,313.9	1,384.7	22.7	1,407.4	1,384.7
SUPPLIES & MATERIALS	91.8	127.6	134.3	143.6	9.0	152.6	143.6	143.6	9.0	152.6	143.6
EQUIPMENT	36.1	74.1	39.0	39.0	23.0	62.0	39.0	39.0		39.0	39.0
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	7,726.5	8,105.5	9,029.0	10,374.8	431.3	10,806.1	10,374.8	10,419.1	406.3	10,825.4	10,419.1
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	7,726.5	8,105.5	9,029.0	10,374.8	431.3	10,806.1	10,374.8	10,419.1	406.3	10,825.4	10,419.1
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	7,726.5	8,105.5	9,029.0	10,374.8	431.3	10,806.1	10,374.8	10,419.1	406.3	10,825.4	10,419.1
POSITIONS BY FUND											
GENERAL	257.4	257.4	257.2	257.2	15.0	272.2	257.2	257.2	15.0	272.2	257.2
TOTAL POSITIONS	257.4	257.4	257.2	257.2	15.0	272.2	257.2	257.2	15.0	272.2	257.2

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: REVENUE OPERATIONS
 PROGRAM: REVENUE OPERATIONS
 AGENCY: REVENUE, DEPARTMENT OF

Request Title:	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
OPERATIONS SUPPORT SERVICES FOR COMPLIANCE CHANGE-LEVEL				
Agency Request				
General Fund	\$431.3	15.0	\$406.3	15.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE: The agency requests the above dollar amounts and positions in order to provide processing, accounting, data entry, and support services to complement the proposed CHANGE-level budget request by the Compliance Program. The objective of this request is to be able to respond to the increased workload that will occur as a result of the increased audit and collection actions initiated by the Compliance Program.

DESCRIPTION/BACKGROUND: Currently the Revenue Operations Program is responsible for processing and accounting for cash and tax-related documents received by the department and for providing a variety of related support services. The "change" level request for the Compliance Program will have an immediate effect on the work load of the Operations Program. Increased audit or collection actions affect the Operations Program by increasing the quantity of taxpayer files required by the auditors and collectors, correspondence to and from taxpayers, tax documents and cash remittances to be processed, adjustments of taxpayer records, data entry to record all transactions, and the quantity of requests for a variety of other accounting, processing, and support services.

The request includes 4.0 accounting positions to support the increased number of accounting transactions and adjustments; seasonal worker funding equivalent to a clerical position for increased mail-processing activities; 11.0 clerical support positions for the additional workloads in processing tax documents and cash remittances, providing records-management services, word processing and other centralized support services, and supplies and expenses to support the new positions.

RATIONALE:

The request has been developed to support accomplishment of the Compliance Program's objective, which is to increase the level of audit and collection actions initiated by the department. Approval of this CHANGE-level request will enable the program to adequately support the Compliance Program's efforts and continue to provide the same level of processing, accounting, and support services that will be necessary to sustain current tax return/refund production objectives. Although the program looks forward to increased productivity as a result of improved computer systems, centralization of the processing activities in one location, and automation of certain processing functions, many of the services that will be necessary to support increased audit and collection actions are manual support processes. These services are also labor-intensive (e.g. pulling tax files, opening mail, entry of data and adjustments, processing tax returns, etc.), and the program will require additional staffing in order to successfully manage the increased volumes. The additional resources that have been identified will enable the program to support the increased compliance effort. Without such resources the Operations Program will be unable to provide adequate processing and accounting support to the increased compliance effort.

GOVERNOR'S RECOMMENDATION:

The recommendation for the funding of additional compliance efforts will be summarized in tax legislation. Although funding and positions are indicated in this program request, the Governor makes no specific recommendation for these items.

PROGRAM PURPOSE: The purpose of this program is to maximize the department's contribution to the fairness of the tax system, maximize voluntary compliance with the tax laws, and effectively identify and process cases of noncompliance and disputes with respect to the determination and payment of tax. Consistent enforcement activity promotes voluntary compliance by reinforcing public confidence in the fair and even handed administration of the laws.

OPERATION: This program encompasses the following operations:

- 1) Audit of individual, corporate, fiduciary, small business and partnership income tax returns, withholding tax returns, sales and use tax returns, and estate tax returns filed by Minnesota taxpayers.
- 2) Collection of accounts receivable resulting from taxpayers filing returns but not remitting the tax, and from taxpayers for whom the department has assessed an additional liability through the audit process.
- 3) Detection of taxpayers who should be filing returns but are not doing so.
- 4) Investigation of potential criminal violations of state tax laws, and referral of criminal cases for prosecution.
- 5) Review of audits and other activities to provide quality control and consistent application of the law.
- 6) Technical training of auditors and collectors to ensure that all professional staff are operating in a consistent, contemporary manner.
- 7) Reporting the results of program operations.
- 8) Recommending law and administrative changes based upon compliance program experience.
- 9) Informing the public of the department's compliance program.

BUDGET ISSUES: Minnesota's tax system relies on the voluntary compliance of the great majority of its citizens with the tax laws. But the state has a responsibility to enforce compliance by those who do not voluntarily carry out their legal responsibilities. Failure to do so victimizes the responsible majority by shifting a portion of the tax burden to them, and encourages further noncompliance by the few. Early and consistent collection of overdue payments and a strong audit presence are the two major deterrents to intentional noncompliance. There is significant room for cost-effective improvement in both of these activities:

- 1) The Collection Division faces serious problems. For years the collection function has been losing ground to tax delinquencies. Properly viewed, the collection process is an assembly line with the product being effectively processed cases and the by-products collection dollars and enhanced voluntary compliance. It has instead been treated more as a vast reservoir of collection cases into which the department dips from time to time. The result has been impressive in terms of dollars collected per dollar of effort, but a steadily building problem of growing delinquent accounts has resulted because of insufficient effort and lack of resources.

Reorganization has brought the department's collection activities and resources under single management and has stimulated the redeployment of personnel and improved procedures to allow earlier action on delinquent accounts. Additional resources are required to ensure that the department can both keep up with delinquent accounts as they arise, and begin to clear the accounts receivable backlog so that the accounts receivable are reduced to a manageable level (which we estimate to be \$50 million of delinquent accounts being actively worked.)

- 2) Each dollar the department has spent on auditing in recent years has uncovered about 7 dollars of additional tax liability, on the average, even though professional audit activity has been limited by shortages of clerical support. There are backlogs of audits that have been identified as potentially productive. Reorganization is expected to improve the effectiveness with which existing audit resources are used, especially through improved audit planning. It is estimated that significant resources could be invested in additional audit activity without reaching a point of diminishing returns, but it is difficult to recommend an optimal investment until the benefits of reorganization and of the requested increase in collection activity have been realized. The department is therefore requesting only enough additional resources to eliminate existing backlogs, to rectify the historical shortage of clerical employees so that the auditors can spend more time auditing, and to permit a modest increase in audit coverage.

EXPLANATION OF BUDGET REQUEST: Four CHANGE items are requested. The change request at the program level is for -0- positions and funding of \$175.0 each year in F.Y. 1988 and 1989. Details are on the CHANGE-level request following the fiscal sheet for this program. \$1,229.4 in F.Y. 1988, and \$1,145.6 in F.Y. 1989 and 28 positions are requested for Collections. \$1,224.6 and 31 positions in F.Y. 1988, and \$1,648.1 and 44 positions in F.Y. 1989 are requested for Audit. Twelve positions (with no additional funding) are requested for the out-of-state corporate audit offices to make the existing positions in the offices permanent rather than temporary.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation for the funding of additional compliance efforts will be summarized in tax legislation.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: TAX COMPLIANCE PROGRAM

AGENCY: REVENUE, DEPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
AUDIT	13,798.1	14,051.7	13,959.5	14,305.8	1,399.6	15,705.4	14,305.8	14,272.3	1,823.1	16,095.4	14,272.3
COLLECTIONS	4,431.4	4,741.7	4,684.3	4,791.4	1,229.4	6,020.8	4,791.4	4,775.6	1,145.6	5,921.2	4,775.6
TOTAL	18,229.5	18,793.4	18,643.8	19,097.2	2,629.0	21,726.2	19,097.2	19,047.9	2,968.7	22,016.6	19,047.9
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	18,229.5	18,793.4	18,643.8	19,097.2	2,629.0	21,726.2	19,097.2	19,047.9	2,968.7	22,016.6	19,047.9
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	18,229.5	18,793.4	18,643.8	19,097.2	2,629.0	21,726.2	19,097.2	19,047.9	2,968.7	22,016.6	19,047.9
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	18,229.5	16,787.5	15,894.3	16,297.4	5,428.8	21,726.2	16,297.4	16,251.1	5,765.5	22,016.6	16,251.1
SP REV DIRECT APPROP		2,005.9	2,749.5	2,799.8	2,799.8-		2,799.8	2,796.8	2,796.8-		2,796.8
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	18,229.5	18,793.4	18,643.8	19,097.2	2,629.0	21,726.2	19,097.2	19,047.9	2,968.7	22,016.6	19,047.9
POSITIONS BY FUND:											
GENERAL	440.0	437.0	431.0	431.0	115.0	546.0	431.0	431.0	128.0	559.0	431.0
SP REV DIRECT APPROP	44.0	44.0	45.0	44.0	44.0-		56.0	44.0	44.0-		56.0
TOTAL POSITIONS	484.0	481.0	476.0	475.0	71.0	546.0	487.0	475.0	84.0	559.0	487.0

CHANGE REQUEST

1987-89 Biennial Budget

 Agency Program Activity

ACTIVITY:

PROGRAM: COMPLIANCE

AGENCY: REVENUE, DEPARTMENT OF

Request Title:	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
INCREASED ATTORNEY GENERAL COSTS				
Agency Request				
General Fund	\$175.0	-0-	\$175.0	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The Department of Revenue requests the above dollar amounts to provide funding for the attorney general cost billed to the department.

DESCRIPTION/BACKGROUND:

Laws of 1985, first special session, chapter 13, section 75 requires the Attorney General's Office to assess agencies for the costs of legal service provided to them. During F.Y. 1986 costs for these services were \$136.3. We estimate that F.Y. 1987 costs will be \$150.0. The amount requested reflects an increase to cover increased costs in the Attorney General's Office, and an estimated increase in legal services required by this department due to increases in the department's audit and collection activity.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

ACTIVITY: AUDIT
 Program: TAX COMPLIANCE
 Agency: REVENUE, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY DESCRIPTION: Auditing is the cornerstone of the Tax Compliance Program. Taxpayer audits generate large amounts of additional tax revenue. They generate investigations of criminal violations of the tax laws and recommendations for prosecution. Most important, auditing promotes voluntary compliance by taxpayers. It educates taxpayers as to how well they are responding to their tax obligations. It alerts the department as to problems with our tax laws and thereby enables the department to recommend statutory changes.

Internal auditing is also essential within the tax compliance program. The legislature has given the department duties that significantly affect the vital interests of taxpayers. We must monitor the exercise of those duties to ensure that the department treats taxpayers fairly in accordance with the law.

- 1) **Audit Plans:** This unit is responsible for designing and implementing a continuing, long-range effort to increase audit productivity and effectiveness. By working closely with the other audit units, it will facilitate effective allocation of Audit Division resources. Techniques used include the development and maintenance of work plans for other audit units, the design of programs and procedures to guide audit personnel in using cost-effective audit methods and techniques, accumulation of computerized records from outside sources, exchange of information with the IRS and other states, and the development, refinement, and implementation of manual and computerized audit selection criteria to identify the most productive potential audits and discover the most flagrant violators.
- 2) **Corporate Audit:** This unit is responsible for auditing corporation income tax returns and for processing corporate refund requests, amended returns, and tentative carrybacks. The unit conducts both office and field audits. The unit established offices in New York and Chicago in July, 1986 to conduct audits of corporations in those areas in a more cost-effective manner.
- 3) **Individual Audit:** This unit is responsible for auditing individual, fiduciary, partnership, and small business income tax returns and estate tax returns. The unit engages solely in office audits, some developed within the department and others based on referrals from the IRS. This unit also identifies individuals who are required to file returns but have failed to do so, and attempts to obtain returns from them.
- 4) **Regional audit:** This unit is responsible for conducting "in-person" audits of individual income tax and sales and use tax returns, and for obtaining returns from business non-filers. This activity is performed from a network of 4 twin city metro area offices and 6 regional offices throughout the state.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No *	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

*There is some revenue generated by these audit activities. However our current reporting systems don't differentiate between voluntary payments of audit assessments and delinquent collections. Therefore, all revenue generated is totaled in the collections activity narrative.

- 5) **Trust Tax Audit:** This unit is responsible for auditing withholding and sales and use tax returns through office audit activities, demanding returns from companies doing business in Minnesota but not filing the required returns, and auditing claims for refunds and various requests for adjustment on end-of-year reconciliations.
- 6) **Criminal Investigation:** This unit is responsible for investigating potential Minnesota tax crimes and referring appropriate cases to prosecutors with recommendations for prosecution. Willful noncompliance with the tax laws is a serious and growing problem. An effective criminal enforcement program is an essential part of the Tax Compliance Program. The resources allocated to this activity in the past have been low by comparison with many other states.
- 7) **Quality Assurance:** This unit is responsible for the review and issuance of all audit reports, for after-the-fact review of Compliance Program activities (audit, collection, and criminal investigation), for the development and implementation of production and productivity reporting on individual and group bases throughout the Compliance Program, and for the technical tax training of Compliance Program personnel.

OBJECTIVE: To conduct audit programs, identify taxpayers who fail to file required returns, investigate and prepare criminal cases for prosecution, and ensure that all Compliance Program activities are performed accurately, efficiently, fairly, and consistently in accordance with law, all in such a way as to maximize the fairness of the tax system, maximize voluntary compliance with the tax laws, and effectively identify and process cases of noncompliance and disputes with respect to the determination of tax.

EFFECTIVENESS MEASURES: Maximizing voluntary compliance is more important than the results of particular cases. Unfortunately, there are no reliable historical measures of changes in voluntary compliance. Efforts are under way to develop such measures.

Additional Liabilities Established	F.Y. 1985	F.Y. 1986	F.Y. 1987 (\$ in Million)	F.Y. 1988	F.Y. 1989
1) Corporate audit	19.2	23.5	24.5	26.0	27.0
2) Individual audit	37.8	40.1	28.0	28.0	28.0
3) Regional audit	14.9	12.4	15.0	15.0	15.0
4) Trust tax audit	23.8	23.9	24.3	24.8	25.3
Total	95.7	99.9	91.8	93.8	95.3

ACTIVITY: AUDIT

1987-89 Biennial Budget

(Continuation)

Program: TAX COMPLIANCE

Agency: REVENUE, DEPARTMENT OF

Criminal Prosecution

<u>Referrals:</u>	12	12	40	40	40
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<u>ACTIVITY STATISTICS:</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
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1) Corporate Audit					
Number of tax years reviewed/audited	7,751	7,107	7,680	8,030	8,430
2) Individual Audit					
Number of audits completed	51,500	52,261	55,300	38,400	33,500
3) Regional Audit					
Number of audits completed	2,000	2,136	3,025	3,050	3,050
4) Trust Tax Audit					
Number of tax orders reviewed	29,746	25,546	20,825	22,908	25,198
5) Compliance Quality Assurance					
Number of reports reviewed	35,000	38,900	40,000	42,000	42,000
6) Criminal Investigation Referrals from audit units	25	25	80	80	80

CHANGE REQUESTS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>TYPE</u>
1) Increased Attorney General Costs To pay for services of the Office of the Attorney General. See CHANGE request sheet following the Compliance Program fiscal page.	\$ 175.0	\$ 175.0	Program Wide
2) Increased Audit Capabilities Increased audit presence, new audit programs, improved quality control, and expanded efforts in criminal investigation. See CHANGE request sheet following the fiscal sheet for activity.	\$ 1,224.6	\$ 1,648.1	Activity Specific
3) Out-of-State Audit Offices - Permanent Complement Conversion of temporary positions. See CHANGE request sheet following the fiscal sheet for this activity.	\$ -0-	\$ -0-	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: AUDIT

PROGRAM: TAX COMPLIANCE PROGRAM

AGENCY: REVENUE, DEPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	13,798.1	14,051.7	13,959.5	14,305.8	1,399.6	15,705.4	14,305.8	14,272.3	1,823.1	16,095.4	14,272.3
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	13,798.1	14,051.7	13,959.5	14,305.8	1,399.6	15,705.4	14,305.8	14,272.3	1,823.1	16,095.4	14,272.3
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	9,901.0	10,174.1	11,386.4	11,523.7	958.8	12,482.5	11,523.7	11,487.1	1,348.1	12,835.2	11,487.1
EXPENSES & CONTRAC. SERV	3,747.2	3,572.9	2,219.7	2,542.5	351.6	2,894.1	2,542.5	2,545.6	378.6	2,924.2	2,545.6
SUPPLIES & MATERIALS	104.4	183.7	107.9	119.1	18.4	137.5	119.1	119.1	26.3	145.4	119.1
EQUIPMENT	45.5	118.8	245.5	120.5	70.8	191.3	120.5	120.5	70.1	190.6	120.5
OTHER EXPENSE ITEMS		2.2									
TOTAL STATE OPERATIONS	13,798.1	14,051.7	13,959.5	14,305.8	1,399.6	15,705.4	14,305.8	14,272.3	1,823.1	16,095.4	14,272.3
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	13,798.1	12,045.8	11,210.0	11,506.0	4,199.4	15,705.4	11,506.0	11,475.5	4,619.9	16,095.4	11,475.5
SP REV DIRECT APPROP		2,005.9	2,749.5	2,799.8	2,799.8-		2,799.8	2,796.8	2,796.8-		2,796.8
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	13,798.1	14,051.7	13,959.5	14,305.8	1,399.6	15,705.4	14,305.8	14,272.3	1,823.1	16,095.4	14,272.3
POSITIONS BY FUND											
GENERAL	294.0	293.0	294.5	294.5	87.0	381.5	294.5	294.5	100.0	394.5	294.5
SP REV DIRECT APPROP	44.0	44.0	45.0	44.0	44.0-		56.0	44.0	44.0-		56.0
TOTAL POSITIONS	338.0	337.0	339.5	338.5	43.0	381.5	350.5	338.5	56.0	394.5	350.5

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: AUDIT
 PROGRAM: COMPLIANCE
 AGENCY: REVENUE, DEPARTMENT OF

Request Title: INCREASED AUDIT CAPABILITIES	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request General Fund	\$1,224.6	31.0	\$1,648.1	44.0
Governor's Recommendation General Fund	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: Yes No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This activity wide change request is made to promote the Audit division's efforts towards 4 distinct objectives:

- 1) Increased audit presence.
- 2) Improved audit planning.
- 3) Improved quality control.
- 4) Increased criminal investigation activity.

DESCRIPTION/BACKGROUND:

- 1) Increased Audit Presence. The department requests 16 positions in F.Y. 1988 and F.Y. 1989 and an additional 8 positions in F.Y. 1989 to increase our audit presence in all areas covered by the Audit Division. We will be reducing backlogs in sales tax and corporate tax, sending examiners into the field to perform audits of sales tax, increasing our office audit staff in the non-filer area, and providing additional field examiners to enhance our field auditing capabilities.

- 2) Improved Audit Planning. Two positions in F.Y. 1988 and F.Y. 1989 and an additional 4 positions in F.Y. 1989 are requested to enable the division to better select those audits most likely to be productive and to provide for more long-range planning for the nearly 300-person audit program. Funds are also requested for a computer that will interact with the main computer to help provide speed and flexibility in retrieving and tabulating data.
- 3) Improved Quality Control. In order to ensure the success of the auditing efforts, it is essential that quality control be improved. The department requests 9 positions in F.Y. 1988 and F.Y. 1989 and an additional position in F.Y. 1989, and support costs, for the review staff, other areas of the quality assurance unit, and the assistant commissioner's office. These increases will enable us to keep pace with increased audit activity, improve management reporting, maintain the accuracy of the audit reports being issued, and better manage the compliance program.
- 4) Criminal Investigation. One of the best ways to demonstrate audit presence is by having a visible, active Criminal Investigation Unit. We are requesting 4 positions in F.Y. 1988 and F.Y. 1989 to increase this activity and assure the taxpayers of this state that criminal disregard for tax obligations will result in criminal prosecution.

RATIONALE:

These changes will enable the department to more effectively accomplish its program purpose by identifying cases of non-compliance with the tax laws and promoting a sense of fairness in the tax system. The results of these efforts will be increased assessments and increased voluntary compliance.

GOVERNOR'S RECOMMENDATION:

The recommendation for the funding of additional compliance efforts will be summarized in tax legislation. Although funding and positions are indicated in this activity request, the Governor makes no specific recommendation for these items.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: AUDIT
 PROGRAM: COMPLIANCE
 AGENCY: REVENUE, DEPARTMENT OF

Request Title: OUT-OF-STATE AUDIT OFFICES - PERMANENT COMPLEMENT				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ -0-	12.0	\$ -0-	12.0
Governor's Recommendation				
Special Revenue Fund	\$ -0-	12.0	\$ -0-	12.0
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

RATIONALE:

The out-of-state offices yielded \$30.0 in collections during the first quarter of operation, despite our projection that collections would not begin to arrive until the second quarter. The department will monitor the performance of these offices and will provide a full report during the 1987 legislative session. The department feels that excellent auditors were selected, and that their performance will meet our expectations. We will not be able to retain them unless their positions are made permanent.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives. However, pending legislative review of Special Revenue and fee supported activities, the Governor recommends that these positions be established in the Special Revenue Fund.

STATEMENT OF REQUEST/OBJECTIVE:

The Department of Revenue requests the above permanent complement positions to make permanent those temporary positions now existing in the New York and Chicago offices.

DESCRIPTION/BACKGROUND:

One of the compliance initiatives passed by the 1986 legislature was to create out-of-state offices for the audit of corporate income and sales taxes. These offices were established in July, 1986, and staffed with temporary employees, 6 in New York and 6 in Chicago. The Department feels these offices have been productive and will become even more productive in the future. This request is made so that these employees may continue, as permanent employees, to produce revenue and provide a much-needed audit presence. Without permanent positions being provided, their employment would cease in August of 1987. Funding for these positions has already been provided; however, the department requests that the funding be shifted from the seasonal/temporary classification to the regular classified classification.

ACTIVITY: COLLECTIONS
 Program: TAX COMPLIANCE
 Agency: REVENUE, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Millions)	\$ 135.2	\$ 144.5	\$ 152.0	\$ 145.0	\$ 145.0

ACTIVITY DESCRIPTION: The Collection Division is responsible for the collection of all delinquent business and individual taxes. Audit adjustments which are paid before they become delinquent do not involve the Collection Division. The Collection Division must:

- 1) Effectively and efficiently identify and resolve delinquent tax cases, including the collection of tax, penalty and interest.
- 2) Develop and implement collection policy, procedures, rules and proposed collection law changes.
- 3) Direct computerized billings on delinquent accounts and supply follow up collection activities.
- 4) Undertake special enforcement actions when computerized billings and telephone contact fail to produce results.

OBJECTIVE: Maximize the program's contribution to the fairness of the tax system and to voluntary compliance, and collect delinquent taxes through effective identification and processing of delinquent tax cases, so that taxpayers complying with the laws do not have to pay more than their share of state taxes.

EFFECTIVENESS MEASURES AND ACTIVITY STATISTICS:	F.Y. 1985*	F.Y. 1986**	F.Y. 1987	F.Y. 1988	F.Y. 1989
	(\$ in millions)				
1) Total Collections	135.2	144.5***	152.0	145.0	145.0
2) Liens and Levies Filed	_____	6,500	10,000	11,000	12,000
3) Special Enforcement Actions taken (Seizures, Revo- cations, License Denials and Liquor Posting, Bankruptcy)	_____	1,000	1,200	1,300	1,400

Note: the blank lines indicate that information is unavailable.

* Amnesty took place in F.Y. 1985 and brought in \$12 million.

** The 1986 legislature provided additional resources and several law changes to assist in collection efforts. This legislative package was known as the Compliance Initiatives. The Collection Division is committed to generating an additional \$2.2 million in collections in F.Y. 1986 and \$12.3 million in collections in F.Y. 1987. These totals are included in line 1 above.

***Includes one nonrecurring item of \$11 million.

Note: Reason for decrease in total collections in FY 1988 and FY 1989 is assumption that easily collectable delinquent accounts will have been previously collected.

CHANGE REQUESTS:	F.Y. 1988	F.Y. 1989	TYPE
Increased Collection Activity Staff and support costs to reduce the dollar amounts of receivables and to promote voluntary compliance	\$ 1,229.4	\$ 1,145.6	Activity Specific
		(# in Thousands)	

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: COLLECTIONS

PROGRAM: TAX COMPLIANCE PROGRAM

AGENCY: REVENUE, DEPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	4,431.4	4,741.7	4,684.3	4,791.4	1,229.4	6,020.8	4,791.4	4,775.6	1,145.6	5,921.2	4,775.6
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	4,431.4	4,741.7	4,684.3	4,791.4	1,229.4	6,020.8	4,791.4	4,775.6	1,145.6	5,921.2	4,775.6
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	3,822.1	4,021.0	4,189.3	4,216.3	867.9	5,084.2	4,216.3	4,202.1	867.9	5,070.0	4,202.1
EXPENSES & CONTRAC. SERV	571.1	623.2	435.2	515.3	175.6	690.9	515.3	513.7	115.4	629.1	513.7
SUPPLIES & MATERIALS	18.4	43.2	16.8	16.8	25.4	42.2	16.8	16.8	28.1	44.9	16.8
EQUIPMENT	19.8	54.3	43.0	43.0	160.5	203.5	43.0	43.0	134.2	177.2	43.0
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	4,431.4	4,741.7	4,684.3	4,791.4	1,229.4	6,020.8	4,791.4	4,775.6	1,145.6	5,921.2	4,775.6
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	4,431.4	4,741.7	4,684.3	4,791.4	1,229.4	6,020.8	4,791.4	4,775.6	1,145.6	5,921.2	4,775.6
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	4,431.4	4,741.7	4,684.3	4,791.4	1,229.4	6,020.8	4,791.4	4,775.6	1,145.6	5,921.2	4,775.6
POSITIONS BY FUND											
GENERAL	146.0	144.0	136.5	136.5	28.0	164.5	136.5	136.5	28.0	164.5	136.5
TOTAL POSITIONS	146.0	144.0	136.5	136.5	28.0	164.5	136.5	136.5	28.0	164.5	136.5

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: COLLECTIONS
 PROGRAM: COMPLIANCE
 AGENCY: REVENUE, DEPARTMENT OF

Request Title: INCREASED COLLECTION ACTIVITY				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
General Fund	\$1,229.4	28.0	\$1,145.6	28.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

Each element of the change request takes a cut at the backlog of accounts receivable available for collection from a different point in time. First, telephone collectors recover approximately \$500 per hour during their productive hours. There are approximately 44,214 accounts suitable for telephone contact currently unworked. Second, there are many accounts which need special actions such as seizure, revocation, license denial and/or liquor posting in order to bring the rapid escalating liabilities of these accounts into control and there will be more such accounts as our processing becomes more efficient. Third, there currently is a 15 to 1 ratio of professional employees in the field to clerical employees, causing professional employees to perform too much clerical work at the field locations. By adding clerical employees, the professional staff time saved can be redirected to additional contacts with tax delinquents in the field. Finally, the hiring of temporary examiners and support services will allow us to make extra efforts to bring the A/R balance down until such time as the integrated collections system is in place. This interim funding will give us the opportunity to reduce A/R while at the same time preparing us to make full use of the new computer system when it comes into being.

GOVERNOR'S RECOMMENDATION:

The recommendation for the funding of additional compliance efforts will be summarized in tax legislation. Although funding and positions are indicated in this activity request, the Governor makes no specific recommendation for these items.

STATEMENT OF REQUEST/OBJECTIVE: The funds and positions listed above are requested in order to reduce backlogs of accounts-receivable and keep up with newly delinquent accounts. Increased automation of our collection efforts and more people are required to promote greater voluntary compliance with the tax laws and reduce the dollar amount of the receivables to a manageable level. We need both increased automation and more people because the existing level of effort falls far short of what is required to keep up with the volume of tax delinquencies.

DESCRIPTION/BACKGROUND: The increased automation must come from implementing the department's integrated systems project as soon as possible. That is the subject of a separate budget request. The changes requested here would enable the department to deal with still more delinquent accounts by adding people - mostly clerical positions to free professional employees' time for taxpayer contact, and a few additional professionals as well. Most of the positions requested are to be permanent, for they will continue to be needed even after the integrated system is implemented (which is nearly 2 years off at best). However, some funds are requested for temporary employees in recognition of the facts that we are in a backlog situation and that the integrated systems will increase the productivity of the department's employees.

RATIONALE: There are far more accounts receivable for collection than can be handled by the employees who work on collecting them. The additional positions requested and the new system should bring the accounts available for collection down to a manageable level, which we estimate to be \$50 million of accounts being activity worked.

AGENCY: TAX COURT

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$ 3.6	\$ 3.9	\$ 4.2	\$ 4.5	\$

AGENCY PURPOSE:

The Tax Court acts as an independent agency of the Executive Branch of Minnesota government with statewide jurisdiction over all tax appeal cases. The Tax Court has authority to hear and determine all questions of law and fact arising under the tax laws of the state, including cases appealed to the Tax Court and any case that has been transferred by the district court to the Tax Court, M.S. Ch. 271.

OPERATION AND CLIENTELE:

A 3 judge court is maintained for taxpayers to file appeals related to any state or local tax, except for special assessments. Taxpayers may appeal orders of the State Commissioner of Revenue and local property tax assessments or classifications. Appeals may be filed in person, or by mail, at the Tax Court's office in St. Paul or at the taxpayer's district court. Appeals may be filed in the regular or small claims divisions. The filing fees are \$25 in the regular division and \$2 in the small claims division. However, the district court clerks may also charge an additional library fee if the appeal is filed there. Motions, pretrial conferences and hearings are set. Decisions are filed and published and, except for small claims decisions, may be appealed to the Supreme Court by either party. Judges travel throughout the state rather than have the taxpayer come to St. Paul. Procedures are similar to those of the district courts. In addition, the district courts may also transfer their property tax cases to the Tax Court.

The Tax Court generally tries to hear cases within 1 year of filing. However, some cases cannot be heard within a year because of various factors such as pending discovery, pending Supreme Court decisions, or a pending federal-level determination. In addition, we currently have a backlog of approximately 300 property tax appeals. This backlog results from a transfer of older district court cases and an unusually high amount of property tax filings in F.Y. 1984 of 2,133 cases. However, by using retired district court and Tax Court judges on a part-time basis, we expect to dispose of these cases by the end of F.Y. 1988. While appeals filed from orders of the Commissioner of Revenue appear to remain relatively constant, property tax appeals are increasing at the rate of 100-150 cases per year.

ACTIVITY STATISTICS:

	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Number of appeals filed:					
Revenue Dept. Orders	239	253	270	285	300
Local Property Taxes	1,525	1,667	1,750	1,850	1,950
Number of appeals disposed of:					
Revenue Dept. Orders	214	212	300	300	320
Local Property Taxes	1,732	1,583	1,900	2,000	1,950

EXPLANATION OF BUDGET REQUEST:

The Tax Court requests the SAME level of funding for 1988-89 biennium.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: TAX COURT

PROGRAM: TAX COURT

AGENCY: TAX COURT

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	357.2	391.3	401.2	402.4		402.4	402.4	401.9		401.9	401.9
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	357.2	391.3	401.2	402.4		402.4	402.4	401.9		401.9	401.9
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	296.8	306.2	317.4	318.6		318.6	318.6	318.1		318.1	318.1
EXPENSES & CONTRAC. SERV	52.7	64.7	73.5	73.5		73.5	73.5	73.5		73.5	73.5
SUPPLIES & MATERIALS	4.2	7.6	8.0	8.0		8.0	8.0	8.0		8.0	8.0
EQUIPMENT	3.5	12.8	2.3	2.3		2.3	2.3	2.3		2.3	2.3
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	357.2	391.3	401.2	402.4		402.4	402.4	401.9		401.9	401.9
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	357.2	391.3	401.2	402.4		402.4	402.4	401.9		401.9	401.9
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	357.2	391.3	401.2	402.4		402.4	402.4	401.9		401.9	401.9
POSITIONS BY FUND											
GENERAL	6.0	6.0	6.0	6.0		6.0	6.0	6.0		6.0	6.0
TOTAL POSITIONS	6.0	6.0	6.0	6.0		6.0	6.0	6.0		6.0	6.0

1987-89 BIENNIAL BUDGET
PROGRAM STRUCTURE

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

<u>PROGRAMS</u>	<u>ACTIVITIES</u>	<u>SECTION</u>	<u>PAGE</u>
MINERAL RESOURCES MANAGEMENT	Metallic Minerals	26	21
	Industrial Minerals		28
	Mineland Reclamation		31
WATER RESOURCES MANAGEMENT	Water Resources Management		33
FOREST MANAGEMENT	Forest Management		48
	Fire Fighting		57
	Forest Management Grants		60
PARKS AND RECREATION MANAGEMENT	Parks and Recreation Management		64
TRAILS AND WATERWAYS MANAGEMENT	Trails and Waterways Management		70
	Water Access and Recreation		72
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FISH AND WILDLIFE MANAGEMENT	Fish Management		89
	Wildlife Management		93
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ENFORCEMENT OF NATURAL RESOURCE LAWS AND RULES	Enforcement of Natural Resource Laws and Rules		110
FIELD OPERATIONS SUPPORT	Field Services		123
	Department Equipment		129
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REGIONAL OPERATIONS SUPPORT	Regional Operations Support		138

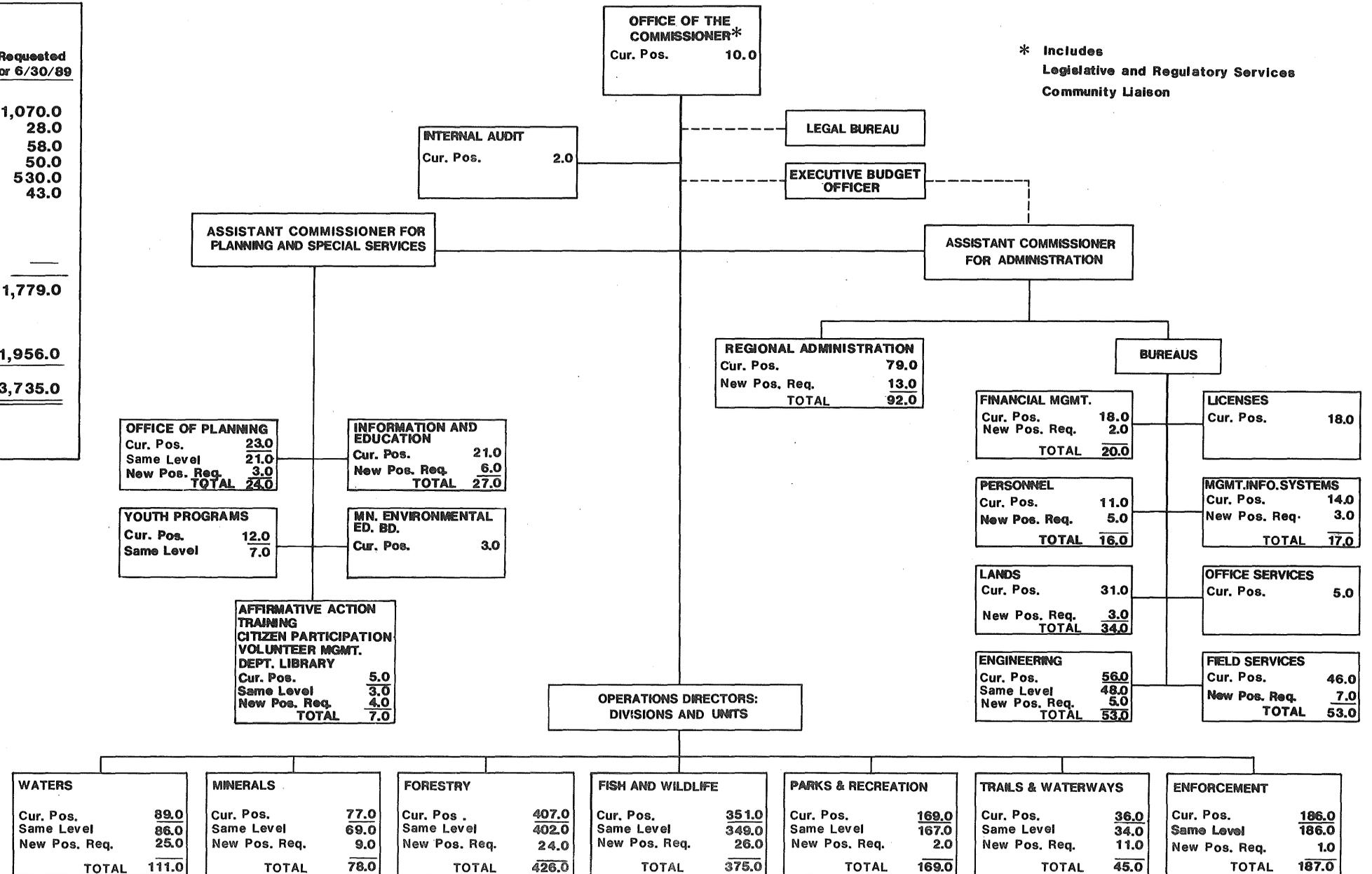
1987-89 BIENNIAL BUDGET
PROGRAM STRUCTURE
 (Continued)

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

<u>PROGRAMS</u>	<u>ACTIVITIES</u>	<u>SECTION</u>	<u>PAGE</u>
SPECIAL SERVICES AND PROGRAMS	Information and Education	26	144*
	Planning		149*
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ADMINISTRATIVE MANAGEMENT	**Administrative Management		169*
	Licensing		175*
	Information and Data Systems		177*
	* Library		
	Volunteer Management		
	Affirmative Action		
	Community Liaison		
	Training		
	** Commissioner's Office		
	Financial Management		
	Personnel		
	Internal Audit		
	Office Services		

Department of Natural Resources Organization Chart 7-1-86

Position Reconciliation		
Authority:	Current FY 87	Requested For 6/30/89
Legislative Complement:		
General Fund	938.0	1,070.0
LCMR	41.0	28.0
Water Recreation Fund	50.0	58.0
Special Revenue Fund	45.0	50.0
Game & Fish Fund	520.0	530.0
Federal	44.0	43.0
Res. 2000	26.0	
LAC Approved:		
Federal	5.0	
TOTAL Permanent Positions	1,669.0	1,779.0
Seasonal/ Part-time	1,956.0	1,956.0
TOTAL Positions	3,625.0	3,735.0
Employees on 6/30/86	2,637.0	



AGENCY PURPOSE:

The mission of the Department of Natural Resources (DNR) is to perpetuate and enhance Minnesota's rich heritage of lands, waters, timber, minerals, fish, wildlife and other natural resources for the benefit and enjoyment of present and future generations. To this end, the agency is charged with the management of public waters, lands, parks, forests and minerals, as well as with the regulation of a broad range of activities that affect natural resources.

Activities regulated include hunting; trapping; boating; snowmobiling; gathering wild rice; mineral exploration, mining and reclamation; dredging, filling and draining protected waters and wetlands; constructing and maintaining dams; appropriating and using surface and groundwaters; establishing lake levels; developing shorelands, floodplains and the shores of wild, scenic and recreational rivers; permitting and licensing private game farms, fish hatcheries, roadside zoo operations and open burning.

In addition, the agency provides forest fire protection to billions of dollars' worth of private and public timber, as well as wildlife and property, in forested areas encompassing 23 million acres. It develops and disseminates information on recreational travel and educational materials on natural resource subjects. It provides assistance to local governments, organizations and individuals on natural resource matters, such as forest management, wildlife habitat improvement and trail development.

OPERATION AND CLIENTELE:

To fulfill its mandate, the DNR is organized on a line-staff basis. Line units consist of the 6 major resource disciplines and 1 specialized unit.

The 6 major disciplines are the divisions of Forestry, Waters, Parks and Recreation, Fish and Wildlife, Minerals, and Enforcement. The specialized unit of Trails and Waterways was established in 1979 to more effectively respond to public needs for recreational trails, waterways and public water accesses. In addition, the Minnesota Environmental Education Board is attached to the department for purposes of administration and coordination.

Each major DNR division is responsible for the management and regulation of those resources reflected in its title. Enforcement is vital to ensure compliance with the statutes, rules and orders that govern not only hunting and fishing but many other resource management subjects, such as water, outdoor recreation and forestry. Directors of each division report directly to the Commissioner of Natural Resources.

To prevent unnecessary duplication and to generate efficiencies, the department's line divisions are supported by a number of staff units. These include the bureaus of Personnel, Finance, Engineering, Lands, Licenses, Field Services and Office Services, all of which report to the Assistant Commissioner for Administration.

Also providing staff support are the units that report to the Assistant Commissioner for Planning and Special Services. These include the Office of Planning, the Bureau of Information and Education, Volunteer Services, Youth Programs, and Training. In addition, the Executive Director of the Minnesota Environmental Education Board reports to the Assistant Commissioner for Planning and Special Services.

Operations are conducted in the field through an organizational structure consisting of 6 regions. Each region has regional supervisors representing the 6 line divisions and a regional administrator who provides overall coordination and support. The regional support staff provides specialized services for field operations including facility and equipment maintenance, inventory management, land sale and leasing administration, engineering, personnel management, financial management, information and education services, and office management functions.

The impacts of the DNR are complex and widespread. They affect all Minnesota citizens, present and future, as well as large numbers of travelers from other states and nations. Department operations interact directly and indirectly with local and regional governments, the federal government, other state agencies, members of the state's business community and millions of private citizens.

The department's direct economic impact is especially important. Department-administered lands and facilities form the primary public investment in outdoor recreation and tourism. They help to keep travel expenditures by residents in Minnesota and attract nonresident dollars to the state. Hunting and fishing resources conserved and developed by the state are a major attraction in Minnesota. Department-administered trails provide a major attraction in the winter months, providing balance to seasonal swings in cash flow to privately managed tourism and outdoor recreation enterprises. Year-round, outdoor recreation travelers provide a considerable portion of the state's travel income.

At the same time, forest products grown on state land contribute heavily to income and employment of small- and large-scale forestry concerns. Much of Minnesota's mineral wealth is administered or regulated by the department. Proper, progressive management is vital to forest and mineral industries in Minnesota and influences manufacturing nationwide.

Of equal importance is the indirect economic impact of good stewardship on the state's natural resources. For example, the department's management and conservation of water resources serve to enhance the whole of agriculture, outdoor recreation, mining and other industry in Minnesota in addition to assuring adequate water supplies for domestic uses. Well-planned and implemented development and preservation of water and other natural resources stand on an equal footing with a vital economy and strong cultural amenities in guaranteeing Minnesota's high quality of life.

The impact and clientele of the department are further revealed in the magnitude of its responsibilities. It manages 12,000 lakes (including 6,000 fishing lakes and 3.8 million acres of fishing water); 94,000 miles of waterways (including 2,000 miles of trout streams and 13,000 miles of warm water fishing streams); as well as extensive groundwater supplies. It manages approximately 5.3 million acres of state lands.

AGENCY: NATURAL RESOURCES, DEPARTMENT OF
(Continuation)

1987-89 Biennial Budget

OPERATION AND CLIENTELE: (Contd.)

This land includes 81 parks, recreation areas and waysides; 34 scientific and natural areas; 56 state forests (over 3,000,000 acres with 1,900 miles of road used by sportsmen, recreationists and the forest industry); 950 wildlife management areas (520,000 acres); as well as 1,540,000 acres of land outside of designated management units.

The department is also responsible for over 1,150 water access sites; 19 designated canoe and boating routes; more than 10,000 miles of snowmobile trails (including 8,000 miles of grant-in-aid trails coordinated with local units of government); 2,150 miles of biking, hiking and horseback trails and 1,500 miles of cross-country ski trails (including 800 miles of grant-in-aid trails).

Of the state-owned lands described, approximately 4,600,000 acres are forested. These lands produce timber sale revenues of about \$3.5 million annually. In addition, the department administers over 10 million acres of state-owned mineral rights and over 3 million acres of potentially valuable peat deposits. Currently, annual royalty revenues from state-administered minerals are approximately \$3 million.

As data on timber sale and mineral lease receipts indicates, the department generates substantial revenues. In fact, the total revenue generated from all sources is approximately \$57 million per year, an amount equal to approximately one-half of its total annual budget.

The department receives thousands of water-use reports and permit applications annually from organizations, businesses, local government and private citizens, and continues to emphasize working with local governments to assure wise management of Minnesota's lakes, rivers and wetlands.

BUDGET ISSUES:

Several major natural resource issues and trends deserve special mention. One of the most significant is the increasing role natural resources is playing in the development and diversification of the Minnesota economy. Significant developments have occurred in the past 2 years and many more opportunities exist. However, operating budgets have not grown proportionately. On the contrary, in several key areas, they have been reduced.

For example, according to recent estimates, outdoor recreation contributes \$2 billion to the Minnesota economy. The state outdoor recreation system provides an essential part of the infrastructure that supports this industry. The State Comprehensive Outdoor Recreation Plan and supporting surveys document clear needs to maintain and enhance existing parks, trails, public accesses and other units of the system and to expand it in several ways, such as by providing more trail, water recreation, camping and interpretive facilities.

As part of a continuing effort to meet these needs, the department has added a number of new facilities to the outdoor recreation system during the past 2 years. Included

are major developments at Tettegouche and Split Rock Lighthouse state parks (in cooperation with the Minnesota Department of Transportation and the Minnesota Historical Society), the Taconite, Hinckley Fire and Root River trails and the Two Harbors public water access.

In addition, during this period the department has strongly emphasized initiatives which significantly improve the quality, efficiency and effectiveness of the services delivered by the outdoor recreation system. These have included a major marketing, planning and implementation effort; expansion of the former Outdoor Recreation Information Center into a department-wide effort; visitor use and satisfaction research; development of special events designed to stimulate local community participation and support of area parks; generation of alternative funding sources and revenue generation projects; and computerization of administrative functions.

Increased use and continued development of trails, accesses, parks and other units of the outdoor recreation system during the past 2 years have put pressure on already inadequate operating budgets. Funding has grown more slowly than management costs, and budget reductions have forced significant cutbacks in management activities. Several CHANGE requests address this problem and must be granted if premature deterioration of facilities, reduction in services and damage to natural resources are to be avoided.

Significant development also has occurred in the forest products and mineral industries. Development in the forest products industry is highlighted by the establishment of a new paper mill in Duluth. Lake Superior Paper Industries has begun plant construction (\$347 million investment) and will ultimately provide 600 permanent jobs and use 250,000 cords of wood annually. Additional waferboard and fiberboard industry development remains probable with several companies currently investigating potential plant locations. A new wood sheathingboard plant (100+ permanent jobs created) has been announced in International Falls. Expansion and reinvestment in existing forest products companies (Rajala Timber, Midwest Timber, Brainerd Hardwoods, Ferche Millwork, Woodcraft Industries and many more) continues to add jobs and demand for forest resources. The Department of Natural Resources, in cooperation with other agencies (Iron Range Resources and Rehabilitation Board, Natural Resources Research Institute, University of Minnesota, and Department of Energy and Economic Development), is working directly with developing forest products companies and will continue to promote forest-based industrial development to better utilize Minnesota's forest resources.

These developments have been and must continue to be supported by forest management intensification on both public and private lands. For example, reforestation on state lands has increased fourfold since 1979 and timber stand improvement has doubled. Yet significant budget reductions have seriously jeopardized the department's ability to achieve the objectives established by the Minnesota Forest Resources Plan for timber management, fire protection, forest inventory and forest road maintenance. Several CHANGE requests address this issue.

The past 2 years has seen a continued high level of interest in leasing state mineral land for exploration, especially for gold, platinum, copper, zinc and titanium. The 1985 lease sale resulted in issuance of 180 state mineral leases. In October, 1986, 22 companies held leases on about 250,000 acres of state land. The department plans to continue holding annual lease sales.

BUDGET ISSUES: (Contd.)

Making land available for exploration through an aggressive leasing program is only one element of a comprehensive strategy to support and diversify Minnesota's mineral economy. Other elements include initiatives to secure changes in national mineral policy and state mineral tax laws, expanding the geologic data base and developing new technologies to help make the taconite industry more competitive and to permit the development of other minerals within acceptable standards of environmental protection. CHANGE requests in the Mineral Resources Program address the geology and technology questions and emphasize working with and through other agencies, such as the Minnesota Geological Survey, the Natural Resources Research Institute and the Mineral Resources Research Institute, as well as with mining companies.

Water resources must be a priority concern. The major impact of water resources on all facets of Minnesota life is being increasingly recognized by local, state and regional decision-makers. Water-borne transportation, mining, power generation, irrigation, shoreland development, most outdoor recreation, industrial processing and adequate domestic supply systems all depend on Minnesota's unique water supplies. If properly managed, water resources will bring new opportunities to Minnesota without the agonizing trade-offs experienced in other states.

Water resources can be a key element in an aggressive state economic development strategy including high-growth industries dependent upon quality of life factors to attract a highly skilled work force. This budget contains proposals to optimize state and local water resources management in the face of declining federal assistance and extreme climate variability that produces alternating floods and droughts. Paramount issues include funding for hydrologic data processing and dissemination, local water planning assistance, groundwater evaluations emphasizing areas that are drought prone or subject to contamination and flood damage reduction primarily intended to reduce the \$68 million of annual losses experienced in Minnesota communities. These proposals are consistent with priority recommendations made by the Environmental Quality Board.

Intensified management and protection of fish and wildlife resources is another key budget issue. The passage of the Reinvest in Minnesota (RIM) Act in 1986 was a major step in this direction. However, the program initially was funded through the sale of state general obligation bonds, only an interim solution. A consistent, long-term, more flexible source of funds is necessary if RIM is to be successful. The RIM program will be addressed in separate legislation.

While RIM is extremely important, the Game and Fish Fund, which has historically supported nearly all fish and wildlife management activities and the majority of the agency's law enforcement effort, will continue to provide the foundation upon which the expanded program contemplated by RIM must be built. Unfortunately, the resources of the Game and Fish Fund continue to dwindle.

Several factors contribute to the problem. Costs have increased at a rate greater than receipts. Larger portions of programs are being funded by the Game and Fish Fund (Enforcement increased from 58% Game and Fish Fund and 42% General Fund in 1981 to

82% Game and Fish Fund and 18% General Fund in 1984). Since F.Y. 1981 a percentage of the license receipts have been paid to the Leech Lake Indian Reservation. Receipts from specific stamps, licenses or surcharges are being "earmarked" with no provision for funding the management required to administer them. The budget submitted anticipates a general license increase which would generate \$4.3 million annually and the exemption of the Department of Natural Resources (DNR) from payments to other agencies for indirect costs, Attorney General services and several similar items. With a license increase and payment exemption, the fund would be able to "sustain" through F.Y. 1991. Without these approvals, program reductions of over \$5 million would be required for the 1987-89 biennium.

A significant change is requested for the way department equipment is replaced and managed. The change would require payment by the various units of the department based on usage. It is expected this change would result in a better utilized and maintained fleet. Equipment would be purchased by installment over a 5-year period. Gradually increased funding would be required through the 1991-93 biennium.

Several requests are included to convert Resource 2000 and Legislative Commission on Minnesota Resources funded programs to the General Fund. Included are the conversion of professional services for land administration, engineering services, legal services and financial management, and geophysics and groundwater data processing. In addition to the need to provide an adequately funded base for these services, bonding for these services has been questioned.

Payments to other agencies have continued to grow. These are, in effect, hidden general budget reductions. The result is reduced funding for programs and the administration needed to carry them out. In addition, the administrative effort to process these payments is enormous and has the effect of further reducing administrative resources. A request is included to either appropriate the amounts required from the General Fund or, more appropriately, exempt the department from payment.

Not all DNR issues fit neatly into the categories provided by the major operating divisions. Other compelling concerns need to be acknowledged and addressed during the 1987-89 biennium. The agency's ability to communicate with the public it serves is crucial to attaining needed understanding and providing education to Minnesota citizens. The department recognizes the need to improve its ability to respond more efficiently and effectively to public requests. For too many years DNR financial and staff resources have gone almost entirely to resource management. Unfortunately, the human component has not received the attention it deserves. Managing the human resource that manages the natural resource must be paid serious attention. The department is fortunate in having a skilled and dedicated staff to carry out its mission; but that staff needs recognition, training and career development opportunities if it is to remain a vital force in the important work that needs to be done. More than half of the agency's employees are between 30 and 39 years old; only 10% are 50 or older. Promotions and salary increases will simply not be available to many of these individuals. New ways must be found to recognize their contribution and generate ongoing career interest. Finally, administrative support services have not begun to keep pace with programmatic increases in recent years. As operations grow there must be recognition of the need to expand support services proportionately. Several CHANGE requests address the DNR's need to enhance public responsiveness, support its human resource and provide adequate administrative services.

AGENCY: NATURAL RESOURCES, DEPARTMENT OF
(Continuation)

1987-89 Biennial Budget

EXPLANATION OF BUDGET REQUEST:

Because of the large number of programs and funding sources, the budget of the Department of Natural Resources (DNR) is extremely complex. Generalizing at the department level can often be misleading. For example, the CHANGE requests indicate a requested increase in funding of \$37,685.4 for the biennium; yet a very small portion of this amount (about 20% of the total) represents new initiatives or expanded programs in the agency. The remaining CHANGE items either represent conversions in funding sources, implementation of new legislation, increases necessary to continue current operations or indicate increases due to the way the budget is developed.

The Legislative Commission on Minnesota Resources (LCMR) is recommending an appropriation of \$5,737.0 to the DNR for various projects and programs funded from LCMR-administered funds. This budget document, because of the instructions for development, indicates CHANGE increases totaling \$4,827.0 for LCMR-administered funds; yet the department's appropriation for the current biennium was \$6,195.0 or nearly \$.5 million more than the current SAME and CHANGE request.

Of the indicated CHANGE in the budget document, slightly over \$30 million is General Fund with the remainder being from the various dedicated funds. The General Fund items can be categorized into 4 primary areas. First, more than \$12 million is requested for items that will maintain the same level of services and the increases are attributable to changes in funding sources (i.e., conversion of existing LCMR-funded programs, in-lieu-of-tax payments funding change, professional services funding change); lake-shore lease sale costs resulting from 1986 legislation; and other legislated items resulting in increased costs (i.e., indirect cost assessments, legal costs, license plate costs, etc.). Second is about \$7 million requested for items that fund the maintenance of existing facilities and programs (i.e., recreation facility maintenance, equipment replacement and fleet management, stream maintenance, building maintenance, etc.). Third is a couple of items (mineral diversification and flood damage reduction programs) which result in pass-through funding of over \$4 million to other agencies and local units of government. Fourth is the items which will allow for critically needed program expansions and other initiatives totaling about \$6.5 million. These latter items focus primarily on water resource management concerns, forest management needs and important funding needs in administration and other support areas (so critical to the effective operation of the department) including computer system, regional staffing needs, human resource needs and financial management concerns.

No major new initiatives are being requested for funding from the various dedicated funds for the coming biennium because of the limited resources available. However, there are a number of important CHANGE requests in the areas of water access, snowmobile grants, boat and water safety grants, nongame wildlife, recreation user safety training, etc.

INDEX	Agency Request 1987-89 Biennium All Funds	Governor's Recommendation 1987-89 Biennium All Funds	Page
SAME Level Request	\$ 224,910.5	\$ 224,000.5*	
Agency-wide CHANGE Requests			
Park, Forest and Trail Maintenance and Operations	1,854.0	100.0	11
Equipment Replacement & Fleet Management	3,454.5	2,710.8	13
Professional Services Conversion	331.6	-0-	16
Subtotal	5,640.1	2,810.8	
Mineral Resources Management			
Mineral Diversification	3,500.0	-0-	24
Glacial Drift Geochemistry - LCMR	200.0	-0-	26
Direct Reduction	-0-	(1,043.6)	27
Peat Management	-0-	(301.7)	30
Subtotal	3,700.0	(1,345.3)	
Water Resources Management			
Ground Water Exploration and Data Automation	500.0	-0-	38
Accelerated Ground Water Investigations	900.0	-0-	39
Flood Damage Reduction	1,500.0	1,000.0	41
Stream Maintenance	100.0	-0-	42
Local Water Planning Technical Assistance	300.0	-0-	43
Ground Water Management - LCMR	600.0	-0-	44
Mississippi River System Management - LCMR	271.0	-0-	45
Subtotal	4,171.0	1,000.0	
Forest Management			
Inventory	400.0	400.0	51
Forestry Systems Unit	548.0	380.0	52
State Forest Roads	850.0	-0-	53
Operations and Management Staffing	1,020.0	-0-	54
Oak Wilt Program	182.6	-0-	55
Community Forestry Program	380.0	-0-	56
Fire Fighting	400.0	-0-	59
Regeneration Growth Inventory - LCMR	50.0	-0-	63
Subtotal	3,830.6	780.0	

* \$224,910.5 Agency SAME Level
 910.0 Less LCMR Funding in SAME Level
 \$224,000.5 Governor's SAME Level

AGENCY: NATURAL RESOURCES, DEPARTMENT OF
(Continuation)

1987-89 Biennial Budget

INDEX	Agency Request 1987-89 Biennium All Funds	Governor's Recommendation 1987-89 Biennium All Funds	Page
Trails and Waterways Management			
Water Access Federal Aid	\$ 625.0	\$ 625.0	74
Water Access and Recreation Maintenance	788.0	788.0	75
Water Access and Recreation Development and Acquisition	400.0	400.0	77
Brighton Beach Breakwater - LCMR	470.0	-0-	78
Snowmobile Trails Management	650.0	650.0	82
Snowmobile Grants	350.0	350.0	83
Ridgeline Trail - LCMR	380.0	-0-	84
Subtotal	3,663.0	2,813.0	
Fish and Wildlife Management			
Federal Aid Project Monitoring	88.3	88.3	88
Lake and Stream Management - Complement Conversion	-0-	-0-	91
Trout and Salmon Improvement	250.0	250.0	92
Scientific and Natural Areas	90.0	-0-	96
In-Lieu-of-Tax Payments	4.3	-0-	97
Expanded Nongame Wildlife Program	1,000.0	1,000.0	98
Natural Heritage Program	71.6	-0-	99
Reinstatement of Wildlife Operations and Management Funds	140.0	140.0	100
Migratory Waterfowl Habitat Expansion	700.0	700.0	101
Pheasant Habitat Improvement/Acquisition - Surcharge Decrease	(235.9)	(235.9)	102
Forest/Wildlife Habitat Intensifi- cation - LCMR	160.0	-0-	103
Swan Lake Area Wildlife Project - LCMR	1,951.0	-0-	104
County Biological Survey - LCMR	175.0	-0-	105
Ecological Services Position Conversions	89.0	41.0	108
Match Federal Acid Rain Study	32.0	-0-	109
Subtotal	4,515.3	1,983.4	
Enforcement of Natural Resource Laws and Rules			
County Boat and Water Safety Grants	260.0	260.0	113
Conservation Officer Positions - Complement Conversion	-0-	-0-	114
Firearm and Snowmobile Safety	80.0	80.0	115
All-terrain Vehicle Safety Training - Position Conversion	-0-	-0-	116

INDEX	Agency Request 1987-89 Biennium All Funds	Governor's Recommendation 1987-89 Biennium All Funds	Page
Enforcement of Natural Resource Laws and Rules (Contd.)			
Control of Nuisance Beaver	\$ 160.0	\$ 60.0	117
Removal of Road Kill Deer	150.0	150.0	118
Conservation Officer Training	90.0	90.0	119
Subtotal	740.0	640.0	
Field Operations Support			
Lakeshore Leases	1,176.2	1,176.2	122
Building Maintenance/Repair/Rehabili- tation	1,420.6	400.0	126
Operations Staffing	336.0	336.0	127
Federal Excess Equipment Acquisition	170.0	-0-	128
Regional Engineering Services	74.0	-0-	134
Improved Real Estate Management Services	192.0	-0-	137
Subtotal	3,368.8	1,912.2	
Regional Operations Support			
Regional Operations Support	630.8	-0-	141
Special Services and Programs			
Expanded Public Information Effort	323.0	-0-	147
Marketing Department Services - LCMR	270.0	-0-	148
Management Analysis	60.0	-0-	152
Data Analysis Services	174.0	-0-	153
Extension of Youth Employment Opportunities	229.0	-0-	156
Conservation Corps - LCMR	300.0	-0-	157
Youth Program Reduction - Wildlife Acquisition Surcharge	(39.1)	(39.1)	158
Volunteer Management	195.0	104.0	161
Management Information Systems Training	106.6	-0-	162
Increased Environmental Education	140.0	-0-	165
Services to Elementary Schools			
Subtotal	1,758.5	64.9	
Administrative Management			
System/36 Regional Installation, Etc.	1,224.5	706.0	168
Payments to Other Agencies	4,120.0	-0-	171
Improved Personnel Service Capabilities	240.3	-0-	173
Employee/Organizational Effectiveness	82.5	-0-	174
Subtotal	5,667.3	706.0	
AGENCY TOTAL	\$ 262,595.9	\$ 235,365.5	

AGENCY FISCAL SUMMARY - BIENNIAL BUDGET

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY PROGRAM:											
MINERAL RESOURCES MANAGEMNT	6,862.8	4,665.8	6,540.3	4,833.1	1,864.3	6,697.4	4,170.9	4,981.7	1,872.9	6,854.6	4,325.4
WATER RESOURCES MANAGEMENT	4,317.8	5,053.3	5,535.6	4,427.1	2,097.5	6,524.6	4,736.5	4,427.0	2,105.6	6,532.6	4,740.8
FOREST MANAGEMENT	26,513.1	24,067.6	24,640.6	23,957.4	2,596.1	26,553.5	24,688.2	23,913.5	3,042.9	26,956.4	24,940.9
PARKS & RECREATION MANAGEMT	13,721.7	13,564.0	14,091.8	14,365.8	598.5	14,964.3	14,595.0	14,337.4	741.2	15,078.6	14,655.5
TRAILS & WATERWAYS MANAGEMT	4,390.9	5,964.6	7,163.3	6,966.4	2,123.0	9,089.4	8,255.7	6,966.7	2,475.8	9,442.5	8,667.1
FISH AND WILDLIFE MANAGEMNT	19,561.2	22,993.7	23,959.7	24,473.0	2,698.7	27,171.7	25,780.2	24,432.0	2,984.4	27,416.4	26,014.5
ENFORCEMNT OF NR LAWS RULES	9,117.8	9,851.8	10,245.9	10,281.2	661.7	10,942.9	10,878.4	10,260.4	856.0	11,116.4	11,037.6
FIELD OPERATIONS SUPPORT	8,817.9	9,976.2	9,692.6	9,697.0	1,249.1	10,946.1	9,933.2	9,696.1	1,462.5	11,158.6	10,126.3
REGIONAL OPERATIONS SUPPORT	2,632.3	2,922.7	3,339.7	3,548.3	329.6	3,877.9	3,570.9	3,526.6	367.5	3,894.1	3,559.2
SPECIAL SERVICES & PROGRAMS	4,177.3	4,363.8	4,342.6	4,320.0	895.4	5,215.4	4,363.2	4,325.2	900.7	5,225.9	4,374.1
ADMINISTRATIVE MANAGEMENT	4,924.7	5,115.9	5,418.7	5,579.9	2,960.9	8,540.8	5,974.4	5,594.7	2,801.1	8,395.8	5,977.5
TOTAL	105,037.5	108,539.4	114,970.8	112,449.2	18,074.8	130,524.0	116,946.6	112,461.3	19,610.6	132,071.9	118,418.9
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	98,844.7	103,454.9	110,423.1	108,198.1	17,132.1	125,330.2	112,187.8	108,130.2	18,617.5	126,747.7	113,529.7
LOCAL ASSISTANCE	6,002.7	4,916.6	4,176.8	3,880.2	830.0	4,710.2	4,475.2	3,960.2	880.0	4,840.2	4,605.2
AIDS TO INDS.	190.1	167.9	370.9	370.9	112.7	483.6	283.6	370.9	113.1	484.0	284.0
TOTAL EXPENDITURES	105,037.5	108,539.4	114,970.8	112,449.2	18,074.8	130,524.0	116,946.6	112,461.3	19,610.6	132,071.9	118,418.9
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	53,008.8	45,238.8	45,052.9	46,354.1	14,846.2	61,200.3	47,205.2	46,280.8	15,483.4	61,764.2	48,732.2
GENERAL FUND - LCMR	4,430.4			455.0	2,412.0	2,867.0		455.0	2,415.0	2,870.0	
MN RESOURCES		2,372.6	3,822.0	6,483.9	727.6	7,211.5	7,211.5	6,483.7	811.3	7,295.0	7,295.0
WATER RECREATION		5,754.3	6,439.9	14,026.3	1,203.7	15,230.0	14,077.7	13,990.7	1,368.5	15,359.2	14,203.1
SPECIAL REVENUE	12,203.3	12,853.7	14,063.2	35,555.5	143.6-	35,411.9	36,697.6	35,506.5	509.2	36,015.7	37,301.4
GAME AND FISH	29,916.9	32,910.0	34,843.0		345.0	345.0			345.0	345.0	
TRUNK HIGHWAY											
WATER POLLUTION CNTRL							500.0				500.0
DEDICATED APPROPRIATIONS:											
GENERAL	356.4	693.5	711.2	711.2		711.2	711.2	711.2		711.2	711.2
SPECIAL REVENUE	2,298.6	2,889.4	2,786.3	2,245.3		2,245.3	2,748.2	2,421.4		2,421.4	3,094.7
BUILDING	1,096.2	1,173.2	1,313.9	1,316.1	1,316.1-		1,291.1	1,321.8	1,321.8-		85.0
GIFTS AND DEPOSITS	253.7	203.6	267.3	114.3		114.3	1,316.6	115.6		115.6	1,321.7
FEDERAL	1,473.2	4,450.3	5,671.1	5,187.5		5,187.5	5,187.5	5,174.6		5,174.6	5,174.6
TOTAL FINANCING	105,037.5	108,539.4	114,970.8	112,449.2	18,074.8	130,524.0	116,946.6	112,461.3	19,610.6	132,071.9	118,418.9

AGENCY FISCAL SUMMARY - BIENNIAL BUDGET

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
POSITIONS BY FUND:											
GENERAL	987.0	953.0	938.0	935.0	135.0	1,070.0	947.0	935.0	135.0	1,070.0	972.0
GENERAL FUND - LCMR	67.0										
MN RESOURCES		39.0	41.0	12.0	16.0	28.0		12.0	16.0	28.0	
WATER RECREATION		40.0	50.0	50.0	8.0	58.0	58.0	50.0	8.0	58.0	58.0
SPECIAL REVENUE	36.0	42.0	45.0	44.0	6.0	50.0	42.0	44.0	6.0	50.0	42.0
GAME AND FISH	525.0	519.0	520.0	520.0	10.0	530.0	530.0	520.0	10.0	530.0	530.0
BUILDING	26.0	26.0	26.0	26.0	26.0-		25.0	26.0	26.0-		
WATER POLLUTION CNTRL							5.0				5.0
GIFTS AND DEPOSITS							10.0				10.0
FEDERAL	28.0	46.0	49.0	43.0		43.0	43.0	43.0		43.0	43.0
TOTAL POSITIONS	1,669.0	1,665.0	1,669.0	1,630.0	149.0	1,779.0	1,660.0	1,630.0	149.0	1,779.0	1,660.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: PARKS AND RECREATION/FOREST/TRAILS AND WATERWAYS MGMT.

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: PARK, FOREST AND TRAIL MAINTENANCE AND OPERATIONS				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$957.0	-0-	\$897.0	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Special Revenue	\$ 50.0	-0-	\$ 50.0	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests this CHANGE to increase operations, maintenance and repairs of the Outdoor Recreation System in state parks, state forests and on state trails. Historically, these facilities have not been adequately maintained and additional facilities have been added to the system. These funds would enable the department to increase maintenance and improve operations and management of these facilities to satisfy documented user demand, ensure the users' health and safety and protect the state's investment in its existing recreation system.

DESCRIPTION/BACKGROUND:

This request would enable the Division of Parks and Recreation to partially address unmet maintenance needs. The request would include funding to increase the division's accelerated maintenance program to a level that enables the division to do preventative maintenance on its existing facilities at adequate levels.

This request would enable the Division of Forestry to reopen, provide full maintenance and buy needed equipment for state forest campgrounds that are on a reduced maintenance schedule or closed due to lack of funds. In addition, it would enable the division to increase recreation management on state lands in the Boundary Waters Canoe Area Wilderness (BWCAW) and on the 4.6 million acres of state forest lands.

This would include 1) necessary funding for cooperative wilderness management with the U.S. Forest Service to ensure the proper maintenance and supervision of 220 campsites and 40 miles of portages in the BWCAW; 2) employing additional needy and elderly people in rural areas through contracts with Greenview, Inc., and purchasing the necessary equipment for them to maintain state forest recreation areas; and 3) increasing the General Fund budget for the forest recreation program in each region to maintain existing facilities at adequate levels.

This request would enable the Trails and Waterways Unit to increase maintenance on state and units trails on a year-round basis, including trails constructed during the 1985-87 biennium. These facilities are currently undermaintained due to lack of funds. This request would increase general fund maintenance dollars to ensure that existing and newly constructed facilities are adequately maintained, especially during the non-winter months. Trails that are maintained for hiking, bicycling and horseback riding have no dedicated funding. Increased demand with decreased maintenance support has created a crisis situation.

This agency CHANGE request is split among the programs as follows:

	F.Y. 1988	F.Y. 1989
State Parks -- Accelerated maintenance program	\$ 300.0	\$ 300.0
State Forests -- Greenview, Inc. contracts	100.0	100.0
-- BWCAW cooperative management	50.0	50.0
-- Accelerated maintenance	100.0	100.0
State and Unit Trails -- Accelerated maintenance	407.0	347.0
TOTAL	\$ 957.0	\$ 897.0

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
State Parks (Major)	64	64	64	64
State Forests	56	56	56	56
State Trails	14	14	14	14
DNR bicycle trail mileage	184	184	204	220
DNR hiking and equestrian mileage	1,975	1,975	2,001	2,017
Major trail waysides and parking areas	12	13	14	15
State park campgrounds	89	89	89	89
State park campsites	4,090	4,090	4,110	4,140
State park picnic areas	92	93	94	95
State park swimming areas	33	33	34	35
State forest campgrounds	38	38	57	57
State forest campsites	655	655	1,052	1,052
State forest picnic areas	34	34	44	44
State forest swimming areas	29	29	29	29
State park major interpretive areas	26	26	29	30

CHANGE REQUEST

1987-89 Biennial Budget

 Agency Program Activity

(Continuation)

ACTIVITY:

PROGRAM: PARKS & RECREATION/FOREST/TRAILS & WATERWAYS MGMT.

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

EFFECTIVENESS MEASURES:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Maintenance Cost:				
State park cost per campsite	\$ 225	\$ 250	\$ 275	\$ 300
State park cost per picnic area	2,935	3,230	3,550	3,905
State park cost per major interpretive area	7,700	8,470	9,315	10,245
DNR bicycle trail cost per mile	750	750	850	850
DNR hiking and equestrian trail cost per mile	50	50	60	60
State forest cost per campsite	110	110	150	150
State forest cost per picnic area	820	820	1,120	1,120

RATIONALE:

The DNR has been maintaining recreation facilities at a reduced level for years due to inadequate budgets. At the same time, many state parks, trails and forest recreation facilities are experiencing new demands being placed on them by record numbers of users. The State Comprehensive Outdoor Recreation Plan (SCORP) indicates that the department can expect these demands to continue to increase for at least another 10 years. These facilities cannot continue to provide quality experiences without adequate operation and maintenance funding to protect the health and safety of the user and the resource. Many facilities have gone without preventative maintenance and regular supervision that is needed to prevent damage from vandals and uninformed users. Increasing job responsibilities and demands are also being placed on park, trail and forest managers. These increases have created administrative and resource management problems which will continue to affect the quality experience people expect from our state facilities.

GOVERNOR'S RECOMMENDATION:

After review of this CHANGE level, the Governor recommends \$100.0 for parks maintenance funded from the Parks Maintenance and Operations Account.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM:

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Request Title: EQUIPMENT REPLACEMENT AND FLEET MANAGEMENT				
Agency Request				
General Fund	\$552.6	-0-	\$1,191.1	-0-
Water Recreation Fund	33.4	-0-	57.5	-0-
Special Revenue	74.7	-0-	139.5	-0-
Game and Fish Fund	476.6	-0-	929.1	-0-
Governor's Recommendation				
General Fund	\$300.0	-0-	\$ 700.0	-0-
Water Recreation Fund	33.4	-0-	57.5	-0-
Special Revenue	74.7	-0-	139.5	-0-
Game and Fish Fund	476.6	-0-	929.1	-0-
Request requires statutory change:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No		
Statutes Affected: M.S. Ch. 84				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funding to establish a fleet management program that will assure better utilization of equipment, establish a replacement schedule for fleet equipment, and generate funds for replacing the equipment. This request will also provide funding for the replacement of worn out fire suppression equipment and the purchase of new technology ground attack equipment; a 6-year scheduled replacement cycle of 2-way radio equipment; establish a 6-year implementation to complete the radio system in the Division of Parks and Recreation; provide repair funds to adequately maintain fleet equipment, the radio system and non-fleet equipment; replace 2 aircraft (1 each year); and provide additional funds for the purchase of non-fleet equipment.

The objective is to provide the department resource managers with adequate equipment necessary to carry out program responsibilities. Better conditioned equipment will benefit the resources through less downtime, savings of program dollars used for repair, and elimination of labor-intensive situations.

DESCRIPTION/BACKGROUND:

The lack of a sufficient budget to replace an antiquated, high-mileage and worn-out fleet continues to be the major concern of the department. The equipment replacement budget base was established in 1974. Since that time new and expanded programs and inflation have significantly increased the equipment replacement liability. During this same period only token funding increases have been forthcoming and several budget reductions have occurred. The net result is a 35% decrease in equipment funding dollars

(not considering the purchase power loss) since F.Y. 1978 and a 20% increase in the size of the fleet. The additional fleet is the result of new programs with one-time funds for equipment acquisition where funding was not provided for the eventual replacement.

The diverse nature of the programs and the number, size and remoteness of the job sites makes the Department of Natural Resources a mobile dependent organization. Furthermore, most of the programs are maintenance/development related necessitating construction and maintenance equipment to efficiently and effectively carry out program responsibilities. The lack of sufficient equipment and the inherent inefficiency of old, high-mileage equipment has severely impacted program accomplishments.

The age, condition, and lack of adequate equipment is further depleting program funds that must be used to repair and maintain equipment that is beyond its useful life and to hire personnel to do the work that would be more cost effectively accomplished with equipment.

This CHANGE request introduces a new approach to address the equipment problem. A fleet management program is proposed that will tie equipment operation, maintenance and replacement to the resource program for which it is used. The programs will rent the equipment on a per mile or hour rate. The rental rate will include maintenance, liability insurance, license plate fees, and installment purchase costs. When the equipment reaches its scheduled replacement time, new equipment will again be obtained by installment purchase.

Tentative agreement was reached in conference committee of the 1986 budget reduction bill to reduce department equipment on the basis of obtaining equipment (vehicles, construction equipment and large computer purchases - but not including micro computers) by installment purchases. The conference committee did not reach agreement but the plan was implemented by the Governor in the required unallotments to balance the General Fund. Installment purchases were made in F.Y. 1987 with the first of 5 installments due in F.Y. 1988. As each year's purchases are made, the total of the installment payments will increase through F.Y. 1993 and then "flatten out" (as one year is added one year is completed). The following chart displays the costs for the 1987-89 and 2 bienniums thereafter.

CHANGE REQUEST

Agency Program Activity

(Continuation)

ACTIVITY:

PROGRAM:

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

DESCRIPTION/BACKGROUND: (Contd.)

Item	1987-89 Biennium			
	Total	F.Y. 1987	F.Y. 1988	F.Y. 1989
F.Y. 1987 Installment Purchases	\$ 2,015.6	\$	\$ 518.0	\$ 493.8
F.Y. 1988 Installment Purchases	4,685.6			1,204.2
F.Y. 1989 Installment Purchases	4,685.6			
Non Fleet Equipment		508.0	608.0	608.0
Equipment Repair Deficit			500.0	500.0
Radio Replacement			383.0	383.0
Radio Repair Deficit			70.0	70.0
Non Fleet Repair Deficit			70.0	70.0
Less SAME Level Department Equipment			(1,011.9)	(1,011.9)
Totals		\$ 508.0	\$ 1,137.1	\$ 2,317.1

The following chart extends the above amounts through F.Y. 1993 and adds the new installment purchases occurring each year.

Item	1989-91 and 1991-93 Bienniums				
	Total	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
F.Y. 1987 Installment Purchases	\$ 2,015.6	\$ 469.6	\$ 445.4	\$ 421.3	\$
F.Y. 1988 Installment Purchases	4,685.6	1,147.9	1,091.7	1,035.5	979.3
F.Y. 1989 Installment Purchases	4,685.6	1,204.2	1,147.9	1,091.7	1,035.5
F.Y. 1990 Installment Purchases	3,399.5		873.7	832.9	792.1
F.Y. 1991 Installment Purchases	3,399.5			873.7	832.9
F.Y. 1992 Installment Purchases	3,399.5				873.7
Non Fleet Equipment		608.0	608.0	608.0	608.0
Equipment Repair Deficit		450.0	400.0	350.0	300.0
Radio Replacement		383.0	383.0	383.0	383.0
Radio Repair Deficit		70.0	70.0	70.0	70.0
Non Fleet Repair Deficit		70.0	70.0	70.0	70.0
Less SAME Level Dept. Equipment		(1,011.9)	(1,011.9)	(1,011.9)	(1,011.9)
Totals		\$ 3,390.8	\$ 4,077.8	\$ 4,724.2	\$ 4,932.5

1987-89 Biennial Budget

The type of equipment that will be purchased is as follows:

Equipment Type	F.Y. 1988-89	F.Y. 1990 & Beyond
Commuter Vehicles	\$ 396.0	\$ 396.0
Light Trucks	1,753.5	1,753.5
Medium Trucks	220.0	220.0
Medium Trucks - "Catch-up"	440.0	0.0
Heavy Trucks	200.0	200.0
General Maintenance	650.0	650.0
Heavy Construction	180.0	180.0
Aircraft	100.0	0.0
Fire Fighting	746.0	746.0
	\$4,685.5	\$4,145.5

In addition, this program will improve the utilization of department equipment, identify under-utilized equipment that can be disposed of, and generate significant savings in down-time and repair costs currently encountered with the antiquated fleet.

The request also includes funding for the replacement of worn-out and acquisition of new technology ground attack fire equipment, catch-up repair funds for fleet, non-fleet and radio system repair, replacement of 2 aircraft, completing the Parks radio system and a 6-year replacement schedule for the department radio system. A breakdown is as follows:

- \$ 518.0 To fund the F.Y. 1987 installment purchase payment due in F.Y. 1988.
- \$1,698.0 To fund the F.Y. 1987 and 1988 installment purchase payments due in F.Y. 1989.
- \$ 608.0 To fund non-fleet equipment.
- \$ 383.0 Technology changes are obsoleting the department's radio equipment. Eventually the entire system will require replacement. This request will initiate a 6-year replacement cycle. It will also provide funds to complete the Park's radio system over a 6-year period.
- \$ 100.0 To fund the replacement of 2 ten-year-old aircraft (one each year) with a used Cessna 185. If not replaced aircraft will require a major rebuilding of the entire aircraft.
- \$ 500.0 Bring self-propelled equipment budget in line with repair liability. This budget has not been increased since its establishment in 1974. The fleet has increased by 24% due to new and expanded programs. Present equipment has high mileage and vintage requiring more frequent and more extensive repairs.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: ADMINISTRATIVE MANAGEMENT/FIELD OPERATIONS/PARKS AND RECREATION

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: PROFESSIONAL SERVICES CONVERSION	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$ 1,481.9	31.0	\$ 1,487.6	31.0
Bonding	(1,316.1)	(26.0)	(1,321.8)	(26.0)
Governor's Recommendation				
General Fund	\$ 25.0	1.0	\$ 1,236.8	26.0
Bonding	(25.0)	(1.0)	(1,236.8)	(26.0)
Request requires statutory change:	<input checked="" type="checkbox"/> Yes* <input type="checkbox"/> No			
Statutes Affected:				

* Request appropriation rider to "grandfather" unclassified employees into classified service.

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds and positions to convert the professional services from bonding and Park Development - Legislative Commission on Minnesota Resources (LCMR) funding to the General Fund. This funding and positions provide for legal, accounting, engineering and land acquisition services to most divisions within the department. The objective of these services is to assist divisions in their efforts to improve habitat and provide equal opportunities for everyone to enjoy Minnesota's outdoors.

DESCRIPTION/BACKGROUND:

The Park Development - LCMR and Resource 2000 programs will be discontinued as we now know them. Water recreation funds, which were being transferred to LCMR and appropriated through them to our department for park development, will now be appropriated directly to us. Professional services for carrying out the development program (\$165.8 each year) were provided from the Minnesota Resources Fund by LCMR; these Minnesota Resources funds will no longer be allocated to the Department of Natural Resources and professional services funding is required to complete the park development projects being funded.

The acquisition program has scaled down from a high point of activity and funding in the late 1970's. However, there is an increased interest in sale of surplus land,

donations, exchanges, more efficient land management, and more development requiring the same real estate and engineering skills.

STATISTICS:

	F.Y. 1983	F.Y. 1984	F.Y. 1985	F.Y. 1986	F.Y. 1987
No. of engineering requests	330	380	220	394	300
No. of engineering requests completed	230	196	218	260	250
Construction value of projects bid	\$4,900.0	\$6,300.0	\$8,000.0	\$5,000.0	\$7,000.0
No. of land transactions completed	163	140	144	158	165
Acres of land acquired	6,979	7,027	6,956	7,542	7,250

RATIONALE:

Utilizing bonding funds for salaries to provide engineering, realty, accounting and legal services is a questionable practice. Land acquisition and development is a continuing effort and the professional services necessary to complete the projects should be appropriated from the General Fund. The land acquisition and development request in the capital budget for the 1987-89 biennium is \$25 million and will require professional services in excess of those available after this conversion.

The conversion of professional services to the General Fund is detailed as follows:

	Positions	F.Y. 1988	F.Y. 1989
Resource 2000 - Land Acquisition and Improvements:			
Legal services	-0-	\$ 85.0	\$ 85.0
Accounting and budget	1.0	25.0	25.0
Engineering services	14.0	659.9	663.3
Land - realty services	11.0	546.2	548.5
LCMR - Park Development:			
Parks - project support	2.0	60.0	60.0
Engineering services	3.0	105.8	105.8
Total Conversion to General Fund	31.0	\$ 1,481.9	\$ 1,487.6

GOVERNOR'S RECOMMENDATION:

The Governor recommends transfer of 26 positions from the Bond Fund to the General Fund with one accounting position recommended for transfer in F.Y. 1988 and the remaining positions transferring in F.Y. 1989.

PROGRAM PURPOSE:

The Mineral Resources Management Program includes 3 activities: Metallic Minerals, Industrial Minerals (formerly Peat Management), and Mineland Reclamation. The program exists to provide the management for 10 million acres of state-owned trust fund and tax-forfeited mineral rights, 3 million acres of state and county peatlands and construction materials on the 3 million acres of additional state surface lands. State mineral ownership includes 18% of the Mesabi Iron Range, about half of the 6 million acres of peatlands, and a large portion of the copper-nickel, titanium and manganese resources. Besides the known resources the geology of Minnesota also shows significant potential for gold, platinum, other precious metals, copper, zinc and other base metals, industrial minerals such as clay, silica sand, dimension stone, olivine, and construction commodities such as sand and gravel, crushed stone and mine wastes.

The program's overall goals are to sustain the existing mining industry and encourage mineral development to provide equitable rental and royalty income for the trust funds and local taxing districts, and jobs for Minnesotans in mineral-related industries. The existing industry can be sustained by working to reduce the cost of Minnesota taconite pellets, and implementation of new technology to use Minnesota iron ore. New mineral development occurs through a coordinated set of activities including mineral potential evaluation, implementation of new technology, leasing, permitting, mining and reclamation.

The program also has the responsibility to ensure that mining operations are conducted so that, upon the cessation of mining, reclamation will yield stable, hazard-free lands suitable for other uses. In addition, the division provides minerals related input to land-use decisions, and manages the mineland reclamation permitting process and registration of metallic mineral explorers.

The program is coordinated with the overall natural resource management responsibilities of the department.

OPERATION:

Mining has many facets, so the program balances all aspects of mine operations to achieve the best results for the state. It uses and coordinates the capabilities of other organizations that are more specialized, for example university and industry laboratories and geologic and engineering firms, to accomplish the state's broader purposes of providing income for the trust funds and jobs for Minnesotans.

The St. Paul office and 2 field offices (Hibbing and Ironton) are managed as a single entity. The St. Paul office employs about 40% of the staff and is responsible for making land available for exploration and mining through mineral and peat leasing, implementation of the exploratory boring law, conducting environmental studies to ensure that environmental impacts of mining can be controlled, identifying state and county mineral ownership, providing environmental review for proposed leases and

mining operations, and encouraging mineral development through support of cooperative industrial research, value-added processing and market development. The field offices employ about 60% of the staff and are principally responsible for: field inspection of all exploration and mining activities, surveys and studies to improve the geologic data base to support leasing activities, geo-drilling to confirm geophysical data and encourage exploration, peat and industrial minerals' inventories to support development activity, the state's drill core library which is used to better understand the state's geology and to identify mineral occurrences (e.g. the unexpected occurrence of platinum in a hole drilled to find copper-nickel resources), mineland reclamation and associated field studies, permit compliance (e.g. Reserve Mining), and chemical testing.

BUDGET ISSUES:

1) Minerals Diversification

Minerals Diversification is a coordinated effort between the Department of Natural Resources and the University to provide a foundation for expanding into new mineral areas statewide. Minnesota has tremendous potential for mineral development in all areas of the state. Traditionally, iron ore, taconite, and industrial minerals have dominated the mining economy of Minnesota. Recent declines in taconite demand have generated a need to diversify the mineral base and create a new value-added iron economy. The demand for industrial minerals, such as kaolin clays, has increased, so the opportunity to expand and diversify this industry also exists in Minnesota. The bedrock underlying much of Minnesota holds high potential for the occurrence of deposits of gold, silver, platinum, chrome, copper, nickel, lead and zinc. This non-ferrous potential is the key to the future of metallic minerals diversification. The State of Minnesota will play a key role in determining whether or not mineral opportunities are identified and developed because exploration company interest is correlated with the availability of basic geologic data. The state must provide the geologic data necessary to attract non-ferrous mineral exploration interest.

2) Industrial Minerals and Peat

Promotion and support for an industrial minerals industry in Minnesota is worth pursuing because of the potential for significant new employment. Peat has received the most attention to date. The department's efforts on peatland environmental studies and development options laid important groundwork for development in the future. Peat resource evaluations have encouraged several private companies to initiate peat projects in the state. It is appropriate now, with most work completed for the promotion of peat resources, to use the experience gained in peat inventory and development to focus on other industrial minerals.

Many areas of the state contain deposits of industrial sands, dimension stone, sand and gravel, clays and other industrial minerals. Some of these resources already contribute to the local economy but more potential exists upon which to base additional, needed development.

PROGRAM: MINERAL RESOURCES MANAGEMENT
(Continuation)
Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

BUDGET ISSUES: (Contd.)

To stimulate the growth of industries based on peat and industrial mineral resources the state should provide data on resource characteristics and locations, compile existing information on known occurrences, identify industrial minerals with the most potential for growth and disseminate relevant technical information to the public and industry. The industrial minerals area is a growing part of the United States' mineral economy. Minnesota has the opportunity to participate by providing the resources and encouraging value-added processing.

3) Iron Ore and Taconite

The 4 year-old depression in the steel industry continues to be felt in Minnesota. Employment in the mining industry is now near 6,500 persons; one plant has permanently closed, another plant faces permanent closure and others are threatened. The state has a vital interest in maintaining and expanding this important industry. The best avenues are development of methods to reduce the cost of pellets, implementation of new technologies leading to steel production, and encouraging location of industries which can use metal produced in Minnesota. The department initiated a cooperative research program in taconite processing which identified 5 major projects. This program coordinated the efforts of mining and steel company laboratories, and the University of Minnesota. It is bearing fruit and should be continued. The COREX (formerly KR) process work led to a proposal to the U. S. Department of Energy based on technical and economic data which shows that iron production in Minnesota using western coal is technically feasible and economically attractive. The iron ore and taconite work continues to open new prospects for additional cost reduction, improved operations, new industrial development, integration of other minerals, such as ferromanganese production, and increased use of other Minnesota resources.

4) Reclamation

Because of the high level of interest in exploration for non-ferrous metallic minerals, the division is developing techniques to mitigate the environmental impacts associated with future mining should economic deposits be found. Major environmental issues associated with sulfide mineral mining are the release of metals through acid mine drainage and the containment and neutralization of cyanide process waters. Studies of mitigative techniques have been successful, but should be expanded in scale (from laboratory/bench scale to field operation scale) during the next biennium. Because of the high potential for discovering economic gold deposits in Minnesota, library research, as well as on-site evaluation of active gold mining operations, should be continued to learn more about containment and neutralization of cyanide process waters.

5) Reserve Mining Company

The recent bankruptcy of Reserve Mining creates conditions which have had a significant negative economic impact on the state. The state permit on the tailings basin requires drainage, stabilization and revegetation. The basin is now a 1600 acre lake averaging 20 feet in depth. The cost of reclamation according to permit conditions could be as much as \$55 million. The plant's owners LTV Steel and ARMCO are responsible for the permits. However, conditions are ripe for lengthy litigation, because of the potential for high costs, the bankruptcy of Reserve and one of the parents, LTV Steel, and the importance of environmental issues involved. If a court fight develops the agency will need additional funding and staff. In addition, company payments to the revolving fund established to oversee the permits have stopped and this fund will have a zero balance before the end of F.Y. 1988. The department is working to get these payments resumed.

EXPLANATION OF BUDGET REQUEST:

The Mineral Resources Management budget represents the SAME level of effort with the exception of the following CHANGE level requests in the Metallic Minerals Activity: 7.0 positions and \$1,750.0 annually for Mineral Diversification; 2.0 positions and \$100.0 annually for Glacial Drift Geochemistry from Legislative Commission on Minnesota Resources funds; and \$14.3 in F.Y. 1988 and \$22.9 in F.Y. 1989 for Equipment Replacement and fleet management. The budget initiatives began in the 1984-85 biennium and continued in the current biennium have led to significant progress in 3 areas: mineral exploration, horticultural peat development, and ironmaking technology. Work completed has had a significant positive effect. Continued funding can provide a more diversified mining industry through exploration and discovery of new mineral resources, a modestly expanding peat mining industry, industrial mineral development and stability for the iron ore and taconite mining industry. Without these initiatives, growth in mineral exploration and peat development will be slowed and the iron ore and taconite industry will continue to deteriorate. Jobs in the taconite industry will continue to decline and new jobs will be slower to develop.

The Metallic Minerals Activity will emphasize efforts to generate additional exploration interest through regular mineral lease sales and lease administration, applied geologic research studies, severed mineral ownership studies, environmental review and test drilling. The Direct Reduction initiative included in the Metallic Minerals Activity (renamed the Ferrous Mineral Development initiative) will continue to identify opportunities to expand the range, or improve the quality of Minnesota ferrous products and to reduce costs at existing Minnesota taconite plants.

Experience shows that companies will not begin exploration activities in those areas of the state where glacial drift is thick. Basic geologic data must be available, even when good mineral potential exists, so state effort to provide the needed data is required. The Mineral Diversification CHANGE request is designed to increase the rate of geologic data collection in rural Minnesota. All of the proposed positions are for field activities and the projects proposed are designed to generate private exploration. Ontario estimates that about 5 dollars of private activity is generated for each dollar of public expenditures. Similar results are expected in Minnesota. The initiative is balanced and includes environmental research to assure that future discoveries can be

PROGRAM: MINERAL RESOURCES MANAGEMENT
(Continuation)
Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

EXPLANATION OF BUDGET REQUEST: (Contd.)

developed in an environmentally sound manner. This initiative will be a coordinated joint effort of the Division of Minerals, and the Minnesota Geological Survey, Minerals Resources Research Center and Natural Resources Research Institute at the University of Minnesota.

The Legislative Commission on Minnesota Resources Glacial Drift Geochemistry project will test geochemical techniques for strategic minerals to effectively identify regional mineral potential and encourage private exploration activity in the Duluth Complex formations in Northeastern Minnesota. Recent work under the LCMR-funded drill core examination project has shown the existence of platinum group metals, cobalt, chrome and other metals.

The equipment replacement and fleet management request is to provide funding in this program for equipment use based on mileage or hourly rates.

The Industrial Minerals Activity is a conversion of the Peat Management Activity. Industrial mineral use in the United States is growing, but Minnesota has never encouraged industrial mineral development. However, private developers are interested in industrial minerals such as clay, silica sand, dimension stone and others. These are relatively high-value materials which can provide jobs and economic diversification in rural Minnesota. The activities of the department will be similar to those necessary in peat development. Resources will be inventoried and commodities will be matched with developers' specifications. Projects will be developed to assure that resources can be mined in an environmentally acceptable manner and that the resource can be processed to meet product specifications. The peat-related activities will be continued by adding areas to the developable peat inventory, through site specific resource inventories. The program will maintain a low level of effort on peat combustion, peat processing technology and peat harvesting methods, while it expands its coverage to provide inventory and processing information to support other industrial minerals.

The Mineland Reclamation Activity will emphasize the development of field-scale mitigative techniques for the future mining of non-ferrous metallic minerals. Rules for non-ferrous metallic minerals will be in place when discoveries are made. In addition, development of cost-effective reclamation techniques will be continued to assist in reducing the overall costs of Minnesota iron ore products.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following changes in the Mineral Resources Management Program:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Positions</u>
Mineral Diversification	\$ -0-	\$ -0-	-0-
Glacial Drift Geochemistry - LCMR*	-0-	-0-	-0-
Equipment Replacement/Fleet Management	10.7	16.1	-0-
Direct Reduction	(521.9)	(521.7)	(1.0)
Peat Activities	(151.0)	(150.7)	(3.0)

The Governor has recommended that LCMR funding be discontinued beginning July 1, 1987. As a result, there is no funding recommended for the LCMR project contained within this activity.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: MINERAL RESOURCES MANAGEMNT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
METALLIC MINERALS	4,753.8	3,763.3	5,682.1	3,938.9	1,864.3	5,803.2	3,427.7	4,090.0	1,872.9	5,962.9	3,584.4
INDUSTRIAL MINERALS	1,765.8	587.4	444.9	468.6		468.6	317.6	467.7		467.7	317.0
MINELAND RECLAMATION	343.2	315.1	413.3	425.6		425.6	425.6	424.0		424.0	424.0
TOTAL	6,862.8	4,665.8	6,540.3	4,833.1	1,864.3	6,697.4	4,170.9	4,981.7	1,872.9	6,854.6	4,325.4
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	6,356.8	4,665.8	6,540.3	4,833.1	1,864.3	6,697.4	4,170.9	4,981.7	1,872.9	6,854.6	4,325.4
LOCAL ASSISTANCE	506.0										
AIDS TO INDS.											
TOTAL EXPENDITURES	6,862.8	4,665.8	6,540.3	4,833.1	1,864.3	6,697.4	4,170.9	4,981.7	1,872.9	6,854.6	4,325.4
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	5,909.9	3,433.9	4,100.3	4,013.2	1,764.3	5,777.5	3,351.0	4,010.9	1,772.9	5,783.8	3,354.6
GENERAL FUND - LCMR	101.6										
MN RESOURCES		107.0	1,193.0		100.0	100.0			100.0	100.0	
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	822.9	1,013.2	1,220.1	806.8		806.8	806.8	958.2		958.2	958.2
GIFTS AND DEPOSITS			4.1	3.6		3.6	3.6	3.1		3.1	3.1
FEDERAL	28.4	111.7	22.8	9.5		9.5	9.5	9.5		9.5	9.5
TOTAL FINANCING	6,862.8	4,665.8	6,540.3	4,833.1	1,864.3	6,697.4	4,170.9	4,981.7	1,872.9	6,854.6	4,325.4
POSITIONS BY FUND:											
GENERAL	74.0	74.0	70.0	67.0	7.0	74.0	63.0	67.0	7.0	74.0	63.0
GENERAL FUND - LCMR	2.0										
MN RESOURCES		4.0	4.0		2.0	2.0			2.0	2.0	
SPECIAL REVENUE	5.0	3.0	3.0	2.0		2.0	2.0	2.0		2.0	2.0
FEDERAL	11.0	2.0									
TOTAL POSITIONS	92.0	83.0	77.0	69.0	9.0	78.0	65.0	69.0	9.0	78.0	65.0

ACTIVITY: METALLIC MINERALS
 Program: MINERAL RESOURCES MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$ 188.4	\$ 200.4	\$ 255.0	\$ 172.7	\$ 210.5

DESCRIPTION:

The state owns 5 million acres of mineral rights and is responsible to local taxing districts for administration of at least 5 million acres of tax-forfeited mineral rights. This program is the trust agent for managing and developing mineral resources on these lands and is responsible for implementing and regulating the exploration and development of these mineral rights to provide equitable rental and royalty income for the state's trust funds, general revenue fund, and local taxing districts. The goal of the work performed in this activity is a long-lasting, stable economy for the state, by improving the geologic data base so that private industry will spend exploration and development dollars in Minnesota, assisting in retaining jobs and tax base in the depressed iron mining industry, developing new employment opportunities, and encouraging value-added mineral processing in Minnesota.

The activity provides personnel and funding for leasing of state-managed mineral lands, ore production and royalty accounting, economic and environmental review, evaluation of mineral potential, storage and retrieval of exploration and geologic data, mineral land use planning, mineral ownership identification, registration of metallic mineral explorers, lease compliance, cartography and chemistry laboratory support, and responds to public inquiries on mineral resources. In addition, it provides technical support to other state agencies, its federal counterparts and to the counties. The current biennium saw expanded programs for metallic mineral potential evaluation, including glacial till geochemistry and drill core analysis. A new mineral ownership identification program has added over 645,000 acres of rural credit mineral rights to the land base available for leasing, and title search was conducted on 25,000 acres. The activity also has a major responsibility for encouraging implementation of new iron and/or steel processes to modernize existing taconite processing facilities, or to introduce new iron-making technologies (e.g., hot metal production).

Authority for this activity is found in M.S. Ch. 93 and Ch. 156A; Laws of 1983, Ch. 301 and Laws of 1984, Ch. 605.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Royalty income total (iron ore, taconite, copper-nickel, peat)	\$2,864.9	\$3,222.5	\$3,407.1	\$3,698.3
Private expenditures from exploration programs	\$13,000.0	\$15,000.0	\$15,000.0	\$15,000.0
Improved knowledge from mineral potential data developed (i.e., feet of private exploration drilling)	31,000	28,000	35,000	35,000
Direct reduction matching funds provided by government/industry	\$525.0	\$490.0	\$450.0	\$450.0

ACTIVITY STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Ferrous mining leases	142	133	129	124
Non ferrous mining leases	660	650	550	500
Royalty Income Total:	\$2,864.9	\$3,222.5	\$3,407.1	\$3,698.3
Acquired state forest	\$32.7	\$28.1	\$30.0	\$33.1
Consolidated conservation areas	\$76.5	\$37.5	\$65.6	\$68.4
Trust fund lands	\$1,327.6	\$1,424.3	\$2,099.3	\$2,125.0
General revenue	\$197.4	\$255.6	\$175.7	\$213.5
Taxing district	\$789.8	\$1,022.2	\$702.7	\$854.1
Special advance royalty	\$440.9	\$454.8	\$333.8	\$404.2
Resource/reserve estimates prepared	14	16	18	18
Chemical analytical determinations	15,048	15,400	16,000	16,000
Feet of exploration drill core cata- loged, filed, and/or classified	31,000	28,000	35,000	35,000
Request for land sale, lease, condemnation, and exchange recommendations	72	80	85	85
Mineral-related inquiries handled	14,000	14,000	14,000	14,500
Registration of metallic mineral explorers	17	19	19	19
Company exploration drill holes	42	50	55	60
Company and government person days using Hibbing drill core library	273	300	350	375
mineral potential data				
Acres of title search on tax-forfeit mineral ownership	25,000	25,000	25,000	25,000

CHANGE REQUESTS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Mineral Diversification	\$ 1,750.0	\$ 1,750.0	Activity Specific

This initiative will consist of a series of projects conducted through the Department, Minnesota Geological Survey, Mineral Resources Research Center, and private laboratories and geologic firms to provide geologic, technical, economic and environmental data which will attract exploration, continuing and expanded mineral development, and value-added processing in rural Minnesota.

ACTIVITY: METALLIC MINERALS
(Continuation)

1987-89 Biennial Budget

Program: MINERAL RESOURCES MANAGEMENT
Agency: NATURAL RESOURCES, DEPARTMENT OF

CHANGE REQUESTS: (Contd.)

F.Y. 1988 F.Y. 1989 Type

The Department will seek matching funds to maximize the amount of work that can be accomplished. The long-term result should be a stronger economic base for Minnesota and job opportunities. See the CHANGE request sheet following the fiscal sheet for this activity.

Glacial Drift Geochemistry

This Legislative Commission on Minnesota Resources initiative will test geochemical techniques for strategic minerals to identify those that can effectively identify regional mineral potential and encourage private exploration activity in the Duluth Complex formations in northeastern Minnesota. See the CHANGE request sheet following the fiscal sheet for this activity.

\$ 100.0 \$ 100.0 Activity Specific

Equipment Replacement and Fleet Management

To provide funding in this program for equipment use based on mileage or hourly rates. The initial use rates will include only the cost of insurance, repairs and maintenance, and that portion of the installment payments applicable to a fiscal year. See the CHANGE request sheet following the agency fiscal page.

\$ 14.3 \$ 22.9 Agency-wide

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: METALLIC MINERALS

PROGRAM: MINERAL RESOURCES MANAGEMNT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	4,753.8	3,763.3	5,682.1	3,938.9	1,864.3	5,803.2	3,427.7	4,090.0	1,872.9	5,962.9	3,584.4
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	4,753.8	3,763.3	5,682.1	3,938.9	1,864.3	5,803.2	3,427.7	4,090.0	1,872.9	5,962.9	3,584.4
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	2,019.9	2,014.0	2,217.0	2,184.6	340.0	2,524.6	2,101.0	2,177.6	356.0	2,533.6	2,094.2
EXPENSES & CONTRAC. SERV	2,098.1	1,641.0	3,364.8	1,670.2	1,492.3	3,162.5	1,243.7	1,828.3	1,484.9	3,313.2	1,407.2
SUPPLIES & MATERIALS	627.2	73.6	90.1	83.5	22.0	105.5	83.0	83.5	22.0	105.5	83.0
EQUIPMENT	8.6	30.4	4.6	.6	10.0	10.6		.6	10.0	10.6	
OTHER EXPENSE ITEMS		4.3	5.6								
TOTAL STATE OPERATIONS	4,753.8	3,763.3	5,682.1	3,938.9	1,864.3	5,803.2	3,427.7	4,090.0	1,872.9	5,962.9	3,584.4
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	3,860.4	2,564.8	3,304.9	3,170.6	1,764.3	4,934.9	2,659.4	3,170.3	1,772.9	4,943.2	2,664.7
GENERAL FUND - LCMR	101.6										
MN RESOURCES		107.0	1,193.0		100.0	100.0			100.0	100.0	
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	791.8	991.5	1,184.2	768.3		768.3	768.3	919.7		919.7	919.7
FEDERAL		100.0									
TOTAL FINANCING	4,753.8	3,763.3	5,682.1	3,938.9	1,864.3	5,803.2	3,427.7	4,090.0	1,872.9	5,962.9	3,584.4
POSITIONS BY FUND											
GENERAL	54.0	54.0	50.0	50.0	7.0	57.0	49.0	50.0	7.0	57.0	49.0
GENERAL FUND - LCMR	2.0										
MN RESOURCES		4.0	4.0		2.0	2.0			2.0	2.0	
SPECIAL REVENUE	5.0	3.0	3.0	2.0		2.0	2.0	2.0		2.0	2.0
TOTAL POSITIONS	61.0	61.0	57.0	52.0	9.0	61.0	51.0	52.0	9.0	61.0	51.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: METALLIC MINERALS
 PROGRAM: MINERAL RESOURCES MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

DESCRIPTION/BACKGROUND:

There is a striking similarity between the geology of northern Minnesota and the mineral rich areas of Canada. It is widely accepted that mineral deposits similar to those in Canada should also be present in Minnesota. However, much of the high potential areas in Minnesota are overlain by glacial drift, which makes exploration more expensive. Also, industrial mineral deposits such as clays have potential for expanded development, primarily in southern and central Minnesota. If these mineral deposits are to be discovered and developed, exploration companies must be attracted to Minnesota.

Minnesota is in world-wide competition to attract exploration companies. Having excellent mineral potential is essential to attract industry. However, other factors are equally important such as the availability of land for exploration, existing industrial infrastructure and labor force, fair and reasonable environmental permitting climate, equitable tax laws, and availability of geologic and mineral potential data. This program will concentrate on developing geologic and mineral potential data necessary to attract mineral exploration by private industry. The activities which would receive funding from this program include:

Request Title: MINERAL DIVERSIFICATION				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$1,750.0	7.0	\$1,750.0	7.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

Minnesota has had a century's worth of benefits from mining. Mineral production in Minnesota has historically been dominated by iron ore and taconite mining with the remaining production coming from industrial minerals such as clay and silica sand. Iron mining has barely scratched the surface of Minnesota's mineral wealth. The diverse bedrock of Minnesota holds excellent potential for other types of minerals such as gold, silver, platinum group metals, titanium, cobalt, copper, nickel, zinc, and industrial minerals.

The state can play a key role in determining whether this mineral wealth is developed. This request will expand efforts in diversifying from the traditional iron dominated mineral industry into these other minerals which hold promise for future development. Diversification can provide employment, economic activity, and tax revenue in rural Minnesota.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Number of areas with increased exploration interest due to past accelerated geologic and mineral potential data collection and new mineral diversification activity	2	2	3	7

	Annual Funding
1) Subsurface geologic mapping through bedrock drilling to confirm and interpret the Legislative Commission on Minnesota Resources funded aeromagnetic survey.	\$ 700.0
2) Till geochemistry to continue successful LCMR gold geochemistry project.	\$ 200.0
3) Industrial minerals surveys for specific commodities where some industrial development interest exists if resources can be identified (i.e., silica sand, ballast and cement).	\$ 100.0
4) Regional litho (bedrock) geochemistry pilot project to determine if this technique is suitable for determining mineral potential in Minnesota.	\$ 50.0
5) Incorporate geologic and mineral potential data developed in the projects into the existing public data systems for use by the exploration industry, public and others.	\$ 100.0
6) Cooperative research on known non-ferrous mineral resources such as titanium, necessary to encourage development of these resources and value-added processing.	\$ 100.0
7) Drill core examination to continue the successful LCMR Hibbing core repository project.	\$ 125.0
8) Analysis of samples taken during the geologic studies described above where existing state analytical facilities cannot complete the analysis (i.e., fire assay for gold).	\$ 175.0
9) Mineral economic evaluations and services to assist in identifying priority commodities, preparing market studies, and identifying opportunities to improve Minnesota's competitive position.	\$ 50.0

CHANGE REQUEST

1987-89 Biennial Budget

 Agency Program Activity

(Continuation)

ACTIVITY: METALLIC MINERALS
PROGRAM: MINERAL RESOURCES MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

DESCRIPTION/BACKGROUND: (Contd.)

	<u>Annual Funding</u>
10) Environmental research to gather necessary information to insure new mineral development will be environmentally acceptable.	\$ 100.0
11) Improve the gravity mapping data availability by conducting gravity surveys in areas with good mineral potential.	\$ 50.0

The program will be coordinated with other agencies including the Minnesota Geological Survey, Mineral Resource Research Center, Natural Resource Research Institute, and with company laboratories and geologic firms. Where the best available expertise to perform the activities lies in one of these agencies, the funding will be passed through to those agencies. Three hundred and twenty-five thousand dollars annually of this request will be used for conversion of highly successful Legislative Commission on Minnesota Resources pilot projects.

RATIONALE:

This funding will not guarantee mineral development immediately, but it will enhance the state's prospects. Ontario has demonstrated that each dollar invested in geology and exploration incentives generates a \$5.00 return in exploration effort. The positive role of these government-sponsored geologic and mineral potential programs in promoting mineral development is accepted, and the results have often been dramatic.

Currently, over 20 companies hold non-ferrous mineral leases from the state. These companies have collectively spent over \$50 million in the last 4 years exploring in Minnesota. While this level of effort is encouraging, developing further geologic and mineral potential data will maintain this level of interest and attract new interest in areas of the state not previously explored.

The benefits of entering into a minerals diversification program are potential mineral development which will create jobs, economic activity, and tax and royalty revenue primarily in economically depressed areas of rural Minnesota. Based on past experience in Minnesota, the exploration activities alone are expected to generate several dollars' worth of private rural economic activity for each dollar expended by the state.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: METALLIC MINERALS
 PROGRAM: MINERAL RESOURCES MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

EFFECTIVENESS MEASURES:

F.Y. 1986 F.Y. 1987 F.Y. 1988 F.Y. 1989

Townships evaluated by geochemical surveys for strategic minerals - - 5 10

DESCRIPTION/BACKGROUND:

This program is to evaluate the use of glacial drift geochemistry and seismic techniques in a reconnaissance level survey over portions of the Duluth Complex primarily for strategic minerals such as platinum, chrome, and cobalt. This program will build upon the work that has been done in the Duluth Complex in the past and is a reasonable next step for strategic mineral evaluation to develop targets for stimulating mineral leasing by private exploration companies. This approach led to a major platinum discovery at Stillwater, Montana, which may go into production in the near future.

Benefits:

- Evaluate the mineral potential for Pt and Cr in certain areas of the Duluth Complex.
- Evaluate the method of glacial drift geochemistry for Pt and Cr in those areas.
- Stimulate exploration leasing.
- Improve knowledge of the glacial drift in certain areas which will have many spinoff benefits for future exploration and land use considerations.

RATIONALE:

Nearly all of the chrome and platinum used in the United States and Canada is imported. For various reasons, instability in producing countries has lead to uncertain future supply of these and other strategic minerals and has resulted in a tremendous increase in domestic exploration. This is evidenced by the interest in the chrome and platinum occurrence in drill hole DU-15 in the Duluth Complex. This program will build upon this interest by evaluating other areas of the Duluth Complex for strategic minerals which will lead to new areas of state mineral leasing. Attracting this interest and stimulating leasing activity is essential to realize the benefits of jobs, royalties, and taxes from mineral development.

GOVERNOR'S RECOMMENDATION:

The Governor has recommended that LCMR funding be discontinued beginning July 1, 1987. As a result, there is no funding recommended for the LCMR project contained within this activity.

Request Title: Glacial Drift Geochemistry for Strategic Minerals - LCMR				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
Minnesota Resources Fund	\$ 100.0	2.0	\$ 100.0	2.0
Governor's Recommendation				
LCMR	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

Work done in the Duluth Complex in the past, such as the Minnesota Geological Survey (MGS) aeromagnetic program, Minnesota Resource Research Center chrome and platinum evaluation of an occurrence in drill hole DU-15, and DNR surface geochemistry has led to industry interest in exploration. The area around drill hole DU-15 will be in the Department of Natural Resources (DNR) 1986 lease sale due to company interest. The objective is to build this exploration interest and evaluate other areas of the Duluth Complex for strategic minerals through geochemical and geophysical methods in cooperation with other state agencies.

A variety of glacial types will be sampled and evaluated for strategic minerals in areas selected from existing aeromagnetics which show potential. Some of these areas will overlap with those selected by the (MGS) for detailed bedrock mapping. MGS will be contracted to evaluate the glacial geology of these areas. For those areas indicating strategic mineral occurrences, seismic surveys will be conducted to understand bedrock relationships and features influencing concentration of these minerals. This has been shown in South Africa to be an extremely useful technique. Finally, if warranted, the DNR will conduct drilling to bedrock through the divisions's geo-drilling program.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: METALLIC MINERALS
 PROGRAM: MINERAL RESOURCES MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: DIRECT REDUCTION				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Governor's Recommendation				
General Fund	\$(521.9)	(1.0)	\$(521.7)	(1.0)
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

GOVERNOR'S RECOMMENDATION:

The Governor recommends that funding for the direct reduction initiative be eliminated in the Department of Natural Resources (DNR) for the 1987-89 biennium.

BACKGROUND/DESCRIPTION:

In 1983, the legislature appropriated \$1,500.0 for the 1983-85 biennium for direct reduction research. Again in 1985, the legislature appropriated \$1,100.0 for direct reduction research and an additional \$1,000.0 in LCMR's section of the appropriation bill to continue the KORF (now called COREX) direct reduction demonstration program. The DNR Minerals Division has been working towards the development of a demonstration plant in northern Minnesota. This plant would use the coal-based iron-making process. Total funding for the plant hinged on receiving over \$60 million in federal clean coal technology dollars. Minnesota's proposal lost out in the competition, and the funding for a similar project went to another state.

RATIONALE:

The Governor endorses research and development projects; however, because of other program priorities and budget constraints, the funding for this project is recommended to be deleted.

ACTIVITY: INDUSTRIAL MINERALS
 Program: MINERAL RESOURCES MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	-0-	\$.3	\$.6	\$ 3.0	\$ 3.0

DESCRIPTION:

The industrial minerals industry is growing nationally. This trend is expected to continue, and Minnesota should be organized to gain a larger share of the future growth. This Industrial Minerals Program is a conversion of the Peat Management Program. The program will be redirected to encourage development of all industrial minerals state-wide, including peat. The rationale for conversion is based on management and technical similarities between peat and industrial minerals; e.g., inventory methods, surficial occurrence and product specifications. Also, the conversion will allow use of existing departmental capabilities. The technical and engineering data base created by the past peat development efforts will suffice to support future peat development until either new technology or new economic conditions change the potential demand for peat. In this proposal, the information, inventory, and development efforts, which until now have concentrated only on peat resource evaluation and development, will expand to consider all industrial minerals opportunities.

Industrial minerals production in Minnesota is currently limited to abrasive stone, clays, cement, perlite, industrial sand, sand and gravel, peat, crushed and dimension stone, sulfur, lime, and vermiculite. In some cases, such as cement, perlite, sulfur, lime and vermiculite, materials are only processed in Minnesota, the raw materials imported. Minnesota sources for imported industrial minerals, new sources for material currently being produced and possible new mineral commodities will be identified by this program. For example, occurrences and potential sources of marl, olivine, barite, fluorspar, anorthosite, peat, sand and gravel, gypsum, and other materials will be investigated. Evaluation considerations include geology, areas of known and potential resources, processing methods, markets and industrial specifications.

The focus of this work will be to identify and encourage industrial mineral development on all lands within the state. Regardless of ownership the state benefits by employment, economic activity and tax base. The state manages over 10 million acres of mineral rights and owns 5.6 million acres of surface lands, and will receive substantial additional economic benefit if development occurs on these lands. The Department of Natural Resources does not manage surface lands owned by the counties and other local taxing districts. However, this program will continue to provide resource, technical and other assistance to local government that can generate economic benefit from industrial mineral development. (Cooperative work has occurred with several counties in the Peat Management Program. Two peat companies in Carlton county mine on both state and county surface lands).

Authority for this activity is found in M.S. Sec. 92.50 and Laws of 1984, Ch. 605.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Royalty income from peat leases*	38.8	45.3	72.0	94.2
Number of acres identified in site-specific peat surveys	4,000	4,500	2,500	2,500
Other industrial mineral surveys	-0-	-0-	2	2
Townships inventoried for sand and gravel resources (reconnaissance surveys)	5	8	10	11

* Also included as part of the total summation for mineral leases.

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Peat Leases	5	6	7	8
Industrial minerals site surveys	4	5	5	5
Request for land sale, lease, condemnation, and exchange recommendations	72	80	85	85
Industrial mineral-related inquiries handled	700	750	800	800
Corporate contacts for mineral development	16	18	20	20

A listing of projects which would receive part of this funding is as follows:

- Inventory sand and gravel resources of Minnesota as directed in Laws of 1984, Ch. 605, which directs DNR as the lead agency to conduct aggregate resource inventories so that resources can be identified and classified and information provided to local government for planning and zoning decisions. This would be coordinated with the Minnesota Geological Survey for inclusion in their county atlas series.
- Develop a program of aggregate resource inventory on state land to more effectively evaluate them for lease, sale or exchange.
- Compile and publish information on known occurrences of industrial minerals in Minnesota (similar to Legislative Commission on Minnesota Resources funded project compiling Metallic Mineral Occurrences, Report #231, 1985).
- Investigate potential industrial mineral occurrences through reconnaissance and site specific inventories.
- Identify those industrial minerals most likely to show future growth.
- Promote industrial mineral development through dissemination of technical data, corporate contacts and processing verification studies.
- Continue peat inventory using a marketing approach by assisting peat producers in identifying specific peat resources suitable for development.

CHANGE REQUESTS:

No changes are requested for this activity. However, this program is substantially smaller than the current Peat Information and Peat Development activities and is refocused toward all industrial minerals.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: INDUSTRIAL MINERALS

PROGRAM: MINERAL RESOURCES MANAGEMNT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,259.8	587.4	444.9	468.6		468.6	317.6	467.7		467.7	317.0
LOCAL ASSISTANCE	506.0										
AIDS TO INDS.											
TOTAL EXPENDITURES	1,765.8	587.4	444.9	468.6		468.6	317.6	467.7		467.7	317.0
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	429.7	363.7	249.7	294.9		294.9	223.9	294.1		294.1	223.1
EXPENSES & CONTRAC. SERV	663.4	214.0	189.9	168.4		168.4	88.4	168.3		168.3	88.6
SUPPLIES & MATERIALS	116.0	5.7	5.3	5.3		5.3	5.3	5.3		5.3	5.3
EQUIPMENT	49.5	3.8									
OTHER EXPENSE ITEMS	1.2	.2									
TOTAL STATE OPERATIONS	1,259.8	587.4	444.9	468.6		468.6	317.6	467.7		467.7	317.0
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	1,753.9	579.6	431.4	465.1		465.1	314.1	464.2		464.2	313.5
DEDICATED APPROPRIATIONS:											
FEDERAL	11.9	7.8	13.5	3.5		3.5	3.5	3.5		3.5	3.5
TOTAL FINANCING	1,765.8	587.4	444.9	468.6		468.6	317.6	467.7		467.7	317.0
POSITIONS BY FUND											
GENERAL	14.0	14.0	10.0	9.0		9.0	6.0	9.0		9.0	6.0
FEDERAL	9.0	2.0									
TOTAL POSITIONS	23.0	16.0	10.0	9.0		9.0	6.0	9.0		9.0	6.0

CHANGE REQUEST

1987-89 Biennial Budget

 Agency Program Activity

ACTIVITY: INDUSTRIAL MINERALS
 PROGRAM: MINERAL RESOURCES MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: PEAT MANAGEMENT PROGRAM	F.Y. 1988		F.Y. 1989	
	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Agency Request				
Governor's Recommendation				
General Fund	\$(151.0)	(3.0)	\$(150.7)	(3.0)
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

GOVERNOR'S RECOMMENDATION:

The Governor recommends a reduction in funding for the peat management activities by the above amounts. These reductions will reduce the level of effort in peat information and peat development activities.

BACKGROUND/DESCRIPTION:

Peat management became an important issue in the 1970's when peat was being considered for production of synthetic gas by a major natural gas supplier in Minnesota. In F.Y. 1984, major new initiatives were established through increased appropriations. Significant research and testing has been accomplished in the areas of peat development, focusing primarily on the harvesting, transportation and combustion components. Many of the original goals of the peat initiative have now been achieved.

RATIONALE:

Since many of the original goals of the peat initiative have been achieved, a lower level of effort is recommended while maintaining a capability to monitor peat technology and continue the activities of peat inventory and peatland reclamation. Including \$75.0 for peatland reclamation, over \$380.0 remains per year for peat and industrial mineral activities.

ACTIVITY: MINELAND RECLAMATION
 Program: MINERAL RESOURCES MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

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ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

DESCRIPTION:

The Mineland Reclamation Act, M.S. Ch. 93.41-51 requires all metallic and peat mining operations to have a permit to mine. Currently, 19 existing metallic operations (8 taconite, 11 natural iron ore) and 6 peat mining operations must comply with this law. Two new peat mining operations are in the proposal stage. Each permit application must include a mineland reclamation plan. The objective of the Mineland Reclamation Act is to reduce the environmental impacts of metallic and peat mining and to ensure reclamation following the completion of mining so that lands are left in a stable, hazard-free condition with future land use potential.

After permits are approved, the company must submit periodic operating plans for succeeding years of mining and annual reports describing progressive reclamation results. Before termination, a deactivation plan is also required. Other responsibilities of this activity include the mineland clean-up program for removing abandoned and dangerous foundations, structures and equipment left by mining companies prior to mineland reclamation rules; conducting cooperative research programs with the mining companies aimed at identifying cost-effective reclamation techniques; and preparation and updating of rules as needed. During the current biennium mineland reclamation rules for gold and other non-ferrous minerals are being prepared. Promulgation is expected during F.Y. 1987. These rules will aid the mining industry in evaluating mineral properties for possible development.

At the beginning of F.Y. 1987 the Peatland Reclamation and Monitoring Program, a portion of the Peat Development Activity, was incorporated into this activity. Peatland reclamation rules have been promulgated and a permitting, research and compliance monitoring program established. Since the work is similar and funding is limited, the most effective management could be accomplished by combining the activities to share expertise and staff time. The 2 peat monitoring positions are not funded in the upcoming biennium and will be deleted. Minimal peat monitoring necessary to preserve the data base for future use will be continued.

During the current biennium the Commissioner was directed to complete a study on mine fencing-- (Laws of 1985, 1st Spec. Sess., Ch. 13, Sec. 23, Subd. 6(b)). This report was completed by the Commissioner of Natural Resources, with assistance from the Commissioner of the Iron Range Resources and Rehabilitation Board and county mine inspectors.

This activity is also responsible for administering the water permits for the Reserve Mining Company Mile Post 7 tailings basin. A revolving permit account was established and is funded by the Company. The recent bankruptcy filing by LTV Steel, Inc., First Taconite Company and Reserve Mining Company has created a situation where permit responsibilities continue but eventual reimbursement by the companies is not certain. This is of particular concern because the large dams located 600 feet above Lake Superior and the recent low production rates at the Reserve plant have caused water levels in the tailings basin to rise substantially.

It may become necessary to increase the revolving account to assure the safety of the facility. Currently, the effectiveness statistics are estimated assuming that Reserve Mining Company will remain in active status while the Bankruptcy court determines the reorganization plan.

Authority for this activity is found in M.S. Secs. 93.44-93.51.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Total Acres Under Permit:	124,300	127,200	130,100	130,400
Active mining operations	108,900	111,800*	114,700*	115,000*
Deactivation phase of mining	15,400	15,400*	15,400*	15,400*
Total Acres Being Reclaimed:				
(Active Mining and Deactivation Phase)*				
Permanent	564	700	500	400
Maintenance	38	200	150	100
Temporary	645	700	650	600
Trees Planted	37,500	50,000	35,000	30,000

* It is unknown whether Reserve Mining Company will remain an active mining operation or move to the deactivation phase.

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Permit compliance investigations	30	36	44	45
Site visits to new operations	41	14	10	7
Cooperative reclamation study sites	37	41	42	44
Growth chamber studies	0	5	6	6
Mine clean-up projects completed	3	4	3	4

CHANGE REQUESTS:

No changes are requested for this activity. However due to budget cuts in the current biennium, 2 peat monitoring positions moved to Mineland Reclamation in F.Y. 1987 are not funded and will be deleted. The Reserve Mining revolving account for permit management may have to be increased to assure the safety of the Mile Post 7 tailing's facility.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: MINELAND RECLAMATION

PROGRAM: MINERAL RESOURCES MANAGEMNT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	343.2	315.1	413.3	425.6		425.6	425.6	424.0		424.0	424.0
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	343.2	315.1	413.3	425.6		425.6	425.6	424.0		424.0	424.0
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	244.4	248.1	295.9	309.4		309.4	309.4	308.3		308.3	308.3
EXPENSES & CONTRAC. SERV	77.6	56.2	96.4	95.3		95.3	95.3	95.3		95.3	95.3
SUPPLIES & MATERIALS	7.8	4.2	13.6	13.5		13.5	13.5	13.0		13.0	13.0
EQUIPMENT	13.1	6.0	7.4	7.4		7.4	7.4	7.4		7.4	7.4
OTHER EXPENSE ITEMS	.3	.6									
TOTAL STATE OPERATIONS	343.2	315.1	413.3	425.6		425.6	425.6	424.0		424.0	424.0
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	295.6	289.5	364.0	377.5		377.5	377.5	376.4		376.4	376.4
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	31.1	21.7	35.9	38.5		38.5	38.5	38.5		38.5	38.5
GIFTS AND DEPOSITS			4.1	3.6		3.6	3.6	3.1		3.1	3.1
FEDERAL	16.5	3.9	9.3	6.0		6.0	6.0	6.0		6.0	6.0
TOTAL FINANCING	343.2	315.1	413.3	425.6		425.6	425.6	424.0		424.0	424.0
POSITIONS BY FUND											
GENERAL	6.0	6.0	10.0	8.0		8.0	8.0	8.0		8.0	8.0
FEDERAL	2.0										
TOTAL POSITIONS	8.0	6.0	10.0	8.0		8.0	8.0	8.0		8.0	8.0

PROGRAM: WATER RESOURCES MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

PROGRAM PURPOSE:

Minnesota Statutes provide for a water resources management program in the interest of public health, safety, and welfare, for the wise use and development of the waters of the state including more than 21,800 protected lakes and wetlands, 6,564 streams, and extensive underground water supplies. The Department of Natural Resources, Division of Waters, is the principal water resources management agency of state government involved primarily with water quantity and regulatory issues; including water appropriation, dam safety, construction in protected waters and water related land use issues. The purpose of the program is to allow reasonable use and development of water resources but to prevent unwise use and resource deterioration or destruction. The Division conducts programs having the following functional objectives:

- 1) Conducting investigations and studies for the collection, analysis, and interpretation of technical facts on climate, groundwater, lakes, streams and wetlands for use in management decisions made by the department, by other governmental agencies and the public.
- 2) Developing data systems for efficient storage, retrieval, and dissemination of hydrologic data, water use compilations, permit information, and management policy.
- 3) Providing advice and assistance to local water resources management efforts including watershed and lake improvement districts, water management organizations and cities and counties, evaluation of public drainage projects, and administration of available funds for stream channel maintenance and flood damage reduction projects.
- 4) Planning for the long term allocation of available water supplies including monitoring of diversion proposals, determination of instream flow needs and full consideration of the social, environmental and economic implications of water resource development activities.
- 5) Guiding the development of shoreland and floodplain areas, including wild and scenic rivers, through adoption and administration of local ordinances.
- 6) Controlling the construction, maintenance and operation of dams and administering appropriated funds for upgrading publicly owned dams.
- 7) Applying ever-developing water resources technology and innovative management concepts to complex Minnesota water problems in order to enhance the efficiency and effectiveness of local, state and federal water resources management efforts.
- 8) Maintaining liaison and coordination with local, regional, state, interstate and national water program or project planning efforts, including drafting of legislative proposals and state rules and amendments.
- 9) Maintaining an inventory of the protected waters and wetlands throughout the state and compensating qualifying landowners through administration of state water bank

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$ 308.6	\$ 352.9	\$ 311.6	\$ 314.6	\$ 318.6

funds for preserving wetlands protected under state law.

- 10) Managing by a permit system those activities which would alter streams, lakes, or protected wetlands or withdraw significant amounts of water from surface or underground sources.

OPERATION:

The program is administered by the division director who delegates authority and responsibility to section supervisors and regional hydrologists to accomplish the overall water resources management program.

The regional hydrologists and their staff serve many programmatic areas based on priorities and demands somewhat unique to their assigned territories. Statewide program priorities are established by the central office in consultation with regional hydrologists. Regional hydrologists have been delegated protected waters permit authority for the majority of actions/decisions. Issues of statewide policy significance are referred to the central office staff with regional recommendations for action.

The water resources management field staff is comprised of 31 complement positions. This includes 6 regional hydrologists whose positions are carried within the Regional Administration budget, and area offices in Thief River Falls, Fergus Falls, Detroit Lakes, Duluth, Cambridge, St. Cloud, Marshall, Spicer and Mankato. There is also a non-complement Red River Coordinator operating out of the Bemidji regional office.

The central office staff provides overall direction for all programs and provides services that can not be efficiently provided at the regional or area level. Included in the central office staff are the hydrographic survey crew and the state dam inspector who provide direct field services.

EFFECTIVENESS MEASURES AND PROGRAM STATISTICS:

Effectiveness measures and program statistics for the water resources management program are difficult to evaluate on their own because the workload in a given portion of the program varies considerably depending on climatic conditions and the state of the economy. The following statistics describe the recent history of the program and provide an estimate as to future activity levels.

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Protected Waters Permit Applications:				
No. received	1,006	1,000	1,050	1,100
No. acted upon	1,099	1,100	1,100	1,150
Appropriation Permit Applications:				
No. received	332	350	350	350
No. acted upon	1,125	400	375	375

PROGRAM: WATER RESOURCES MANAGEMENT

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F.Y. 1986 F.Y. 1987 F.Y. 1988 F.Y. 1989

(Continuation)

Agency: NATURAL RESOURCES, DEPARTMENT OF

EFFECTIVENESS MEASURES: (Contd.)	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Land Use Management:				
No. of ordinances in effect	579	586	600	600
No. of actions to assist local units and citizens	5,150	5,150	5,200	5,200
No. of flooding related meetings held	140	150	150	160
Dam Safety:				
No. of dam safety inspections	60	60	60	60
No. of dam repairs receiving state assistance since 1978	138	163	168	173
No. of state-owned dams inspected and maintained	170	170	170	170
Local Water Management:				
No. of boundary changes, plans and projects reviewed	85	60	95	105
Water Bank:				
No. of applications received	14	24	24	24
No. of acres enrolled	5,560	7,000	7,900	8,800
Project and Program Planning and Review:				
No. of federal projects reviewed	35	35	30	25
No. of environmental projects reviewed	288	250	250	250
No. of state and national policies and programs reviewed	21	25	25	25
Data Base Development:				
No. of major data bases maintained	16	17	18	18
No. of division staff using computers	45	49	55	60
Hydrologic Data Collection and Analysis:				
No. of lakes with water level gauges	120	125	130	130
Ordinary High Water (OHW) determinations	60	70	70	70
No. of formal hearings to establish OHW	5	7	6	6
No. of lake and stream studies	30	30	30	30
No. of hydrographic surveys conducted	127	157	160	160
No. of major climatic studies	25	25	25	25
No. of maps of climatic events produced	120	120	120	120
Ground water studies regarding lake level/stream flow	5	4	5	5
DNR/U.S. Geological Survey Cooperative Program:				
Regional ground water studies started	1	-0-	1	-0-

Regional ground water studies underway	3	2	2	2
Regional ground water studies completed	1	1	-0-	1
No. of observation wells maintained	173	165	150	140
No. of stream gauges maintained	26	22	22	22
DNR/Soil and Water Conservation District				
Observation Well Network:				
No. of wells maintained	396	420	420	420
No. of wells analyzed and computerized	300	25	25	25

MAJOR POLICY ISSUES:

1) Local Water Planning Assistance: The agency has supported efforts to implement and fund a local water planning and management program in order to establish better state/local relationships for dealing with water resources problems. While the state is charged with the management of water resources the state does not always have the resources for dealing with every problem and in many cases the problems are best handled locally or with local/state cooperation and coordination.

To date there has been a great deal of interest in local water planning providing that the state share some of the costs. This seems appropriate because much of the planning will ultimately be affected by statewide programs. What is less well understood is that state agencies in general and this agency particularly need additional capability to provide local services if much of the state becomes actively involved in local water planning. We have the responsibility and the desire to work cooperatively with local units by providing technical advice, planning assistance, data, and interpretations of data, but the capability to provide needed assistance is limited following several years of decline in purchasing power of water resource management allocations. A CHANGE level request is included to meet this need.

2) Flood Damage Reduction: Flooding has been a persistent problem throughout Minnesota in spite of considerable efforts on the part of individuals and local, state and federal governments to alleviate flooding problems. In years past the major concern was flooding along rivers and streams which was estimated to cause average annual damages of \$68 million and affect 17,000 structures. In recent years, in addition to river flooding, lake flooding problems have occurred on over 40 lakes.

The primary role of the state has been to establish floodplain management regulations to restrict future development in the floodplain, to provide technical assistance to local governments and provide emergency assistance during periods of flooding. These activities are necessary but do not go far enough. The state needs an expanded floodplain management program including state/local cost-sharing grants to plan for and implement flood damage reduction measures of all types.

The Corps of Engineers has traditionally been involved in helping local government units deal with flooding problems. Federal budget reductions and increases in the non-federal share of project costs make it difficult for communities to implement flood damage reduction measures that rely on federal funding. The state should

PROGRAM: WATER RESOURCES MANAGEMENT
 (Continuation)
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

MAJOR POLICY ISSUES: (Contd.)

take a role of helping to fund some of these flood damage reduction projects, particularly in small communities and areas where it would otherwise be difficult to fund the non-federal share of project costs.

Two of the problems that have emerged in dealing with lake flooding situations are that information on historic water levels is limited and is hard to make available because it is stored in manual files. This information is critical for letting people know how high water levels might rise. This water level information needs to be computerized to make it more accessible. A related lake flooding problem is the need to establish Ordinary High Water (OHW) levels. In many cases water is lapping at the base of trees that are nearly 100 years old. Time consuming, detailed surveys are needed to determine the OHW level and these determinations are frequently contested through the hearing process. The OHW level is needed to prevent future flooding problems by establishing building and sewage system elevations and setbacks measured from the OHW. Whether a structure is above or below the OHW may also place restrictions on the types of measures that can be used to protect the affected structures. The OHW level is also needed to determine the control elevation if it is feasible to implement a project to control the lake elevation.

Another problem closely related to flood damage reduction is the accumulation of trees, stumps and other debris in stream channels. This debris obstructs the channel and reduces the carrying capacity of the stream channel. During high flow periods this can cause local flooding and during the summer it causes problems for canoers and boaters. This agency has periodically cost-shared with counties for removal of obstructions. Funds for this purpose were not appropriated last biennium and many streams are becoming severely obstructed.

- 3) Ground Water: Although ground water is used by 70% of Minnesotans and is necessary to support major economic development much still needs to be learned about the dynamics of the state's subterranean flow system. In some areas little is known about the extent of aquifers buried in debris left by the glaciers as they crossed the state and through old river systems. Even when a great deal is known about the shape and size of the aquifers we lack the ability to predict the impact of ground water use and land use on future supplies. There is also a popular misconception that ground water and surface water are entirely separate systems. The use of ground water from surficial sand plains can potentially alter the flow characteristics of the streams that cross them and degrade these waters for certain uses.

The state's goal should be to implement those priority portions of the ground water work plan approved by the Governor's cabinet including conversion of geophysics and data automation to general operation funding, accelerated funding for regional cooperative studies, funding for ground water protection activities (enhanced monitoring in areas of intensive development and proper abandonment of wells) and

funding to begin investigations of the ground water-surface water connection. Funding for this program has steadily eroded since the late 1970's; if the level of effort is not increased insufficient hydrogeologic information will be generated to enable local and state management efforts including the migration of subsurface pollution.

GRANTS:

Emergency Flood Damage Reduction: In June, 1986 at the request of the Governor, the Legislative Advisory Commission released \$250.0 to provide assistance to local government units for emergency flood damage reduction measures around flooded lakes and streams. The grants were made on a 50% state/50% local match basis subject to a \$15.0 ceiling. Applications for assistance greatly exceeded the amount of money available. As of 8-1-86, 39 applications were received for projects costing in excess of \$1.8 million.- Specific grant requests totalled \$455.0.

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Money appropriated	55.0	195.0	-0-	-0-
Grants allocated	4	28	-0-	-0-

EXPLANATION OF BUDGET REQUEST:

SAME REQUEST:

The Water Resources Management Program cannot continue to provide the same level of service with the same level of funding. It is currently necessary to carry vacancies in order to make ends meet. The same level of funding will cause further erosion of activities such as stream gauging, ground water level analysis, data computerization, data systems development and other services necessary to support the overall water resources management program.

Also included in the SAME level request is funding recommended by the Legislative Commission on Minnesota Resources (LCMR) to continue to identify instream flow needs as a part of water allocation and conservation planning at a biennial cost of \$400.0 and 6.0 positions.

CHANGE REQUESTS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Ground Water Exploration and Data Automation Conversion	\$ 250.0	\$ 250.0	Program-wide
This request converts the LCMR funded program for geophysical ground water exploration and water well log data computerization to the General Fund at a reduced level of funding and includes 4.0 positions. See the CHANGE request sheet following the Water Resources Management Program fiscal page.			

PROGRAM: WATER RESOURCES MANAGEMENT
(Continuation)

1987-89 Biennial Budget

Agency: NATURAL RESOURCES, DEPARTMENT OF

EXPLANATION OF BUDGET REQUEST: (Contd.)

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Accelerated Ground Water Investigations This request will restore the overall ground water management program to approximately the same level before the budget cuts of recent years. See the CHANGE request sheet following the Water Resources Management Program fiscal page.	\$ 450.0	\$ 450.0	Program-wide
Flood Damage Reduction This request expands the floodplain management program by providing cost-share grants for flood damage reduction planning and implementation, additional technical assistance and data collection and computerization. See the CHANGE request sheet following the Water Resources Management Program fiscal page.	\$ 750.0	\$ 750.0	Program-wide
Stream Maintenance This request provides cost-share grants to remove trees and debris from stream channels. See the CHANGE request sheet following the Water Resources Management Program fiscal page.	\$ 50.0	\$ 50.0	Program-wide
Local Water Planning Technical Assistance This request provides staff and funds for the agency to participate in the local water planning process recommended by the Legislative Commission on Minnesota Resources (LCMR). See the CHANGE request sheet following the Water Resources Management Program fiscal page.	\$ 150.0	\$ 150.0	Program-wide
Equipment Replacement/Fleet Management This request modifies the current method of managing equipment and vehicles for greater efficiency and better scheduling of replacements. See the CHANGE request sheet following the agency fiscal page.	\$ 12.5	\$ 19.6	Agency-wide
Ground Water Management - LCMR This request has been recommended by the LCMR to investigate ground water/surface water interactions at 3 sites. See the CHANGE request sheet following the Water Resources Management Program fiscal page.	\$ 300.0	\$ 300.0	Program-wide

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Mississippi River System Management - LCMR This request provides staff and funds for more intensive management and coordination of the Mississippi River System and has been recommended by the LCMR. See the CHANGE request sheet following the Water Resources Management Program fiscal page.	\$ 135.0	\$ 136.0	Program-wide

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following changes in the Water Resources Management Program:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Positions</u>
Ground Water Exploration and Data Automation Conversion	\$ -0-	\$ -0-	-0-
Flood Damage Reduction The Governor recommends funding from the Water Pollution Control Fund.	500.0	500.0	5.0
Stream Maintenance	-0-	-0-	-0-
Local Water Planning Technical Assistance	-0-	-0-	-0-
Equipment Replacement/Fleet Management	9.4	13.8	-0-
Ground Water Management - LCMR*	-0-	-0-	-0-
Mississippi River System Management - LCMR*	-0-	-0-	-0-
Accelerated Ground Water Investigations	-0-	-0-	-0-

*The Governor has recommended that LCMR funding be discontinued beginning July 1, 1987. As a result, there is no funding recommended for the LCMR project contained within this activity.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: WATER RESOURCES MANAGEMENT

PROGRAM: WATER RESOURCES MANAGEMENT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	4,287.8	4,973.3	5,320.6	4,425.1	1,732.5	6,157.6	4,419.5	4,425.0	1,740.6	6,165.6	4,423.8
LOCAL ASSISTANCE	30.0	80.0	215.0	2.0	365.0	367.0	317.0	2.0	365.0	367.0	317.0
AIDS TO INDS.											
TOTAL EXPENDITURES	4,317.8	5,053.3	5,535.6	4,427.1	2,097.5	6,524.6	4,736.5	4,427.0	2,105.6	6,532.6	4,740.8
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	3,300.7	3,380.2	3,621.4	3,540.4	893.0	4,433.4	3,539.4	3,530.3	908.0	4,438.3	3,529.3
EXPENSES & CONTRAC. SERV	864.0	1,410.4	1,582.1	791.6	673.6	1,465.2	796.1	801.6	683.7	1,485.3	810.5
SUPPLIES & MATERIALS	82.0	79.9	79.5	65.4	11.1	76.5	65.3	65.4	11.1	76.5	65.3
EQUIPMENT	29.5	89.8	21.9	12.0	54.8	66.8	3.0	12.0	37.8	49.8	3.0
OTHER EXPENSE ITEMS	11.6	13.0	15.7	15.7	100.0	115.7	15.7	15.7	100.0	115.7	15.7
TOTAL STATE OPERATIONS	4,287.8	4,973.3	5,320.6	4,425.1	1,732.5	6,157.6	4,419.5	4,425.0	1,740.6	6,165.6	4,423.8
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	3,857.9	3,844.7	4,060.1	4,005.6	1,662.5	5,668.1	4,015.0	4,005.6	1,669.6	5,675.2	4,019.4
GENERAL FUND - LCMR	286.9										
MN RESOURCES		984.6	1,229.4	200.0	435.0	635.0		200.0	436.0	636.0	
WATER RECREATION		68.2	98.6	73.9		73.9	73.9	73.8		73.8	73.8
WATER POLLUTION CNTRL							500.0				500.0
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	58.6	61.0	57.5	57.5		57.5	57.5	57.5		57.5	57.5
GIFTS AND DEPOSITS	10.5										
FEDERAL	103.9	94.8	90.0	90.1		90.1	90.1	90.1		90.1	90.1
TOTAL FINANCING	4,317.8	5,053.3	5,535.6	4,427.1	2,097.5	6,524.6	4,736.5	4,427.0	2,105.6	6,532.6	4,740.8
POSITIONS BY FUND											
GENERAL	75.0	76.0	76.0	76.0	20.0	96.0	76.0	76.0	20.0	96.0	76.0
GENERAL FUND - LCMR	7.0										
MN RESOURCES		9.0	9.0	6.0	5.0	11.0		6.0	5.0	11.0	
WATER RECREATION		2.0	2.0	2.0		2.0	2.0	2.0		2.0	2.0
SPECIAL REVENUE	1.0	1.0	1.0	1.0		1.0	1.0	1.0		1.0	1.0
WATER POLLUTION CNTRL							5.0				5.0
FEDERAL	3.0	1.0	1.0	1.0		1.0	1.0	1.0		1.0	1.0
TOTAL POSITIONS	86.0	89.0	89.0	86.0	25.0	111.0	85.0	86.0	25.0	111.0	85.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: WATER RESOURCES MANAGEMENT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Request Title: GROUND WATER EXPLORATION AND DATA AUTOMATION CONVERSION				
Agency Request				
General Fund	\$ 250.0	4.0	\$ 250.0	4.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:	Laws of 1985, Chapter 13, Sec. 31, Subd. 3(c)			

STATEMENT OF REQUEST/OBJECTIVE:

The purpose of this proposal is to convert the Ground Water Exploration and Data Automation Program from Legislative Commission on Minnesota Resources funding to the General Fund in order to protect a significant investment in geophysical exploration equipment, data base development and technical expertise, and enable the Department to use these tools to support hydrogeologic data gathering and investigations.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Data Automation:				
No. of new well records automated	10,000	70,000	10,000	5,000
Geophysical Applications:				
Seismic spreads	175	175	150	150
Investigation of Potentially Contaminated Sites (cooperative effort with the Pollution Control Agency)	12	25	25	25

DESCRIPTION/BACKGROUND:

Ground water exploration and data systems development have been supported by the LCMR for 2 biennia. During this time sophisticated geophysical exploration equipment has

been acquired and staff have become skilled in the use of the equipment. The program has made valuable contributions to ground water knowledge; continued applications of these state-of-the-art exploration techniques to solve increasingly complex ground water problems including tracking of contaminated ground water, will continue as a result of this conversion. A sizeable investment has been made in the development of both ground water and other water data bases. Maintaining these activities requires a long term commitment at a lower funding level than was necessary during the development stages.

RATIONALE:

This program has allowed the development of sophisticated techniques for ground water exploration and data automation. Funding has been for one biennium at a time making it difficult to maintain skilled staff because of the uncertainty of future funding. The methods are fully developed and have been applied successfully in a number of ground water problem situations. These activities now should be made a regular part of the division's ground water investigation and management and data systems programs. Failure to accomplish this conversion will mean that the state has geophysical equipment but does not have staff qualified to use it. The ground water data base would not be operational because there would be no staff to answer inquiries from the public and other agencies or to update the files. This would be particularly problematic for the local water planning process. In essence, the department's ground water management function would lose valuable technical support.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: WATER RESOURCES MANAGEMENT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

F.Y. 1986 F.Y. 1987 F.Y. 1988 F.Y. 1989

No. of wells measured by SWCD's	396	420	440	460
No. of wells analyzed-computerized	300	420	440	460
No. of wells sampled for land and water use impact on ground water quality	40	-0-	20	20
No. of continuous stream gauges (record ground water discharge)	26	22	25	30

Request Title: ACCELERATE GROUND WATER INVESTIGATIONS

Agency Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
General Fund	\$ 450.0	5.0	\$ 450.0	5.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: Yes No
 Statutes Affected: M.S. 105.41

STATEMENT OF REQUEST/OBJECTIVE:

The objective of the department's water use management program is to assure long-term water supplies for all users. Management of ground water requires basic data, understanding of the physical system and its dynamics, tools for predicting impacts and forecasting supplies, and follow-up monitoring to verify forecasts and adjust management as appropriate. Staff and funding are requested to accelerate the investigation of buried drift aquifers, particularly in high use areas, to examine ground water/lake level relationships and to maintain and expand our surface and ground water level monitoring systems.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Cooperative Program:				
Ground water studies initiated	1	-0-	2	2
Ground water studies underway	3	2	3	5
Ground water studies completed	1	1	-0-	1
Staff hydrologic studies of local problems	5	4	10	12
Hydrologic model updates	0	0	1	1
Ground Water Monitoring:				
No. of Soil & Water Conservation Districts (SWCD's) participating	46	49	53	55

DESCRIPTION/BACKGROUND:

The need for accelerated ground water data collection and hydrologic investigations has been documented by the Water Planning Board report "Toward Efficient Allocation and Management", in biennial updates of that document, and by recommendations of the Governor's Ground Water Strategy Issue Team. Accelerated basic data collection and hydrologic studies are needed in the following areas:

- 1) In the sand plain areas where rapid development has taken place, drilling of wells and the pumping of large volumes of water has largely come after ground water studies were completed. Computer models were constructed in several of these projects which can now be refined using data from development so that predictions of estimated impacts on water supply of drought or future development can be made. Finally management plans can be developed for these areas to address these extremes.
- 2) Buried drift aquifers have been developed for water supplies by irrigators and communities in western Minnesota. The long-term potential of these systems under varying climatic conditions must be examined. Priority areas needing study are the buried drift aquifer in Wilkin-Grant and Traverse counties and the Canby area in Lac Qui Parle and Yellow Medicine counties.
- 3) Ground water pumping will reduce natural discharge to lakes and streams; lowered levels or changes in quality may result. Ground water inflow sustains high lake levels and aggravates flooding in times of abundant water. Lakes in west central Minnesota and the Elk River Basin in Sherburne county are priority areas for study.
- 4) The basic data networks, observation wells and stream gauges, have been reduced over the last several years due to funding shortfalls. Adequate monitoring must be maintained in all developed areas of the state since these data predict the need for intervention and enable evaluation of new proposals. These measurements are the foundation descriptors that make hydrologic analyses possible. Both the U.S. Geological Survey and SWCD's contribute to these networks.
- 5) The inventory of unused wells on department land has been completed for southeastern Minnesota. This inventory needs to be expanded statewide so that proper action can be taken to safeguard ground water quality.

RATIONALE:

In most areas where significant development has taken place, there is now a need to refine computer models using current monitoring and withdrawal data. Production of

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

(Continuation)

ACTIVITY:

PROGRAM: WATER RESOURCES MANAGEMENT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

RATIONALE: (Contd.)

estimated impacts on water supply of drought or future development can be made using refined models.

The buried drift aquifers present a difficult problem since their presence cannot be detected at the surface and the dynamics of recharge and withdrawal cannot be satisfactorily evaluated without hydrologic mapping. Systematic hydrologic mapping of these aquifers is needed. Areas have been selected for study because of past or present water supply conflicts, a lack of information needed for decision making, and a concern that these systems will not sustain large ground water withdrawals over time.

Controversies over water supply for communities and rural water districts, irrigation and agribusiness exist in each of these regions. The economic well being of our rural communities depends on assured water supply first for people and secondly for agribusiness and other uses.

The impact of pumping in buried drift aquifers is often dramatic and can cause local well interference problems. In southwestern Minnesota, a high-capacity well was installed and caused a well interference 5 miles away. The aquifer was a narrow, linear feature, a fact not predicted because of sparse drilling data, and the pumping impact was quickly translated along its length.

Ground water inflow to lakes and streams sustains lake levels. Remedial measures to address either excess or deficiency must take ground water contributions into consideration. In addition pumpage of ground water significantly affects lake levels/stream flow.

The only way to evaluate whether or not ground water use is being managed to assure future supplies is by monitoring. Monitoring networks have been improved but there is not adequate coverage of all types of aquifers yet. Staff are no longer available to manage the data. Water level measurements before development of the water supply document natural conditions; post-development measurements document results and impacts of use on quantity and quality and climatic stress. Monitoring of stream flow is a measure of the discharge of ground water; changes in discharge can affect the environmental and economic values of surface water bodies.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: WATER RESOURCES MANAGEMENT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: FLOOD DAMAGE REDUCTION				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 750.0	7.0	\$ 750.0	7.0
Governor's Recommendation				
Water Pollution Control Fund	\$ 500.0	5.0	\$ 500.0	5.0
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected: M.S. 104.01 - 104.07				

STATEMENT OF REQUEST/OBJECTIVE:

The department requests funding and staffing to establish an enhanced flood damage reduction program incorporating grants for planning and implementation, risk assessment and flood risk disclosure. The primary objective is to reduce the number of structures and facilities subject to flood damage through implementation of local government flood mitigation action plans. This will be accomplished by protecting structures, upgrading sewage systems, development of emergency response plans and creating greater public awareness of the tools available for dealing with floods.

DESCRIPTION/BACKGROUND:

Minnesota continues to experience an increase in flood damages. Recent estimates indicate that some 17,000 lake and river structures are subject to flooding causing average annual damages exceeding \$68 million. Although river flooding has historically posed the greatest risk for flood damages, rising lake levels in recent years have resulted in significant flood damages. This effort would cost share the development and implementation of community flood damage reduction plans to incorporate community-tailored elements for reducing susceptibility to floods, minimizing the impacts of floods, and modifying floods. The effort would enhance the state's capability to assist local governments in formulating strategies to deal with flooding problems. The program promotes a special effort of federal and state technical assistance for the Red River of the North Basin that more fully matches the North Dakota activities. Of the requested funds, \$140.0 will help to support the Technical Resources Center of the Corps of Engineers and the Soil Conservation Service which was created to increase the level of

technical assistance in the Red River Valley.

RATIONALE:

Increased efforts toward flood damage reduction will serve to strengthen both local and state social, economic, and natural resources environments. The state has a significant stake in reducing flood damages and cannot expect local governments to bear the entire burden of enhanced damage reduction efforts. The federal contribution to flood damage reduction has continued to decline emphasizing that state and local government do more and pay a greater share of flood damage reduction and disaster assistance costs. Local governments are accepting this challenge and moving toward greater initiatives in damage reduction. The local initiative needs to be balanced with a statewide initiative. The continuation of floodplain and shoreland zoning will help prevent or at least minimize the flood risk of new structures. However, floods will occur and we can only reduce the susceptibility of areas around lakes and along rivers. This requires an ongoing statewide activity to address existing structures and facilities along lakes and rivers.

The recent \$250.0 emergency flood damage reduction program proved that a state cost-share program could leverage substantial local initiatives and bring about permanent relief from flooding problems. Some problems were encountered in implementing this program on a short-term basis. More money than was available was requested. Seven positions are requested to administer \$630.0 of grants in this program, administer the flood damage reduction funds requested in the capital improvement budget, provide technical assistance to local governments and to collect and computerize additional water level information needed to evaluate flooding problems.

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$500.0 each year and 5 positions for flood damage reduction funded from the Water Pollution Control Fund.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: WATER RESOURCES MANAGEMENT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Request Title: STREAM MAINTENANCE				
Agency Request				
General Fund	\$ 50.0	-0-	\$ 50.0	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:	M.S. 105.475			

STATEMENT OF REQUEST/OBJECTIVE:

Funds are requested to continue the stream maintenance grant program. The funds would provide 50/50 cost-sharing with counties to remove snags and debris from stream beds and flood plains, to restore channel capacity, enhance recreation, reduce stream bank erosion and enhance fish and wildlife habitat.

DESCRIPTION/BACKGROUND:

Above-normal precipitation has resulted in stream flows that have been 100-400% of average flows for the year. These high flows have caused increased bank erosion and trees and other debris to fall into rivers resulting in road and bridge damage, increased local flooding and river recreation impediments. Many years the legislature has appropriated \$25.0 for this activity. However fiscal problems in recent years resulted in elimination of the program funds. Each year the agency receives requests from local governments for stream maintenance grants in excess of \$100.0. Fund availability would allow renewed local assistance determined on the basis of reduction in flooding damages, enhanced recreation, reduced erosion, and implementation of mitigative measures.

RATIONALE:

Minnesota's rivers and streams are important to the state economy. Maintaining the integrity of the streams flow capacity and recreational character will reduce flood damages, enhance recreation and promote fish and wildlife habitat. Past efforts have

shown that 50/50 cost-sharing will promote local initiative as well as acknowledge the state's interest in the river environment. The \$50.0 annual request will leverage at least \$50.0 in local initiatives.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: WATER RESOURCES MANAGEMENT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: LOCAL WATER PLANNING TECHNICAL ASSISTANCE	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$ 150.0	4.0	\$ 150.0	4.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected: Laws of 1985, Special Session, Chapter 2				

STATEMENT OF REQUEST/OBJECTIVE:

This proposal requests staffing and funding to participate in the local water planning initiatives being recommended by the Legislative Commission of Minnesota Resources. Interest in local water planning has been expressed by 54 counties through various groups organized to initiate local water planning activities. Staffing and funding are needed to provide technical assistance, planning guidance, data and data interpretation services and plan review to the local water planning groups.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Provide water resources information to counties for local water planning process	-0-	3	51	-0-
Review local water plans	-0-	-0-	-0-	54
Provide advice and assistance to counties during the planning process	-0-	-0-	54	54

DESCRIPTION/BACKGROUND:

Interest has been building for the concept of local water planning for the past 6 years and while attention has been given to defining the planning process at the local level, little attention has been given to the participation of state agencies in the process. The only role defined in the statutes for state agencies is to review the plans when they are completed. This is an approach that may create an adversary situation that could be alleviated by agency involvement throughout the planning process. It is

recognized that these are local plans with local goals and objectives, but it must also be recognized that the state agencies have many of the water management responsibilities that are implemented through statewide rules and regulations. In addition, much of the water resources data are collected through state and federal agency programs and much of the expertise needed to analyze these data is found in state and federal agencies.

The local water planning process offers a rare opportunity to develop a coordinated local/state partnership for water resources management. While certain statewide standards must be met, there is still room for significant local variation and local initiative. Since these local water plans will ultimately identify the priority needs for water data, studies, research regulations and works of improvement statewide, all leading to policy and funding legislative proposals, it is critical that state involvement be included from the onset.

RATIONALE:

To date 54 counties have requested state funding assistance through various planning groups to participate in local water planning. The amount of technical and planning assistance that will be required from state agencies will vary but it is clear that assistance will be needed and cannot be provided with existing staffing and funding constraints.

Roles envisioned for this agency in the local water planning process include provision of water-related data; interpretation of data; input on problems and issues; explanation of state laws, rules and regulations; explanation of agency programs and capabilities; guidance in the development of the planning process; resolution of state/local conflicts; review of completed local water plans; coordination among divisions of the agency and coordination with federal policies and programs.

Four positions and \$300.0 will provide the needed technical and planning assistance. It is anticipated that 3 of these positions will be located in regional offices with 1 position in the central office.

The CHANGE level request addresses the Environmental Quality Board (EQB) recommendation for increased state capability to provide coordinated technical assistance to local governments involved in water resources planning. The EQB considers the development and use of comprehensive local water plans to be an important part of the comprehensive state water resources strategy set forth in its "1987-1989 Water Resources Priority Recommendations" report.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: WATER RESOURCES MANAGEMENT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: GROUND WATER MANAGEMENT - LCMR	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
Minnesota Resources Fund	\$ 300.0	1.0	\$ 300.0	1.0
Governor's Recommendation				
LCMR	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected: M.S. 105.41				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funding and staff to study the interaction of ground water quality and use with surface water flow and quality.

DESCRIPTION/BACKGROUND:

The impacts of ground water use vary in different geologic settings. This program will study the impacts in agricultural areas (Hubbard and Becker counties), in glacial deposits, in an urban setting (Twin Cities) overlying drift and bedrock aquifers and in the karst terrain of southeastern Minnesota. These studies will be done in cooperation with the U.S. Geological Survey which will result in \$500.0 of federal matching funds being put towards the effort.

The Straight River project will collect and analyze data relating to ground water use and quality and quantity of flow in the Straight River in Hubbard and Becker counties. The Straight River is a designated trout stream and there is preliminary evidence suggesting that ground water appropriations are increasing the temperature of the base flow and, thus, reducing the ability of the river to support the trout fishery.

The Twin Cities study will describe the impact of ground water pumpage in the Twin Cities area on flow in the Mississippi River. Prior work on a multi-layer model of the aquifers in the Twin Cities area has indicated that increased pumpage will divert greater amounts of water from the river. The timing and actual decrease in flow are not presently known.

The karst area study will apply newly-developed computer modeling and techniques to evaluate the hydraulic affects of possible fracture zones, sink-holes and solution channels in southeastern Minnesota and establish how the movement of known sources of contamination may be affected by karst features.

RATIONALE:

Minnesota relies on ground water to supply the needs of more than half its citizens and to supply water for irrigation and commercial/industrial development. Ground water is, therefore, important to existing and future economic development. But ground water also plays a vital role in maintaining the flow of rivers and the levels of lakes. When ground water is used, the potential exists to reduce the flow of ground water to lakes and streams. The reduction of flow can degrade the quality of surface water bodies and reduce potential for recreation and other uses. Water quality reduction also results when land uses introduce hazardous chemicals to the ground which leach into ground water systems. Thus, a better understanding of the impacts of ground water use is necessary to protect the environmental and economic value of Minnesota's water resources.

GOVERNOR'S RECOMMENDATION:

The Governor has recommended that LCMR funding be discontinued beginning July 1, 1987. As a result, there is no funding recommended for the LCMR project contained within this activity.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: WATER RESOURCES MANAGEMENT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: MISSISSIPPI RIVER MANAGEMENT - LCMR				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Minnesota Resources Fund	\$ 135.0	4.0	\$ 136.0	4.0
Governor's Recommendation				
Minnesota Resources Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE: The purpose of this proposal is to obtain staffing and funding to improve the management of the natural resources of the Upper Mississippi River system. These funds will be used to establish and maintain an interdisciplinary natural resources team to be located in the southeast regional office with expertise in fish and wildlife management, river hydrology, recreational site development and governmental operations. Establishment and maintenance of the team will insure coordination and provide a continuous state presence on the river to address problems, deal with emerging issues and optimize state participation in taking advantage of river resource improvement opportunities.

EFFECTIVENESS MEASURES: The effectiveness of this effort will be reflected in several ways including:

- 1) The development of the optimum level of environmental habitat enhancement and recreational projects possible for the Minnesota portion of the river system (Minnesota has the potential for obtaining \$20-50 million in federal funds for Mississippi River projects over the next 10 years and the state share of projects would potentially be less than \$5-12 million over that 10-year period).
- 2) More rapid response to governmental and public concerns to river matters ranging from the U.S. Corps of Engineers operations to specific water permits.
- 3) Increased resource monitoring efforts to identify emerging environmental and social problems.

- 4) Greatly increased advice and assistance to the public and private sector to insure balanced environmental, social and economic gains for the river system.

DESCRIPTION/BACKGROUND: In the early 1980's cooperative Mississippi River planning efforts involving federal, state and local agencies and the public developed a comprehensive Great River Environmental Action Team (GREAT) river action plan and a master plan for the balanced use and development of the river system for navigation purposes and fish and wildlife. Although efforts have been underway since 1983 to begin to implement GREAT recommendations, the Master Plan initiatives started in 1985. The agency has responded well to these initiatives through the dedicated efforts of regional and central office staff who have only been able to spend part of their time on Mississippi River matters. The State of Wisconsin presently has 9 people working full-time only on river-related matters. Minnesota's part-time participation is less than 3 full-time persons per year of effort.

Issue areas such as barge fleetting, Corps of Engineers' operation and maintenance of the river channel for navigation, federal land use management plan activities and implementation of the Metropolitan Rivers Corridor Study by congress will require increased staff time and effort.

RATIONALE: Providing the funds and staff to establish a full-time 4-person management team consisting of a team coordinator and expertise in fish and wildlife, hydrology and recreation will improve Minnesota's opportunities to obtain federal funds for environmental management program projects in Minnesota. It will enable greater assistance to local governments and the public. It will increase the knowledge of the river system, provide the basis for a sound resource data base and will promote greater cooperation with the U.S. Corps of Engineers, U.S. Fish and Wildlife Service and the State of Wisconsin. This program was felt to be so important that \$29.0 was provided by the LCMR for the remainder of F.Y. 1987 to begin implementation of program activities.

The team coordinator will be a program manager who will spend considerable time working on policy and plan management functions involving Minnesota state agencies, federal agency officials, and officials from Wisconsin and Iowa. The 3 technical staff persons will work directly with regional field people and deal only with river system matters.

GOVERNOR'S RECOMMENDATION:

The Governor has recommended that LCMR funding be discontinued beginning July 1, 1987. As a result, there is no funding recommended for the LCMR project contained within this activity.

PROGRAM PURPOSE:

The Division of Forestry's mission is to work with public and private entities to promote the conservation, protection and enjoyment of Minnesota's forest resources through multiple-use management, wildfire and pest protection, and technical forestry assistance. Management activities include administration and multiple-use management of 4.6 million acres of state-owned lands; wildfire and pest protection on all non-federal forest and forest-related lands in Minnesota; management assistance on non-industrial private forest land; municipal forests, county forest land and school lands; production of tree seedlings for reforestation; planning, inventory and evaluation of forestlands; and promoting economic development of the forest-related resource.

OPERATION:

The Forest Management Program provides services in 6 program areas: State Land Management, Nursery Operations and Tree Improvement, Cooperative Forest Management, Forest Resources Assessment, Fire Management and Administrative and Technical Support Services. Administration of the Forest Management Program is the responsibility of the director of the Division of Forestry. Four regional forest supervisors have line authority for field operations and supervise 19 area supervisors. Field staff are trained to carry out all division programs. An assistant director and 3 assistants to the director supervise the central office staff. Central office staff provide administrative support service to the division and program oversight. Approximately 10% of the division's personnel time is committed to central office functions.

BUDGET ISSUE:

The budget for the division from all sources has decreased an average of \$1.9 million per year since 1985 (F.Y. 1985 - \$26,535.6; F.Y. 1986 - \$24,111.4; F.Y. 1987 - \$20,938.7). Major impacts of these reductions include closing 14 field stations, phasing out 6 county assistance foresters, eliminating 20 hotshot crew members, laying off 7 inventory foresters, maintaining 18 vacancies, reducing state cost-share for tree planting, and eliminating maintenance of 51 recreational facilities and 160 miles of trail. This has occurred at a time when forestry and tourism business sectors have been bright spots in the Minnesota economy. State forestry programs are critical to the continued growth and maintenance of these economic areas and must be strong if additional growth is expected.

EXPLANATION OF BUDGET REQUEST:

This budget request will fund Minnesota's public forestry program which provides for management and protection of the state's forest resource base which generates an estimated \$4.2 billion of economic activity each year. The thrust of this program is to bring the general staffing, fire fighting funding, fire equipment, inventory activity, data automation and forest road work to the critical levels necessary to meet client and resource demands.

Ten CHANGE items are requested for this program. \$200.0 each year is requested to increase the inventory effort. \$261.0 and 5.0 positions in F.Y. 1988 and \$287.0 and 5.0 positions in F.Y. 1989 are requested to fund conversion of the Forest Systems Unit. \$80.0 each year from the General Fund and \$345.0 each year from the Trunk Highway Fund is requested to fund the State Forest Road activity. \$96.3 and 1.0 position in F.Y. 1988 and \$86.3 and 1.0 position in F.Y. 1989 are requested for an Oak Wilt Control Pilot Project. \$190.0 and 4.0 positions each year is requested for Community Forestry. \$250.0 each year is requested to fund increased Recreation Maintenance and Operations. \$510.0 and 14.0 positions each year is requested for Operations and Management staffing. \$200.0 each year is requested to fund fire fighting activities. \$25.0 each year is recommended for funding by the Legislative Commission on Minnesota Resources for Beltrami County's Regeneration Growth Inventory Project. \$438.8 in F.Y. 1988 and \$869.6 in F.Y. 1989 is requested for Equipment Replacement and Fleet Management.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following changes in the Forest Management Program:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Positions</u>
Forest Inventory and Analysis	\$ 200.0	\$ 200.0	-0-
Forest Systems Unit	190.0	190.0	4.0
State Forest Roads - General Fund and Trunk Highway Funds	-0-	-0-	-0-
Operations and Management Staffing	-0-	-0-	-0-
Oak Wilt Control Pilot Project	-0-	-0-	-0-
Community Forestry	-0-	-0-	-0-
Recreation and Maintenance Operations	-0-	-0-	-0-
Equipment Replacement/Fleet Management	340.8	637.4	-0-
Fire Fighting	-0-	-0-	-0-
Regeneration Growth Inventory - LCMR*	-0-	-0-	-0-

*The Governor has recommended that LCMR funding be discontinued beginning July 1, 1987. As a result, there is no funding recommended for the LCMR project contained within this activity.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: FOREST MANAGEMENT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
FOREST MANAGEMENT	22,053.7	20,569.1	22,276.6	21,932.7	2,371.1	24,303.8	22,663.5	21,889.0	2,817.9	24,706.9	22,916.4
FIRE FIGHTING	1,628.1	1,422.0	1,104.5	753.8	200.0	953.8	753.8	753.6	200.0	953.6	753.6
FOREST MANAGEMENT GRANTS	2,831.3	2,076.5	1,259.5	1,270.9	25.0	1,295.9	1,270.9	1,270.9	25.0	1,295.9	1,270.9
TOTAL	26,513.1	24,067.6	24,640.6	23,957.4	2,596.1	26,553.5	24,688.2	23,913.5	3,042.9	26,956.4	24,940.9
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	23,661.5	22,229.6	23,621.1	22,926.5	2,571.1	25,497.6	23,657.3	22,882.6	3,017.9	25,900.5	23,910.0
LOCAL ASSISTANCE	2,851.6	1,838.0	1,019.5	1,030.9	25.0	1,055.9	1,030.9	1,030.9	25.0	1,055.9	1,030.9
AIDS TO INDS.											
TOTAL EXPENDITURES	26,513.1	24,067.6	24,640.6	23,957.4	2,596.1	26,553.5	24,688.2	23,913.5	3,042.9	26,956.4	24,940.9
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	18,892.8	14,588.1	13,568.3	14,055.2	2,182.2	16,237.4	14,742.1	14,029.7	2,585.9	16,615.6	14,970.1
GENERAL FUND - LCMR	1,085.4										
MN RESOURCES		307.0	417.1		25.0	25.0			25.0	25.0	
SPECIAL REVENUE	4,928.8	4,878.0	5,510.4	5,466.5	43.9	5,510.4	5,510.4	5,423.4	87.0	5,510.4	5,510.4
TRUNK HIGHWAY					345.0	345.0			345.0	345.0	
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	883.2	905.1	857.7	848.0		848.0	848.0	872.7		872.7	872.7
FEDERAL	722.9	3,389.4	4,287.1	3,587.7		3,587.7	3,587.7	3,587.7		3,587.7	3,587.7
TOTAL FINANCING	26,513.1	24,067.6	24,640.6	23,957.4	2,596.1	26,553.5	24,688.2	23,913.5	3,042.9	26,956.4	24,940.9
POSITIONS BY FUND:											
GENERAL	396.0	355.0	352.0	352.0	24.0	376.0	356.0	352.0	24.0	376.0	356.0
GENERAL FUND - LCMR	18.0										
MN RESOURCES		5.0	5.0								
SPECIAL REVENUE	14.0	15.0	15.0	15.0		15.0	15.0	15.0		15.0	15.0
FEDERAL	5.0	35.0	35.0	35.0		35.0	35.0	35.0		35.0	35.0
TOTAL POSITIONS	433.0	410.0	407.0	402.0	24.0	426.0	406.0	402.0	24.0	426.0	406.0

ACTIVITY: FOREST MANAGEMENT
 Program: FOREST MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$2,942.8	\$1,212.4	\$ 61.5	\$ 21.5	\$ 21.5

DESCRIPTION:

The Forest Management activity funds services in 6 categories.

- 1) State Land Management provides for the administration and management of 4.5 million acres of forest land under the authority of the commissioner according to the principles of multiple use and sustained yield. This includes land sales, exchanges, transfers and lease functions; timber management and sales; forest road development; fish and wildlife habitat development; and recreation management.
- 2) Cooperative Forest Management provides technical assistance and guidance to 1) non-industrial private forest landowners, 2) communities to develop and manage land that is urban in nature and where trees are used primarily for shade or ornamental purposes, and 3) counties in their efforts to intensify management of county forest lands, it also provides forest managers with site-specific forest soil interpretations and insect and disease assistance.
- 3) Nursery and Tree Improvement provides for the production of quality tree and shrub seedlings for planting on public and private lands.
- 4) Forest Resources Assessment monitors and assesses the status of the state's forest resources in order to promote increased wood use and forest products manufacturing by the state's forest industry and improves management of the state's forest lands. Technical assistance and resource information also is provided to forest managers and forest products firms.
- 5) Fire Protection is responsible for preventing and controlling wildfires on all forest lands.
- 6) Administrative and Technical Support Services is responsible for forest resource planning, public affairs, personnel development, management information systems development, and economics analysis.

Statutory References: M.S. Ch. 84, 88, 89, 90, 92, 94, 282.

EFFECTIVENESS MEASURES:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
% acres of state forest land receiving management	2.7	3.1	3.1	3.2
% acres of private lands receiving management assistance	.4	.54	.54	.54
% protected area burned	.075	.219	.197	.197
Cords of increased wood utilization (000's)	200	200	200	200
# of camp/picnic sites maintained	1,140	1,140	1,306	1,306

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Cords of wood sold (000's)	349.7	419.0	415.0	415.0
Acres planted/seeded (000's)	13.2	13.9	13.0	13.0
Facilities fully maintained	140	140	140	140
Private landowner management plan assists	5,061	6,000	6,000	6,000
Community and individual urban assists	1,048	1,200	1,200	1,200
Trees produced (millions)	23.1	31.1	26.4	26.4
Acres of tree improvement orchard maintained	37	82	84	89
Value of increased wood utilization per dollar of expenditure	\$18	\$18	\$18	\$18
Acres protected from fire (millions)	22.8	22.8	22.8	22.8

NON-DEDICATED RECEIPTS:

The reduction in non-dedicated receipts from F.Y. 1985 to F.Y. 1987 is attributable to a change in the budgeting and accounting process. In previous years, the federal Boundary Waters Canoe Area (BWCA) dollars were funded from the General Fund with reimbursements going back to the General Fund. Now the reimbursement goes into a dedicated account for future use.

CHANGE REQUESTS:

	F.Y. 1988	F.Y. 1989	Type
Inventory Maintain data and accelerate processing and use of the Forest Inventory and Analysis survey information. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 200.0	\$ 200.0	Activity Specific
Forest Systems Unit Replace Legislative Commission on Minnesota Resource funds to continue electronic data processing and office automation. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 261.0	\$ 287.0	Activity Specific
State Forest Roads/Trunk Highway Funds Provide stable funding to upgrade and maintain the 1900 mile Forest Road System. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 425.0	\$ 425.0	Activity Specific

(Continuation)

Program: FOREST MANAGEMENT

Agency: NATURAL RESOURCES, DEPARTMENT OF

CHANGE REQUESTS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Operations and Management Staffing Fully staff the division's activities to meet client needs. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 510.0	\$ 510.0	Activity Specific
Oak Wilt Control Pilot Project Initiate a pilot program to control the spread of oak wilt and minimize losses due to the disease. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 96.3	\$ 86.3	Activity Specific
Community Forestry Implement an intensified urban forestry effort. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 190.0	\$ 190.0	Activity Specific
Park, Forest and Trail Maintenance Increase maintenance and operations of the department's recreational facilities. See the CHANGE request sheet following the agency fiscal page.	\$ 250.0	\$ 250.0	Agency-wide
Equipment Replacement/Fleet Management Fund equipment use based on mileage or hourly rates. The initial use rates will include only the cost of insurance repairs and maintenance, and that portion of the installment purchase payments applicable to the fiscal year. See the CHANGE request sheet following the agency fiscal page.	\$ 438.8	\$ 869.6	Agency-wide

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: FOREST MANAGEMENT

PROGRAM: FOREST MANAGEMENT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	22,033.4	20,557.6	22,276.6	21,932.7	2,371.1	24,303.8	22,663.5	21,889.0	2,817.9	24,706.9	22,916.4
LOCAL ASSISTANCE	20.3	11.5									
AIDS TO INDS.											
TOTAL EXPENDITURES	22,053.7	20,569.1	22,276.6	21,932.7	2,371.1	24,303.8	22,663.5	21,889.0	2,817.9	24,706.9	22,916.4
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	13,551.1	13,228.4	13,795.2	13,868.1	864.0	14,732.1	14,042.5	13,829.7	904.0	14,733.7	14,004.1
EXPENSES & CONTRAC. SERV	5,379.1	5,253.1	6,529.8	5,933.8	1,339.1	7,272.9	6,478.6	5,939.6	1,778.9	7,718.5	6,780.0
SUPPLIES & MATERIALS	2,285.8	1,628.4	1,794.4	1,867.1	70.5	1,937.6	1,868.7	1,866.0	70.5	1,936.5	1,867.6
EQUIPMENT	276.0	151.3	142.5	92.5	97.5	190.0	102.5	82.5	64.5	147.0	93.5
OTHER EXPENSE ITEMS	541.4	296.4	14.7	171.2		171.2	171.2	171.2		171.2	171.2
TOTAL STATE OPERATIONS	22,033.4	20,557.6	22,276.6	21,932.7	2,371.1	24,303.8	22,663.5	21,889.0	2,817.9	24,706.9	22,916.4
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	14,597.4	12,758.4	12,404.9	12,931.4	1,982.2	14,913.6	13,618.3	12,906.1	2,385.9	15,292.0	13,846.5
GENERAL FUND - LCMR	1,002.7										
MN RESOURCES		307.0	417.1								
SPECIAL REVENUE	4,928.8	4,878.0	5,510.4	5,466.5	43.9	5,510.4	5,510.4	5,423.4	87.0	5,510.4	5,510.4
TRUNK HIGHWAY					345.0	345.0			345.0	345.0	
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	883.2	905.1	857.7	848.0		848.0	848.0	872.7		872.7	872.7
FEDERAL	641.6	1,720.6	3,086.5	2,686.8		2,686.8	2,686.8	2,686.8		2,686.8	2,686.8
TOTAL FINANCING	22,053.7	20,569.1	22,276.6	21,932.7	2,371.1	24,303.8	22,663.5	21,889.0	2,817.9	24,706.9	22,916.4
POSITIONS BY FUND											
GENERAL	396.0	355.0	352.0	352.0	24.0	376.0	356.0	352.0	24.0	376.0	356.0
GENERAL FUND - LCMR	15.0										
MN RESOURCES		5.0	5.0								
SPECIAL REVENUE	14.0	15.0	15.0	15.0		15.0	15.0	15.0		15.0	15.0
FEDERAL	5.0	35.0	35.0	35.0		35.0	35.0	35.0		35.0	35.0
TOTAL POSITIONS	430.0	410.0	407.0	402.0	24.0	426.0	406.0	402.0	24.0	426.0	406.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: FOREST MANAGEMENT
 PROGRAM: FOREST MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: INVENTORY				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 200.0	-0-	\$ 200.0	-0-
Governor's Recommendation				
General Fund	\$ 200.0	-0-	\$ 200.0	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE: The agency requests the above funds to maintain the data and accelerate processing and use of Forest Inventory and Analysis (FIA) survey information (formerly called Phase I Inventory). The objective is to maintain a current and comprehensive analysis of the timber resources of the entire state, reliable to a county level. To accomplish the objective, state funds will be used to resurvey the Aspen-Birch and Northern Pine units, and federal funds will be used to resurvey the Prairie and Central Hardwood units.

EFFECTIVENESS MEASURES: The 1977 FIA survey resulted in over \$500 million of primary industrial expansion in the state. Additional industrial expansion of \$1 billion is currently under construction or being planned. Minnesota's competitive edge for further economic development will require current forest inventory information.

As forest resource surpluses are more fully utilized the accuracy of the data needs to increase from 80% to 90-95% reliability so that the right decisions are made for industrial expansion and other land uses. This change level will ensure that increased reliability.

Expanded markets and increased timber harvests have created opportunities to improve multiple-use forest management directly benefiting wildlife and recreationists.

DESCRIPTION/BACKGROUND: The FIA is an inventory of Minnesota's forest lands which results in a statistically reliable estimate of the condition, volume, growth and depletions of the forest resource on all ownerships. This information is used to determine resource availability and identify surpluses or shortages of tree species,

to develop a local growth model which will help make long-term projections about the forest resources, to identify forest quality problems due to insect and disease, to monitor overall environmental quality such as acid rain impacts, to guide management operations on forested lands, and to determine feasibility of new or expanding wood-based industries in Minnesota.

The inventory is designed to be updated about every 10 years at which time the reliability of the information greatly decreases. The last FIA survey was completed in 1977 as a joint effort between the U.S. Forest Service and the Department of Natural Resources - Forestry Division.

RATIONALE: The FIA plots need to be remeasured. Current survey information is 10 years old and is rapidly becoming unreliable due to years of changes to the resources. The industry is now uneasy about the future aspen supply and must have sound projections of the forest resource available prior to making a decision to build or expand a facility. Good, reliable data will give the state a competitive edge over other states in attracting industrial expansion.

Forest industry is currently looking at 4 to 5 new plant locations or expansions in the state representing a potential capital investment of \$1 billion. Up-to-date information is critical to encouraging economic development while directing forest management activities to achieve proper utilization and harvest levels.

Current forest resource information on all ownerships is necessary to fulfil the legislative mandate to manage the forest resource for multiple uses. Up-to-date information is needed to develop wise forest policies and programs which will result in more industry, more jobs, better wildlife habitat and quality recreation for the people of Minnesota.

A CHANGE level request was submitted for \$850.0 for the 1985-87 biennium to retain 13 full-time inventory positions. The CHANGE level was approved at \$543.3 and 7 positions. Seven inventory foresters were laid off as a result of this reduction. This biennium's CHANGE level will restore funding to the original 1985 request which will allow the department to complete the survey in a timely fashion with appropriate quality control. Actual field work would be accomplished through contracts with private individuals or firms.

GOVERNOR'S RECOMMENDATION: The Governor concurs with the agency's request to achieve the 1987-89 objectives.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: FOPEST MANAGEMENT
 PROGRAM: FOREST MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: FORESTRY SYSTEMS UNIT (LCMR Conversion)	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$ 261.0	5.0	\$ 287.0	5.0
Governor's Recommendation				
General Fund	\$ 190.0	4.0	\$ 190.0	4.0
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE: Legislative Commission on Minnesota Resources (LCMR) funds for the Forestry Systems Unit terminates at the end of F.Y. 1987. The department is requesting replacement of the LCMR funds with General funds to continue to realize the benefits from electronic data processing (EDP) and office automation. Funds will be used to maintain existing systems, develop new systems, and assist the field staff to meet their EDP needs.

EFFECTIVENESS MEASURES:

- The processing of forest resource inventories has, in part, been responsible for the expansion of \$500 million in the forest products industry.
- Reliable and timely data processing will be critical in attracting 4 to 5 new forest industries worth an estimated \$1 billion.
- Land managers save approximately 100 hours each time a timber management plan is developed (10 per year).
- 300-400 messages per week are transmitted electronically during critical fire periods resulting in effective deployment of crews and equipment.
- Land records are compiled 40 times faster by using computers in the forest planning process.

DESCRIPTION/BACKGROUND: The LCMR has funded development of computerized information systems in the Division of Forestry since F.Y. 1982. The original concept of the LCMR-funded project was to design and implement an integrated forestry management information system. Substantial progress toward accomplishing that goal has been realized. Subsystems have been implemented in timber sales, nursery tree orders,

fire reporting and analysis, timber management and staff training. Time savings and better service to the division's customers have been realized by these systems. Further subsystems development and improvements to existing subsystems are necessary before the full benefits from integrated systems can be realized. Development still needs to be done with timber development records, a roads system, and cost and time reporting. Refinements are needed in existing subsystems such as timber sales, timber planning, and inventory data. These funds will be used to (1) refine existing systems and develop new systems, as mentioned above; (2) provide training in EDP areas such as word processing, database management, and other specific computer systems; and (3) coordinate integration of the division's EDP efforts with other natural resource clientele. Staff time and budget will be distributed for the biennium as follows:

Task	Person Years	Dollars
New Systems Development	4.0	\$ 219.2
Support Services	3.5	191.8
Training	1.0	54.8
EDP Coordination/Administration	1.5	82.2
TOTAL	10.0	\$548.0

RATIONALE: The LCMR forestry information system grant has proven that data processing can and should be an integral part of the division's operations. The division, other resource disciplines, counties and other forestry clientele have become dependent on electronically processed and distributed information. Forest industrial expansion has been highly dependent on electronically processed inventory information. Continued economic development is anticipated, but growth will be highly dependent on timely and reliable resource information. Cooperating agencies such as the University of Minnesota and county land departments are developing their own computer systems assuming the continuation of the Division of Forestry's data processing abilities.

The division is committed to better service through the operation of its existing systems and continued development efforts. To be more responsive, to seize economic opportunity, and to improve the protection of our forest resource, these systems need to be expanded and maintained and other systems need to be developed. If funds are not provided to continue this effort, not only will further systems development cease, but the investment to date will be lost.

GOVERNOR'S RECOMMENDATION: The Governor concurs with the request except at reduced level of effort.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: FOREST MANAGEMENT
 PROGRAM: FOREST MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: STATE FOREST ROADS/TRUNK HIGHWAY FUNDS	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$ 80.0	-0-	\$ 80.0	-0-
Trunk Highway Fund	345.0	-0-	345.0	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Trunk Highway Fund	-0-	-0-	-0-	-0-
Request requires statutory change: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
Statutes Affected: M.S. 1984, Sec. 89.001; 89.19; 161.14 subd. 6; 296.16 subd. 1; 296.421				

STATEMENT OF REQUEST/OBJECTIVE: The agency requests these funds to provide a stable funding source to maintain and upgrade the 1,900 mile forest road system administered by the Division of Forestry. The objective of the forest road system is to provide access to state-administered forest lands for timber harvesting, forest management/protection, and recreational use.

EFFECTIVENESS MEASURES:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
\$'s saved because of level of reconstruction needed	-0-	-0-	.9	.9
% of reconstruction need met	14	14	??	??

DESCRIPTION/BACKGROUND: Much of the existing Forest Road System was constructed by the Civilian Conservation Corps (CCC) and later improved and expanded through timber harvesting activity and fire protection. Funding was sharply curtailed at the close of the CCC activities and remained at relatively low levels until 1980. The Federal Boundary Waters Canoe Area Act (BWCA) provided \$550.0 annually and the 1981 and 1983 bonding laws provided a total of \$2,500.0 for forest roads which helped to repair the aging road system to a level where it could be maintained.

The BWCA funding was reduced by \$200.0 in 1987 and will likely be reduced further, running out in 1990. The money provided through the capital budget has been expended; anticipated future funding from this source will only address a portion of the need. In 1985 forest road legislation was introduced to establish a forest road maintenance account. Due to the budgetary problems of the state this bill did not receive any action after approval by the House Transportation Committee.

STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Forest road mileage maintained	1,900	1,900	1,900	1,900
Road mileage developed or reconstructed	66.1	105	90	90
Bridges replaced or improved	6	7	5	5

RATIONALE: With the recent investments to upgrade the forest road system to a safe and efficient overall transportation system it is important to increase maintenance of the system to retain these investments. The safe and efficient timber movement, recreational use and forest management is dependent on a well-maintained road network.

The goal of the department is to establish a stable funding source for roads sufficient to (1) continue reconstruction efforts to bring roads up to established standards; (2) perform annual maintenance; (3) perform annual emergency repairs; and (4) perform scheduled replacement of surface gravel. Meeting this goal would save dollars in the long run by reducing the need for costly periodic major reconstruction and enabling the department to enter into long-term contracts that reduce roadwork costs and contract administration costs. This request for funding will begin to provide a stable source of funding to accomplish the above.

The users of state-owned forest lands currently pay fuel taxes on all fuel consumed by their vehicles which travel on forest roads as well as the state highways and other public roads. Returning a proportionate share of these fuel tax revenues to the Division of Forestry would aid in stabilizing the funding for the maintenance of the road system. Maintenance and expansion of the forest road system is critical to the recreation and forest industry economies of the state.

The 1982 Forest Road Plan projected a need of \$235.00 per mile (1986 dollars) per year for road surface and right-of-way maintenance. It also projected a need of \$2,300.0 per year (1986 dollars) for reconstructing existing roads. \$895.0 each year is available in the "SAME LEVEL" request for the 1987-89 biennium. Of this, \$481.0 will be required to meet the annual maintenance projections for the 1900 mile forest road system. The remaining \$414.0 will be allocated toward meeting the \$2,300.0 construction need. A \$1,886.0 annual shortfall would exist. With decreasing funding scheduled after 1990 this shortfall will increase. \$750.0 per year has been included in the department 1987-89 capital budget request.

Beginning in 1990 there will be a need to institute a resurfacing (gravel) program on roads reconstructed in 1980. An estimated cost of \$18.0/mile (1986 dollars) will be needed beyond the regular maintenance budget. By replacing gravel at 10-year intervals and carrying out regular annual maintenance, major reconstruction can be postponed to 20-year intervals. This maintenance program will result in long-term cost savings of \$18.0 per mile at the time of reconstruction.

GOVERNOR'S RECOMMENDATION: The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: FOREST MANAGEMENT
 PROGRAM: FOREST MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: OPERATIONS & MANAGEMENT STAFFING				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
General Fund	\$ 510.0	14.0	\$ 510.0	14.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

Currently the agency is understaffed by more than 100,000 person hours. Placement of the requested positions will enable the division to reduce the current staff shortage and meet its program needs as identified in the 1983 Minnesota Forest Resources Plan and as mandated by the 1982 Forest Management Act.

EFFECTIVENESS MEASURES:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
% of 5.6 million acres private forest land receiving management assistance	.40	.54	.60	.60
% acres of state forest land receiving management	2.7	3.1	3.2	3.3

DESCRIPTION/BACKGROUND:

In the past 10 years wood procurement in Minnesota has increased by more than 50%. Timber harvest on both private and state lands increased to meet procurement needs, resulting in a four-fold increase in the department's reforestation activities and a doubling in assistance provided to private forest landowners. During that time the department's wildfire control efforts expanded beyond fire suppression into the areas of fire prevention and training. With reduced budgets in the Division of Forestry over the last 3 years, the division has been unable to adequately meet these demands.

This request would provide funding for 14 complement field and staff positions and 15 full-time equivalents of seasonal or part-time field assistance to address staffing shortages. This would result in (1) a 20% increase in timber sales on state-owned land; (2) a 10% increase in seedling survival and growth as a result of more evaluation and oversight of planting and seeding; (3) a 10% increase in service to nonindustrial private forest landowners; (4) 50% increase in urban forestry activities; (5) the addition of seasonal recreation staff placed at the 5 most used forest campgrounds and state-maintained BWCA areas; (6) the addition of 3 full-time equivalents of fire prevention effort and training of cooperators; (7) 20% increase in marketing efforts; and (8) the addition of a forest wildlife specialist to staff.

STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Cords of wood sold (000's)	349.7	419	450	503
Assists to private forest landowners	5,061	6,000	6,600	6,600
Urban forestry assists	1,048	1,200	1,800	1,800
Person years spent on fire prevention activities	3.5	3.5	6.5	6.5
Person years spent on marketing activities	8.5	8.0	9.5	9.5

RATIONALE:

Program staffing increases have been identified by a recent workload analysis and also by current workplans prepared by staff managers.

Currently over 20 local, national and international wood products firms are closely examining capital investments in Minnesota. The Division of Forestry is directly or indirectly involved with management of more than 30% of the total wood resource base. This program change would address personnel shortages in the areas identified above and reaffirm the state's commitment to long-term, resource stewardship and conservation.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: FOREST MANAGEMENT
 PROGRAM: FOREST MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: OAK WILT CONTROL PILOT PROJECT				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 96.3	1.0	\$ 86.3	1.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests these funds to carry out its share of a multi-agency pilot oak wilt control project. The Department of Natural Resources will cooperate with Minnesota Department of Agriculture, University of Minnesota and private consultants.

EFFECTIVENESS MEASURES:

F.Y. 1986 F.Y. 1987 F.Y. 1988 F.Y. 1989

% of acres known to occur intensively surveyed 5 5 50 50

DESCRIPTION/BACKGROUND:

Oak wilt is currently the most serious disease of shade trees in Minnesota. Oaks outnumber elms in metropolitan areas almost 2-to-1 and will increasingly be the dominant tree species as communities expand. In addition to their esthetic value the oak species contribute significantly to Minnesota's economy.

Oak is the primary wood used in furniture, cabinets, millwork and flooring. Approximately 45 million board feet of red oak is supplied annually to secondary wood industries which employ 16,000 Minnesotans. Cabinet manufacturing alone is a \$160,000.0-per-year industry in Minnesota. Oak accounts for 90% of the lumber used by the state's cabinet makers.

Unlike Dutch Elm Disease, Oak Wilt Disease can be managed to minimize losses. The intent of this project is to demonstrate how to control oak wilt using a multi-agency approach.

The oak wilt control project consists of 4 parts: inventory, education, control, and utilization and management. The Department of Natural Resources will assume the leadership for inventory, and utilization and management. Forest aerial photographs will be taken of 41 townships just north of the Twin Cities. Composite photos will be assembled at the Grand Rapids Regional Office. Also, a less intense survey of southeast Minnesota, called sketch mapping, will be done during the inventory. Total funding needed for sketch mapping, aerial photography and photo interpretation is \$64,000 for the 1987-89 biennium.

Second, the DNR will provide technical assistance, especially in rural areas, regarding the management and utilization of oaks. The DNR will provide comprehensive multiple-use management plans, reforestation recommendations and utilization and marketing assistance to landowners. The DNR requests funding to hire 1 full-time position and to contract for one-half time with a private forest consultant to accomplish this. Funding needs for the positions and support services is \$118.0 for the biennium.

RATIONALE:

The Department of Natural Resources, in cooperation with other agencies, can control the spread of oak wilt and minimize oak losses due to this disease. Present staffing patterns and work priorities do not allow a concentrated effort to be made in this area. Modest funding increases are needed to address this problem. Not funding this request would result in continued and increased losses of oaks to the oak wilt disease, thereby having less oak available to meet the state's industrial demands and wildlife habitat needs.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: FOREST MANAGEMENT
 PROGRAM: FOREST MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: COMMUNITY FORESTRY PROGRAM				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 190.0	4.0	\$ 190.0	4.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds to implement an intensified Urban Forestry Program. This is part of a multi-agency request that was initiated by the State Shade Tree Advisory Council. The Department of Natural Resources (DNR) has been identified as the lead agency to provide the services described herein.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
% of 800 Minnesota communities receiving management assistance	10	10	25	25

DESCRIPTION/BACKGROUND:

The DNR district foresters provide technical assistance to homeowners, woodlot owners in and near urban areas, city tree inspectors and other municipal officials concerned with tree problems in their communities. This is accomplished by district foresters in addition to their other duties and places considerable demand on their time.

The DNR's personnel and operations are concentrated in the forested parts of the state; thus it follows that the DNR, if adequately staffed, should assist communities in those parts of Minnesota with their urban forestry problems. The Department of Agriculture will deliver urban forestry assistance in the seven-county metropolitan area.

To further the overall efforts of shade tree programs in Minnesota, the department needs \$190.0 per year to fund 4 positions, one each in the Bemidji, Brainerd, Grand Rapids and Rochester regional offices. Locating these positions in the DNR's regional offices will provide easy access to outstate communities and a regional link in the network of shade tree programs. These positions would work closely with the Minnesota Department of Agriculture (MDA) Shade Tree Program under an interagency memorandum of understanding.

These positions will coordinate and supplement current DNR and MDA activities by conducting tree inventory and disease detection programs, providing utilization and marketing assistance for community forests and diseased shade trees, establishing and managing school forests, participating with local planning and zoning committees, and promoting community Arbor Day and Arbor Month activities in conjunction with the public information efforts of the MDA.

RATIONALE:

This request is being made by the DNR because these positions are needed as part of a multi-agency intensified Urban Forestry Program. Currently, the DNR is spending 2.5 person years of effort on urban forestry. Additional staff are needed for the agency to intensify its efforts and provide adequate services. Also, these positions are needed to provide the necessary regional link in the network of rural shade tree programs. Rural communities depend on the DNR for professional technical assistance, and have identified a needed increase in this assistance.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding.

ACTIVITY: FIRE FIGHTING
 Program: FOREST MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

DESCRIPTION:

The fire fighting activity provides services in 3 categories: 1) prevention, 2) presuppression, and 3) suppression.

Prevention activities such as public education, law enforcement and burning regulations inform the public of the dangers of uncontrolled open fires, improper machine use, arson and carelessness.

Presuppression activities prepare suppression forces for the eventuality of fires and for locating fires. Activities include training crews, maintaining inter- and intra-state agreements for sharing personnel and equipment, developing regional and statewide fire plans, preparing dispatching plans, monitoring weather and associated fire danger. Maintaining equipment in a state of readiness, and contracting for use of private equipment. Detection of fires is accomplished through a network of lookout towers, aerial detection flights, and citizen and agency reports.

Suppression activities are aimed at controlling fires at the minimum possible size and extinguishing them in the shortest time possible. This is accomplished through a balanced application of suppression forces, including such resources as trained crews, crawler tractor and plow units, dozers, fire trucks, pumps and hoses, hand tools, airtankers, retardants, and helicopters equipped for cascading water.

Fire weather is unpredictable. At certain times of the year it changes daily, and varies from year to year. Therefore, it is impossible to predict suppression costs on a yearly basis. The objective of the department is to obtain funding to maintain an organization of private and public resources along with in- and out-state cooperative agreements that allow for the flexibility to adapt to changing conditions. This budget request is at a level necessary to provide the baseline funding for certain presuppression costs such as airtankers, helicopters, and aerial detection contracts, and minimal funding for suppression operations.

Statutory References: M.S. 88.04 to 88.22.

OBJECTIVE:

To prevent and control forest fires to reduce the risk of loss of life and personal injury, and minimizing losses to property and natural resources.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$ 50.8	\$ 27.6	\$ 30.0	\$ 30.0	\$ 30.0

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Average acres lost/fire	17.6	35.7	29.0	30.0
Percent of protected area burned by fires	.075	.219	.197	.197

STATISTICS:

Million acres protected	22.8	22.8	22.8	22.8
Fires controlled	969	1,400	1,550	1,500
Acres lost to wildfires	17,100	50,000	45,000	45,000
Civil and criminal legal action taken	248	300	300	300
Fire fund cost/acre protected	\$.031	\$.033	\$.042	\$.042
Days airtankers contracted for	90	90	90	90
Days helicopter contracted for	220	220	220	220

CHANGE REQUESTS:

	F.Y. 1988	F.Y. 1989	Type
Fire Fighting Restoration Restores funding of suppression and presuppression activities to F.Y. 1986-87 levels. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 200.0	\$ 200.0	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: FIRE FIGHTING

PROGRAM: FOREST MANAGEMENT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,628.1	1,422.0	1,104.5	753.8	200.0	953.8	753.8	753.6	200.0	953.6	753.6
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	1,628.1	1,422.0	1,104.5	753.8	200.0	953.8	753.8	753.6	200.0	953.6	753.6
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	857.9	867.5	596.2	327.3		327.3	327.3	327.1		327.1	327.1
EXPENSES & CONTRAC. SERV	699.6	368.8	368.4	326.5	200.0	526.5	326.5	326.5	200.0	526.5	326.5
SUPPLIES & MATERIALS	58.4	47.8	100.0	100.0		100.0	100.0	100.0		100.0	100.0
EQUIPMENT	12.2										
OTHER EXPENSE ITEMS		137.9	39.9								
TOTAL STATE OPERATIONS	1,628.1	1,422.0	1,104.5	753.8	200.0	953.8	753.8	753.6	200.0	953.6	753.6
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	1,545.4	709.7	793.4	753.8	200.0	953.8	753.8	753.6	200.0	953.6	753.6
GENERAL FUND - LCMR	82.7										
DEDICATED APPROPRIATIONS:											
FEDERAL		712.3	311.1								
TOTAL FINANCING	1,628.1	1,422.0	1,104.5	753.8	200.0	953.8	753.8	753.6	200.0	953.6	753.6
POSITIONS BY FUND											
GENERAL FUND - LCMR	3.0										
TOTAL POSITIONS	3.0										

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: FIRE FIGHTING
 PROGRAM: FOREST MANAGEMENT
 AGENCY: NATURAL RESOURCES, DIVISION OF

Request Title: FIRE FIGHTING				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 200.0	-0-	\$ 200.0	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

RATIONALE:

The inability of the department to make prompt payment for services is an impediment to attracting good vendors at short notice. These funds will bring the total available for fire fighting to \$950.0 and will enable the department to make prompt payments for services which are within the 30-day guidelines. The cost of fire fighting for an average year is \$1,500.0. These funds will bring the fire fighting budget more in balance with the need.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds for fire presuppression and suppression activities. The objective of these activities is to prevent the loss of life, reduce personal injury, and minimize losses to property and natural resources caused by wildfires.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Average acres lost/fire	17.6	35.7	29.0	30.0
Percent of protected area burned by fires	.075	.219	.197	.197

DESCRIPTION/BACKGROUND:

The amount of \$200.0 is requested to pay for purchased services and fire fighting labor. These funds will be used to make timely payments. A delay in bill paying because of lack of funds can present difficulties in obtaining good services when they are needed.

ACTIVITY: FOREST MANAGEMENT GRANTS
 Program: FOREST MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

DESCRIPTION:

The Forest Management Grants activity provides support to governmental sub-divisions of the state or local agencies involved with the protection or management of forest resources.

1) Private Forest Management Cost Share Program:

Statutory Reference: Laws of 1981, Ch. 356, Sec. 31, Subd. 4(j)
 Laws of 1979, Ch. 333, Sec. 31, Subd. 4(k)
 M.S. 89.01, Subd. 4, U.S.C., Ch. 16 (P.L. 95-313)

The Private Forest Management Cost-Share Program provides funds to implement forest management activities on privately owned land so as to increase forest productivity and reduce soil erosion. It is financially administered by the State Soil and Water Conservation Board (SWCB) through the local soil and water conservation districts. Technical assistance and eligibility determinations are provided by the Department of Natural Resources (DNR), Division of Forestry. Cost-sharing to private landowners will pay between 50% and 65% of the total cost of implementing the prescribed practice. Cost-shared practices will include woodland fencing and woodland road maintenance and construction. Also, the state cost-share program may supplement the Federal Forest Incentives Program (FIP) and Agriculture Conservation Practices (ACP) by paying half of the landowners share above the federal rates. Prioritization of practices to be cost-shared will be done by the SWCB and DNR, Division of Forestry.

Landowner eligibility for cost-share dollars is determined by the potential to grow timber and provide other multiple use benefits, as well as the erosion potential of the land. Productive sites with existing erosion problems will be first priority for cost-sharing. Landowners must be willing to enter into a contract with the local SWCB guaranteeing completion and maintenance of the cost-shared practice.

<u>Statistics:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Cost per acre of assistance for tree planting assistance	\$20.00	\$20.00	\$20.00	\$20.00
Cost per rod of fencing	\$12.00	\$12.00	\$12.00	\$12.00
Cost per foot of road construction	\$.50	\$.50	\$.50	\$.50
<u>Grants by Fund:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
General	\$ 120.0	\$ 120.0	\$ 120.0	\$ 120.0
TOTAL	\$ 120.0	\$ 120.0	\$ 120.0	\$ 120.0

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

2) County Forestry Assistance Grants:

Statutory Reference: M.S. 282.38 & 298.22; Reorganization Order #87;
 Laws of 1979, Ch. 333, Sec. 26; Federal P.L. 95-495;
 Laws of 1985, Ch. 13, Sec. 23, Subd. 7

This program provides funds to intensify forest management on 2.8 million acres of county administered lands. Activities include improving access to timber stands in need of harvest or regeneration, tree planting and seeding, thinning and release from competing weeds all of which will increase the long-term timber supply. Allocations of available funds to the various activities is determined by the counties in consultation with the DNR. The individual counties receive funds based on their proportionate acreage of the total 2.8 million acres.

<u>Statistics:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Tree planting (acres)	5,000	5,000	5,000	5,000
Timber stand improvement (acres)	1,000	990	990	990
Road construction (miles)	50	50	50	50
<u>Grants by Fund:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
General	\$ 1,000.0	\$ 250.0	\$ 250.0	\$ 250.0
Federal*	820	810	810	810
TOTAL	\$ 1,820.0	\$ 1,060.0	\$ 1,060.0	\$ 1,060.0

* \$250 of F.Y. 1986 and \$240 of F.Y.'s 1987, 1988 and 1989 is for the purchase of seedlings from state nurseries.

3) Rural Community Fire Departments:

Statutory Reference: M.S. 88.063, P.L. 95-313, Section 7

This program provides financial, technical and other assistance to organize, train and equip fire departments in rural areas and communities with a population under 10,000 for preventing and suppressing fires.

For most projects the maximum grant is \$2.5 in order to reach as many departments as possible. Departments must be in communities with populations under 10,000. A group of communities making the request may have a total population of more than 10,000. The community must be able to match the amount requested and must have the funds available at the time the application is filed. Applications are rated numerically based upon the following factors:

(Continuation)

Program: FOREST MANAGEMENT

Agency: NATURAL RESOURCES, DEPARTMENT OF

DESCRIPTION: (Contd.)

- size of community (population)
- total area served (acres)
- insurance rating
- type of assistance (organization, training or equipment)
- number of reciprocal agreements
- estimated dollar value lost
- project capability within community
- number of communities involved

In addition, the community financial situation, revenue sources currently available and the current equipment resources are assessed to select those who have the greatest need for financial aid.

<u>Statistics:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Grants awarded	96	79	81	81
Funds awarded	\$136.5	\$79.5	\$90.9	\$90.9
Average approved grant	\$1.4	\$1.0	\$1.1	\$1.1

<u>Grants by Fund:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Local (minimum)	\$ 136.5	\$ 79.5	\$ 90.9	\$ 90.9
Federal	136.5	79.5	90.9	90.9
TOTAL	\$ 225.0	\$ 225.0	\$ 225.0	\$ 225.0

<u>CHANGE REQUESTS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Regeneration Growth Inventory Legislative Commission on Minnesota Resources grant to Beltrami County to inventory young timber stands and develop revised growth models. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 25.0	\$ 25.0	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: FOREST MANAGEMENT GRANTS

PROGRAM: FOREST MANAGEMENT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS		250.0	240.0	240.0		240.0	240.0	240.0		240.0	240.0
LOCAL ASSISTANCE	2,831.3	1,826.5	1,019.5	1,030.9	25.0	1,055.9	1,030.9	1,030.9	25.0	1,055.9	1,030.9
AIDS TO INDS.											
TOTAL EXPENDITURES	2,831.3	2,076.5	1,259.5	1,270.9	25.0	1,295.9	1,270.9	1,270.9	25.0	1,295.9	1,270.9
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES											
EXPENSES & CONTRAC. SERV											
SUPPLIES & MATERIALS		250.0	240.0	240.0		240.0	240.0	240.0		240.0	240.0
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS		250.0	240.0	240.0		240.0	240.0	240.0		240.0	240.0
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	2,750.0	1,120.0	370.0	370.0		370.0	370.0	370.0		370.0	370.0
MN RESOURCES					25.0	25.0			25.0	25.0	
DEDICATED APPROPRIATIONS:											
FEDERAL	81.3	956.5	889.5	900.9		900.9	900.9	900.9		900.9	900.9
TOTAL FINANCING	2,831.3	2,076.5	1,259.5	1,270.9	25.0	1,295.9	1,270.9	1,270.9	25.0	1,295.9	1,270.9
POSITIONS BY FUND											
TOTAL POSITIONS											

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: FOREST MANAGEMENT GRANTS
 PROGRAM: FOREST MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: REGENERATION GROWTH INVENTORY - LCMR

Agency Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Minnesota Resources Fund	\$ 25.0	-0-	\$ 25.0	-0-
Governor's Recommendation				
Minnesota Resources Fund	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: Yes No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This appropriation is for a grant to Beltrami County to inventory young timber stands and develop revised growth models to indicate the feasibility of increased or decreased harvesting.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Inventory of young stands	-0-	-0-	20%	20%
Develop growth models within 85% accuracy				8

DESCRIPTION/BACKGROUND:

Timber growth models currently in use can't project timber stand conditions until a stand has a measurable diameter at 4.5 feet of height. Many stands become measurable for growth projections at 10 years of age. For forest management purposes, a critical growth period occurs prior to 10 years of age. An inventory of measured growth in young timber stands will accurately determine soil type productivity for specific species and management applications. A microcomputer will be used to determine the soil type productivity by correlating timber types and conditions to soil survey maps. This will be a cooperative project between Beltrami County, the University of Minnesota College of forestry, the Minnesota Cooperative Soil Survey, and the University of Minnesota Department of Soil Science.

STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Acres of conifers planted	450	600	500	500
Acres of aspen regenerated	1600	1600	1600	1600

RATIONALE:

Growth models can be developed by correlating growth data on timber stands (25 years and less) to existing soil survey maps. The growth models will enable an agency to determine the effectiveness and efficiency (rate of return) of intensified forest management and to evaluate the consequences of increasing or decreasing harvest levels.

GOVERNOR'S RECOMMENDATION:

The Governor has recommended that LCMR funding be discontinued beginning July 1, 1987. As a result, there is no funding recommended for the LCMR project contained within this activity.

PROGRAM: PARKS AND RECREATION MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$ 50.1	\$ 57.0	\$ 57.0	\$ 59.0	\$ 60.0

PROGRAM PURPOSE:

The state park system is a key element of Minnesota's tourism industry, which in many areas of the state is becoming the back-bone of the economy. Individual state parks become focal points for local tourism efforts and for many outdoor recreation activities sought by Minnesota's citizens. Some of Minnesota's most unique and valuable cultural and natural resources are found within state park boundaries. It is the division's responsibility to protect and interpret these unique resources.

This program provides for the management, maintenance, operation and development of Minnesota's 58 state parks, 6 recreational areas, and 17 waysides. The objective of the program is to protect, maintain and improve recreational opportunities, facilities and natural resources within the state park system. Besides being vital to Minnesota's tourism and outdoor recreation industries, the state park system contains unique resources that are priceless examples of Minnesota's rich resource heritage. Within its boundaries are approximately 200,000 acres of prime resource land having a yearly visitation of 5,500,000-6,000,000 people.

OPERATION:

The Parks and Recreation Management and Operations Program in state parks involves 166 full-time employees. This is an average of 2.6 full-time people per park to operate 64 recreation areas, 7 days a week, 52 weeks a year. This permanent staff is assisted by approximately 600 seasonal and part-time employees and 40 needy/elderly people employed under a contract with Green View, Inc.. This staff maintains and operates the park system's campgrounds, trails, picnic areas, interpretive centers and all other physical development. The division also provides low-key law enforcement, operates and leases concessions, provides lifeguard and nightwatchman services and, with volunteer assistance, provides interpretive service programs for park visitors. The division conducts comprehensive summer staff orientation/training programs relating to public relations, communications and enforcement. It has implemented a statewide resource management program directed at improving and restoring native vegetation and wildlife populations while controlling erosion, improving water quality, improving fish habitat and preserving historical/archaeological sites. It has established a new marketing program that, along with the computerized outdoor recreation information center, helps to (1) ensure appropriate public utilization of the natural and cultural resources it maintains, (2) promote and coordinate with the state's tourism industry, (3) increase state park revenues, and (4) assist in re-distributing park visitors throughout the system and the seasons. The division has also developed a computerized management information system which has the potential of analyzing its labor/staff functions, costs and revenues, and it began installing computers in individual parks to improve staff efficiency.

With funds provided through the Legislative Commission on Minnesota Resources, the Water Recreation Fund, and state bonding, the division also develops and improves access for the handicapped, water and sewage systems, buildings, safety and

health-related facilities, utilities, natural resource areas and does major rehabilitation of the park system's aging physical plant.

EFFECTIVENESS MEASURES:

State parks are directly associated with the effort to improve the state's recreation and tourism economy. The Division of Parks and Recreation has conducted a Public Area Recreation Visitor Survey, prepared by the U.S. Forest Service, in 8 Minnesota state parks. This survey estimates that 15% of state park users are from out-of-state. The Department of Natural Resources, Bureau of Planning and the State Office of Tourism has identified that \$25/person/day is brought into the state's economy by non-resident recreational users. Based on these figures, state parks are responsible for contributing approximately \$22,500,000 a year in non-resident tourism trade to Minnesota. Because 60 of the 64 state parks are located in rural areas of the state, most of this \$22,500,000 is returned to local economies.

	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Staff hours worked	639,590	640,830	644,674	648,543	652,434
Attendance	5,369,886	5,680,530	5,850,945	6,026,474	6,207,268
Net Cost Per Visitor*	\$1.29	\$1.40	\$1.48	\$1.56	\$1.65

*Based on expenditures minus income divided by attendance (estimated on 3.2 persons per vehicle).

PROGRAM STATISTICS:

	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Parks (major)	64	64	64	64	64
Acres owned	188,500	224,199	224,699	225,199	225,699
Buildings	1,585	1,590	1,595	1,600	1,605
Campgrounds	87	89	89	89	89
(Sites)	4,070	4,090	4,090	4,110	4,140
Roads (miles)	286	286	286	288	290
Trails (miles)	1,025	1,025	1,030	1,040	1,050
Water access sites	60	62	65	67	69
Swimming areas	33	33	33	34	35
Picnic grounds	91	92	93	94	95
(Sites)	4,400	4,430	4,460	4,490	4,520
Interpretive programs	32	40	48	50	52

BUDGET ISSUE:

Minnesota's state park system is deteriorating at the present level of funding. The Division of Parks and Recreation is a complex organization that is necessarily labor intensive. Recent state funding deficiencies and cuts have seriously eroded the ability to serve an increasing and more demanding clientele. Although many cost-saving measures

PROGRAM: PARKS AND RECREATION MANAGEMENT

1987-89 Biennial Budget

(Continuation)

Agency: NATURAL RESOURCES, DEPARTMENT OF

F.Y. 1988 F.Y. 1989 Type

BUDGET ISSUE: (Contd.)

have been implemented, it is impossible to market and maintain acceptable levels of service to the public, contribute to the state's tourism economy, maintain the physical plant, manage park resources and generate appropriate revenues without additional staff and funding. This funding problem is escalated by increasing printing costs, the division's expanding marketing program, and continued expansion of the physical plant. The division is also faced with serious funding deficiencies in its cultural and natural resource program which is responsible for preserving the resources found within state parks.

CHANGE REQUESTS:

F.Y. 1988 F.Y. 1989 Type

Accelerated Maintenance-Parks, Forest and Trail Maintenance and Operations.

\$ 300.0 \$ 300.0 Agency-wide

Complement Conversion of 2 Legislative Commission on Minnesota Resources (LCMR) Professional Services Positions

\$ 60.0 \$ 60.0 Agency-wide

In previous bienniums, LCMR has provided the division with full-time complement authority and corresponding funding for 2 professional services positions to support the Division of Parks and Recreation's Development Program. During the 1987-89 biennium, funding and positions will not be available from LCMR for State Park Development Professional Services. The division's portion of the agency CHANGE level (complement authority for 2 positions) will convert these positions and funding to the General Fund. See the CHANGE request sheet following the agency fiscal page.

It should be noted that the above CHANGE requests only partially address the Division of Parks and Recreation's needs. If additional funds should be made available, the following functions within the Parks and Recreation Program are in need of increased financial support: 1) public service (intepretive services, marketing state parks, computerization of state parks); 2) natural and cultural resource management; and 3) operations and management (assistant state park regional manager positions and additional seasonal staff).

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following changes in the Parks and Recreation Management Program:

Equipment Replacement and Fleet Management
The Parks and Recreation Management Program will receive \$238.5 in F.Y. 1988 and \$381.2 in F.Y. 1989 from the agency CHANGE level to provide funding for the division's participation in the proposed fleet management program based on anticipated mileage and hourly use rates. The initial use rates will include only the cost of insurance, repairs and maintenance, and that portion of the installment purchase payments applicable to F.Y. 1988-89. See the CHANGE request sheet following the agency fiscal page.

\$ 238.5 \$ 381.2 Agency-wide

F.Y. 1988 F.Y. 1989 Positions

Accelerated Park Maintenance - Parks Maintenance and Operations Account	\$ 50.0	\$ 50.0	-0-
Equipment Replacement/Fleet Management	179.2	268.1	-0-
Complement Conversion of 2 LCMR Professional Services Positions	-0-	-0-	-0-

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: PARKS & RECREATION MANAGEMT

PROGRAM: PARKS & RECREATION MANAGEMT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	13,721.7	13,345.8	14,091.8	14,365.8	598.5	14,964.3	14,595.0	14,337.4	741.2	15,078.6	14,655.5
LOCAL ASSISTANCE		218.2									
AIDS TO INDS.											
TOTAL EXPENDITURES	13,721.7	13,564.0	14,091.8	14,365.8	598.5	14,964.3	14,595.0	14,337.4	741.2	15,078.6	14,655.5
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	8,984.0	9,539.6	10,177.1	10,622.8	110.0	10,732.8	10,622.8	10,589.8	125.0	10,714.8	10,589.8
EXPENSES & CONTRAC. SERV	1,814.5	1,722.1	667.2	516.9	241.5	758.4	696.1	521.5	384.7	906.2	789.6
SUPPLIES & MATERIALS	1,473.8	1,389.0	2,591.1	2,556.4	227.0	2,783.4	2,606.4	2,556.4	201.5	2,757.9	2,606.4
EQUIPMENT	158.8	211.2			20.0	20.0			30.0	30.0	
OTHER EXPENSE ITEMS	1,290.6	483.9	656.4	669.7		669.7	669.7	669.7		669.7	669.7
TOTAL STATE OPERATIONS	13,721.7	13,345.8	14,091.8	14,365.8	598.5	14,964.3	14,595.0	14,337.4	741.2	15,078.6	14,655.5
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	8,165.5	8,172.5	8,859.2	9,271.7	598.5	9,870.2	9,450.9	9,243.3	741.2	9,984.5	9,511.4
GENERAL FUND - LCMR	1,379.0										
MN RESOURCES		56.8	69.9								
WATER RECREATION		718.3	616.1	666.7		666.7	666.7	666.7		666.7	666.7
SPECIAL REVENUE	3,664.8	3,761.2	3,894.4	3,894.4		3,894.4	3,944.4	3,894.4		3,894.4	3,944.4
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	502.7	847.1	651.0	533.0		533.0	533.0	533.0		533.0	533.0
GIFTS AND DEPOSITS	1.1	2.8	1.2								
FEDERAL	8.6	5.3									
TOTAL FINANCING	13,721.7	13,564.0	14,091.8	14,365.8	598.5	14,964.3	14,595.0	14,337.4	741.2	15,078.6	14,655.5
POSITIONS BY FUND											
GENERAL	158.0	165.0	165.0	165.0	2.0	167.0	165.0	165.0	2.0	167.0	165.0
GENERAL FUND - LCMR	4.0										
MN RESOURCES		2.0	2.0								
SPECIAL REVENUE	2.0	2.0	2.0	2.0		2.0	2.0	2.0		2.0	2.0
TOTAL POSITIONS	164.0	169.0	169.0	167.0	2.0	169.0	167.0	167.0	2.0	169.0	167.0

PROGRAM: TRAILS AND WATERWAYS MANAGEMENT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

PROGRAM PURPOSE:

This program provides a wide range of outdoor recreation opportunities (trails, river recreation and public access) throughout the state. Included are planning and priority setting, land acquisition, facility development, maintenance, interpretive services, grants to local units of government, technical assistance, administration and marketing. The objectives of these activities are to provide both citizens of the state and visitors opportunities to use Minnesota's natural and historical amenities in a safe and enjoyable manner; to protect the natural resources involved; and to maximize the tourism growth of the state.

OPERATION:

This program encompasses the following operations:

- 1) Plan, develop, manage and maintain 2,963 miles of cross-country skiing, snowmobiling, horseback riding, hiking and bicycling within state trails, state parks and state forests.
- 2) Implement a program of interpretive services on state trails.
- 3) Manage and maintain 2,865 miles of river canoe routes, acquire and develop access points, campsites, portages and rest areas, and remove hazards such as snags, piers, pilings and lowhead dams.
- 4) Manage and maintain over 1,150 accesses to public waters, and continue the acquisition and development of access sites on priority lakes.
- 5) Administer the 10,067 miles in the snowmobile trail program, including the development, maintenance and grooming of state and unit trails and providing grants to local units of government.
- 6) Administer 1,507 miles of cross-country ski trails by providing grants to local units of government for maintaining grants-in-aid (GIA) trails, and funding Department of Natural Resources (DNR) unit trails.
- 7) Implement and administer the all-terrain vehicle program (ATV).
- 8) Manage, in cooperation with the DNR's Division of Fish and Wildlife, the fishing pier program.
- 9) Administer land acquisition and recreation management for the wild and scenic rivers program.
- 10) Provide information which promotes utilization of public accesses, canoe and boating routes and trails administered by the state.

BUDGET ISSUE:

The Statewide Comprehensive Outdoor Recreation Plan projects the following additional activity by users of this program by 1995: biking (3.4%); horseback riding (1.6%); hiking/backpacking (3.5%); cross-country skiing (11.6%); snowmobiling (6.3%); boating (8.9%); canoeing (5.5%); and fishing (11.8%). Trail surveys on facilities administered by the DNR show continued high use by owners of 180,000 registered snowmobiles, and overall increase in bicycle use; and considerably more licensed cross-country ski use. There are presently 645,000 registered boats, including 131,380 registered canoes, and 24,000 registered ATVs. In order to respond to these demands as well as provide quality maintenance, additional staff and funding is required. The department has implemented time and cost-saving measures through cross-utilization of equipment and manpower, volunteer services and working agreements with local units of government. Effective as these measures are, it is impossible to provide these services and protect the environment at the present level of funding and staff. As the private sector realizes the economic impact of these opportunities and the state promotes tourism, these programs will increase in demand.

EXPLANATION OF BUDGET REQUEST:

The following CHANGE levels are included in the program:

- 1) \$407.0 for F.Y. 1988 and \$347.0 for F.Y. 1989 are requested from the General Fund for increased management of DNR trails as part of the agency outdoor recreational CHANGE level which includes park, forest and trail maintenance and operations (see agency CHANGE Request).
- 2) Two positions and \$210.0 for F.Y. 1988 and \$415.0 for F.Y. 1989 are requested from the Game and Fish Fund because of the federal law which accelerates the water access program from federal marine gas tax revenues.
- 3) \$200.0 each year is requested from the Water Recreation Fund for increased acquisition and development of water access and river recreation sites.
- 4) Eight positions (4 existing positions converted to full-time) and \$364.2 for F.Y. 1988 and \$423.8 for F.Y. 1989 are requested from the Water Recreation Fund for increased maintenance on water recreation sites.
- 5) \$300.00 for F.Y. 1988 and \$350.00 for F.Y. 1989 are requested from Special Revenue-Snowmobile Safety and Enforcement Account for increased development, rehabilitation and maintenance on DNR snowmobile trails.
- 6) \$150.0 for F.Y. 1988 and \$200.0 for F.Y. 1989 are requested from Special Revenue-Snowmobile and Safety and Enforcement Account for new development of (GIA) snowmobile trails.

EXPLANATION OF BUDGET REQUEST: (Contd.)

- 7) \$66.8 for F.Y. 1988 and \$115.0 for F.Y. 1989 are requested from the Water Recreation Fund and Special Revenue-Snowmobile Safety and Enforcement Account and from the General Fund for equipment replacement and fleet management (see Agency CHANGE Request).
- 8) One position and \$190.0 each year are recommended for funding by the Legislative Commission on Minnesota Resources (LCMR) for the acquisition and development of the Ridgeline Trail along the north shore.
- 9) \$235.0 each year is recommended for funding by the LCMR for the development of a breakwater at Brighton Beach, Lake Superior.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following changes in the Trails and Waterways Management Program:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Positions</u>
Additional Trail Maintenance and Operations	\$ -0-	\$ -0-	-0-
Water Access Federal Aid	210.0	415.0	2.0
Water Access and Recreation Development and Acquisition	200.0	200.0	-0-
Water Access and Recreation Maintenance	364.2	423.8	8.0
Snowmobile Trails Management	300.0	350.0	-0-
Snowmobile Grants	150.0	200.0	-0-
Equipment Replacement/Fleet Management	65.1	111.6	-0-
Acquisition and Development of the Ridgeline Hiking Trail - LCMR*	-0-	-0-	-0-
Brighton Beach Breakwater - LCMR*	-0-	-0-	-0-

*The Governor has recommended that LCMR funding be discontinued beginning July 1, 1987. As a result, there is no funding recommended for the LCMR project contained within this activity.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: TRAILS & WATERWAYS MANAGENT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
TRAILS & WATERWAYS MANAGENT	615.5	569.9	622.2	646.5	413.7	1,060.2	651.5	645.2	358.5	1,003.7	653.3
WATER ACCESS AND RECREATION	764.2	2,643.6	3,142.0	2,939.5	1,042.6	3,982.1	3,747.1	2,939.7	1,331.3	4,271.0	4,036.0
TRAILS RECREATION	3,011.2	2,751.1	3,399.1	3,380.4	666.7	4,047.1	3,857.1	3,381.8	786.0	4,167.8	3,977.8
TOTAL	4,390.9	5,964.6	7,163.3	6,966.4	2,123.0	9,089.4	8,255.7	6,966.7	2,475.8	9,442.5	8,667.1
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	2,921.1	4,369.5	5,339.9	5,223.0	1,813.0	7,036.0	6,362.3	5,143.3	2,115.8	7,259.1	6,643.7
LOCAL ASSISTANCE	1,469.8	1,595.1	1,823.4	1,743.4	310.0	2,053.4	1,893.4	1,823.4	360.0	2,183.4	2,023.4
AIDS TO INDS.											
TOTAL EXPENDITURES	4,390.9	5,964.6	7,163.3	6,966.4	2,123.0	9,089.4	8,255.7	6,966.7	2,475.8	9,442.5	8,667.1
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	1,001.9	569.9	622.2	646.5	413.7	1,060.2	651.5	645.2	358.5	1,003.7	653.3
GENERAL FUND - LCMR	316.2										
MN RESOURCES		205.9	230.1		425.0	425.0			425.0	425.0	
WATER RECREATION		2,435.3	2,506.9	2,514.5	597.6	3,112.1	3,112.1	2,514.7	681.3	3,196.0	3,196.0
SPECIAL REVENUE	2,553.4	2,751.1	3,379.1	3,380.4	476.7	3,857.1	3,857.1	3,381.8	596.0	3,977.8	3,977.8
GAME AND FISH	519.4				210.0	210.0	210.0		415.0	415.0	415.0
DEDICATED APPROPRIATIONS:											
GIFTS AND DEPOSITS		2.4									
FEDERAL			425.0	425.0		425.0	425.0	425.0		425.0	425.0
TOTAL FINANCING	4,390.9	5,964.6	7,163.3	6,966.4	2,123.0	9,089.4	8,255.7	6,966.7	2,475.8	9,442.5	8,667.1
POSITIONS BY FUND:											
GENERAL	13.0	12.0	12.0	12.0		12.0	12.0	12.0		12.0	12.0
GENERAL FUND - LCMR	1.0										
MN RESOURCES		2.0	2.0		1.0	1.0			1.0	1.0	
WATER RECREATION		11.0	11.0	11.0	8.0	19.0	19.0	11.0	8.0	19.0	19.0
SPECIAL REVENUE	4.0	8.0	11.0	11.0		11.0	11.0	11.0		11.0	11.0
GAME AND FISH	2.0				2.0	2.0	2.0		2.0	2.0	2.0
TOTAL POSITIONS	20.0	33.0	36.0	34.0	11.0	45.0	44.0	34.0	11.0	45.0	44.0

ACTIVITY: TRAILS AND WATERWAYS MANAGEMENT
 Program: TRAILS AND WATERWAYS MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

DESCRIPTION:

Trails exist to provide recreation for state residents and tourists.

This activity supports the Department of Natural Resources' (DNR) overall program by providing funding for 1) trail planning, interpretation and marketing; 2) regional coordination; and 3) maintenance and operations of all state and unit trails used for bicycling, horseback riding and hiking. These responsibilities are designed to ensure a comprehensive, cost-effective trail system that meets the needs of the state's trail users and is integrated into the local environment.

Funding for snowmobile, cross-country ski and all-terrain vehicle management is requested in the Trails Recreation Activity.

EFFECTIVENESS MEASURES:*

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Number of total DNR biking occasions	215,000	240,000	255,000	275,000
Number of total DNR hiking and backpacking occasions	2,300,000	2,320,000	2,340,000	2,360,000
Number of total DNR horseback riding occasions	362,000	364,000	366,000	368,000

Authority for this activity is found in M.S. 85.015 and M.S. 84.029.

* Estimates do not include out-of-state users of Minnesota trails.
 An "occasion" is registered every time someone participates in a trail use.

ACTIVITY STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Number of bicycling miles maintained	184	184	204	220
Number of hiking miles maintained	1,458	1,458	1,478	1,494
Number of equestrian miles maintained	517	517	523	523
Number of plans completed	1	3	2	2
Existing plans amended	0	1	1	1
Trail related surveys published	5	2	7	7
Percent of trail registry records updated	50	50	50	50
Editions of Trail Explorers Newsletters	1	4	4	4

CHANGE REQUESTS:

Trails Maintenance and Operations
 Increase in funding is needed to improve maintenance on existing trails (bike, hike and horseback riding) and to maintain new trails. See the CHANGE request sheet following the agency fiscal page.

Equipment Replacement and Fleet Management
 To provide funding for equipment use based on mileage or hourly rates. See the CHANGE request sheet following the agency fiscal page.

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Trails Maintenance and Operations	\$ 407.0	\$ 347.0	Agency-wide
Equipment Replacement and Fleet Management	\$ 6.7	\$ 11.5	Agency-wide

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: TRAILS & WATERWAYS MANAGEMENT

PROGRAM: TRAILS & WATERWAYS MANAGEMENT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	615.5	569.9	622.2	646.5	413.7	1,060.2	651.5	645.2	358.5	1,003.7	653.3
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	615.5	569.9	622.2	646.5	413.7	1,060.2	651.5	645.2	358.5	1,003.7	653.3
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	497.6	472.7	526.9	549.8	288.0	837.8	549.8	548.0	274.0	822.0	548.0
EXPENSES & CONTRAC. SERV	84.2	77.0	67.4	68.8	42.2	111.0	73.8	69.3	24.0	93.3	77.4
SUPPLIES & MATERIALS	31.4	19.5	26.4	26.4	81.0	107.4	26.4	26.4	59.0	85.4	26.4
EQUIPMENT	2.3	.7	1.5	1.5	2.5	4.0	1.5	1.5	1.5	3.0	1.5
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	615.5	569.9	622.2	646.5	413.7	1,060.2	651.5	645.2	358.5	1,003.7	653.3
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	615.5	569.9	622.2	646.5	413.7	1,060.2	651.5	645.2	358.5	1,003.7	653.3
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	615.5	569.9	622.2	646.5	413.7	1,060.2	651.5	645.2	358.5	1,003.7	653.3
POSITIONS BY FUND											
GENERAL	12.0	12.0	12.0	12.0		12.0	12.0	12.0		12.0	12.0
TOTAL POSITIONS	12.0	12.0	12.0	12.0		12.0	12.0	12.0		12.0	12.0

ACTIVITY: WATER ACCESS AND RECREATION
 Program: TRAILS AND WATERWAYS MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

DESCRIPTION:

Water access and recreation encompasses a broad range of programs including access to public waters, river recreation, wild and scenic rivers and fishing piers.

Currently, the Department of Natural Resources (DNR) manages approximately 1,150 water access sites that provide the general public free access to lakes and rivers. These sites average 2 acres in size, contain a boat launch ramp, parking lot, entrance road and, in high use areas, toilets and trash barrels. Maintenance is accomplished primarily by contract and monitored by the DNR. Rules and regulations governing access use are enforced by DNR Conservation Officers. Whenever possible, the department cooperates with local units of government in establishing or upgrading water access sites. The DNR provides capital investment and local units maintain and operate the access site.

River recreation provides facilities and services to canoeists and boaters and ensures safe and organized use on 19 designated rivers. Facilities provided and maintained include primitive campsites, rest areas, portage trails and access sites along the river corridor. Services provided include river clean-up, snag removal, maps, information guides, water level reports and signing of hazards.

The fishing pier program is managed in cooperation with the Division of Fish and Wildlife. Lakes are selected for installation of fishing piers based upon the fish resource and local initiatives. Water recreation staff, using funds provided by fisheries, complete site analysis, legal agreements, contract for pier construction with Stillwater Prison and install the piers.

The wild and scenic rivers program provides for protection and enhancement of segments of 6 rivers in Minnesota. Land acquisition of scenic easements or sites for recreation and the preservation of river segments are particularly important aspects of this program.

Authority for these activities is found in M.S. 97.48, Subd. 15 and M.S. 85.32, and M.S. 104.25 to 104.40.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Number of registered boats	645.0	659.5	674.3	689.5
Cost of access maintenance per site	\$.5	\$.5	\$.6	\$.6
Cost of construction per site	\$20.0	\$20.0	\$20.0	\$20.0
Cost of acquisition per site	\$40.0	\$40.0	\$40.0	\$40.0
Average annual maintenance cost per river mile	\$.1	\$.1	\$.1	\$.1

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Number of accesses acquired	15	15	15	15
Number of accesses improved	37	37	37	37
Number of accesses maintained	1,105	1,150	1,175	1,250
Number of river recreation sites improved	14	16	16	16
Number of river miles managed	2,865	2,865	2,865	2,865
Number of river sites maintained	537	553	553	553
Number of river sites acquired	4	4	4	4

CHANGE REQUESTS:

	F.Y. 1988	F.Y. 1989	Type
Water Access Federal Aid (Game and Fish Fund) To provide for federal reimbursement for water access sites as provided by federal law. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 210.0	\$ 415.0	Activity Specific
Water Access and Recreation Maintenance To provide for increased maintenance due to newly developed sites and 8 positions to supervise labor crews and coordinate functions of the activity. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 364.2	\$ 423.8	Activity Specific
Water Access and Recreation Development and Acquisition To increase acquisition and development of major water recreation sites on lakes and rivers which lack adequate facilities. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 200.0	\$ 200.0	Activity Specific
Brighton Beach - LCMR To construct a breakwater at Brighton Beach on Lake Superior to provide a safe harbor for boats and a launching facility in cooperation with the City of Duluth. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 235.0	\$ 235.0	Activity Specific
Equipment Replacement and Fleet Management To provide funding for equipment use based on mileage or hourly rates. See the CHANGE request sheet following the agency fiscal page.	\$ 33.4	\$ 57.5	Agency-wide

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: WATER ACCESS AND RECREATION

PROGRAM: TRAILS & WATERWAYS MANAGEMENT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	764.2	2,576.8	3,142.0	2,939.5	1,042.6	3,982.1	3,747.1	2,939.7	1,331.3	4,271.0	4,036.0
LOCAL ASSISTANCE		66.8									
AIDS TO INDS.											
TOTAL EXPENDITURES	764.2	2,643.6	3,142.0	2,939.5	1,042.6	3,982.1	3,747.1	2,939.7	1,331.3	4,271.0	4,036.0
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	325.8	665.0	881.7	839.5	295.6	1,135.1	1,135.1	838.4	311.6	1,150.0	1,150.0
EXPENSES & CONTRAC. SERV	248.3	510.9	383.1	357.9	99.4	457.3	457.3	359.2	146.5	505.7	505.7
SUPPLIES & MATERIALS	80.3	261.5	257.4	257.4	44.1	301.5	301.5	257.4	65.7	323.1	323.1
EQUIPMENT	1.8	16.4	16.5	16.5	13.0	29.5	29.5	16.5	12.0	28.5	28.5
OTHER EXPENSE ITEMS	108.0	1,123.0	1,603.3	1,468.2	590.5	2,058.7	1,823.7	1,468.2	795.5	2,263.7	2,028.7
TOTAL STATE OPERATIONS	764.2	2,576.8	3,142.0	2,939.5	1,042.6	3,982.1	3,747.1	2,939.7	1,331.3	4,271.0	4,036.0
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	170.7										
GENERAL FUND - LCMR	248.6										
MN RESOURCES		205.9	210.1		235.0	235.0			235.0	235.0	
WATER RECREATION		2,435.3	2,506.9	2,514.5	597.6	3,112.1	3,112.1	2,514.7	681.3	3,196.0	3,196.0
GAME AND FISH	344.9				210.0	210.0	210.0		415.0	415.0	415.0
DEDICATED APPROPRIATIONS:											
GIFTS AND DEPOSITS		2.4									
FEDERAL			425.0	425.0		425.0	425.0	425.0		425.0	425.0
TOTAL FINANCING	764.2	2,643.6	3,142.0	2,939.5	1,042.6	3,982.1	3,747.1	2,939.7	1,331.3	4,271.0	4,036.0
POSITIONS BY FUND											
GENERAL	1.0										
MN RESOURCES		2.0	2.0								
WATER RECREATION		11.0	11.0	11.0	8.0	19.0	19.0	11.0	8.0	19.0	19.0
GAME AND FISH					2.0	2.0	2.0		2.0	2.0	2.0
TOTAL POSITIONS	1.0	13.0	13.0	11.0	10.0	21.0	21.0	11.0	10.0	21.0	21.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: WATER ACCESS AND RECREATION
 PROGRAM: TRAILS AND WATERWAYS MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

The department manages about 1,150 water accesses statewide. With continued acquisition of access sites on priority lakes, and increased requests from local governments to provide quality water access sites, the current development budget is inadequate. From the time an access site is acquired by purchase or through cooperative agreement with a local government, until the time it is developed, about 3 years elapses. This timeline is increasing. With an increase in funding, the time between access acquisition and development will be decreased and the number and quality of developments will be increased. The positions are needed to ensure that federal requirements are met and to provide the documentation and monitoring required to obtain maximum federal funds. One position will be used to monitor the water access program to ensure all federal requirements are met. This will include submitting applications for federal funding and providing needed data until the project is completed and federal funds are received. The other position will be in the field to work on water recreation facilities with an emphasis on land acquisition and development.

RATIONALE:

This request is made to help meet the federal requirement for spending 10% of the Sportfishing Restoration Account under the Wallop Breaux Act on water access. The position requested will provide monitoring of the federal program and increase acquisition and development in the field. This request will provide increased funding for development of water access sites.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

Request Title: WATER ACCESS FEDERAL AID

Agency Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Game and Fish Fund	\$ 210.0	2.0	\$ 415.0	2.0
Governor's Recommendation				
Game and Fish Fund	\$ 210.0	2.0	\$ 415.0	2.0

Request requires statutory change: Yes No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This CHANGE will help comply with the federal requirement of the Wallop Breaux Act to apportion 10% of the federal Sportfishing Restoration Account to the water access program. This request includes funding for development and 2 positions to monitor the activity, review the federal aid program and increase water recreation acquisition and development in the field.

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Number of Access Sites Improved				
SAME level	37	37	37	37
CHANGE Water Recreation Account	-0-	-0-	3	3
CHANGE Game and Fish Fund	-0-	-0-	10	10
Total	37	37	50	50

DESCRIPTION/BACKGROUND:

Because of the federal mandate that at least 10% of the Sportfishing Restoration Account funds be used for water access, \$553.0 of water access projects must be submitted for 75% federal reimbursement each year. If the amount of federal funds available increases, the amount to be spent on water access sites will also increase.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: WATER ACCESS AND RECREATION
 PROGRAM: TRAILS AND WATERWAYS MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: WATER ACCESS AND RECREATION MAINTENANCE				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Water Recreation Fund	\$ 364.2	8.0	\$ 423.8	8.0
Governor's Recommendation				
Water Recreation Fund	\$ 364.2	8.0	\$ 423.8	8.0
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST:

This request is to increase maintenance on existing water access and recreation sites and to provide maintenance on new water access and recreation sites recently acquired and developed. This CHANGE will convert 4 seasonal field positions to full-time, establish 3 new Technician field positions to direct labor crews and establish 1 full-time professional position in Saint Paul.

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
No. of accesses improved	37	37	37	37
No. of launch ramps installed	30	40	50	60
No. of accesses maintained w/increased frequency	-0-	-0-	50	75
No. of sites maintained w/increased frequency	537	553	568	586
% of scenic easement parcels monitored	-0-	10	20	30

DESCRIPTION/BACKGROUND:

As new development of water access and river recreation sites (water recreation) continues, there is a need to provide additional maintenance. Movement is toward providing quality recreation sites which include a dock to ease launching ability, security lights, directional signing and satellite toilets. These provisions require additional funds. Boating-use surveys conducted in Minnesota the past 3 years show that more intensive maintenance is needed due to increasing expectations by the public.

Also, with the increase in access sites and river recreation facilities, due to accelerated acquisition and development, the need for increased coordination and supervision of maintenance activities has also grown. Four Technician positions are requested to supervise 3 to 4 more labor crews in the major lake areas of the state.

Labor crews maintain water recreation facilities including boating safety work and fishing pier installation. Technician responsibilities will be to inspect for maintenance needs, schedule crew work, order supplies and materials, work with other disciplines in obtaining needed permits and coordination of projects, as well as let local bids for trash pickup, lawn mowing, and portable toilet rental. At present, professional positions spend up to 50% of their time handling crew assignments. This has removed them from their major responsibilities, i.e., coordinating the purchase and development of new water recreation sites and coordinating activities with local governments.

Of the 3 Specialist professional positions requested for the field, 2 are conversions of existing part-time positions. Year-round activities in water recreation programs now require full-time positions with the increased acquisition, development and planning activities in all water recreation programs. The remaining new position is requested for the metro area due to the significance of metro lakes and rivers. Also, the controversial nature of new metro sites increases the need for coordination with local governments.

The central office position will provide liaison with the field. Responsibilities will be assisting the field with acquisition and development of all water recreation facilities by coordinating with the Attorney General's Office and support bureaus, which provide services.

There is also demand for quality access on locally-significant lakes, necessitating additional funds for gravel, concrete planks and labor. Laborers will remove brush, spread gravel and install plank ramps on existing access sites that have been ignored for 10 to 20 years. With the addition of 60 plank ramps each year, maintenance requirements for resetting ramps in the spring will continue to increase.

RATIONALE:

By increasing maintenance on existing water access sites (about 1,150) and river recreation sites (about 550) the quality of sites will improve and the public will be better served. By converting seasonal positions to full-time and creating new positions to supervise labor crews, the ability to respond to maintenance problems will be increased by as much as 25%. These positions will help attain a more organized ongoing maintenance program rather than one that is crisis oriented. Much of the maintenance on water access and river recreation sites is due to weather; e.g., ice damage on ramps, potholes, washouts. Increasing the quality of the site will improve the recreation experience and provide better facilities for the handicapped and elderly. Approximately 50 new sites are developed each year which require maintenance. In addition, minor

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

(Continuation)

ACTIVITY: WATER ACCESS AND RECREATION
PROGRAM: TRAILS AND WATERWAYS MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

RATIONALE: (Contd.)

improvements are made to about 40 existing sites per year. The professional positions requested will provide for continued increase of acquisition and development of new water recreation sites in a timely, efficient manner. The cooperative program for providing access through local units of government will also be enhanced.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: WATER ACCESS AND RECREATION
 PROGRAM: TRAILS AND WATERWAYS MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: WATER ACCESS AND RECREATION DEVELOPMENT AND ACQUISITION

	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
Water Recreation Fund	\$ 200.0	-0-	\$ 200.0	-0-
Governor's Recommendation				
Water Recreation Fund	\$ 200.0	-0-	\$ 200.0	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request will provide funds to increase major acquisition and development of water access sites and river recreation sites. Newly-acquired lands or cooperative projects with local governments will be developed providing additional boating/fishing and canoeing opportunities on previously inaccessible lakes and rivers. Also, sites that are unusable or marginally usable will be completely redeveloped to provide a quality recreation facility.

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Number of Accesses Improved:				
SAME level	37	37	37	37
CHANGE Water Recreation Fund	-0-	-0-	3	3
Total	37	37	40	40
Number of river recreation sites improved	14	16	26	26
Number of water access sites acquired	15	15	17	17
Number of river sites acquired	4	4	5	6

DESCRIPTION/BACKGROUND:

The department manages about 1,150 water access sites and over 2,800 miles of river recreation routes statewide. With increased acquisition of recreation sites on major lakes and rivers, and the increased requests from local governments to provide quality

facilities, the current development budget is inadequate. From the time a recreation site is purchased or development requested by a local government until the time it is developed about 3 years elapses. This timeline is increasing due to required improvement of facility quality without associated budget increases. Increased funding will mean more developments will be completed each year and thereby shorten the time between development and purchase or agreement with local governments. Also, maintenance costs have increased, effectively reducing the 1986-87 development budget. Expensive access sites on Lake Superior, Gull Lake, Leech Lake and Lake Waconia and on rivers such as the Mississippi, especially in the Twin Cities and from Saint Paul to the Iowa border, the St. Croix and the Minnesota in and near the Twin Cities will require additional development funds. Acquisition of new sites for rivers is necessary to keep up with recent increases in use.

RATIONALE:

Approximately 50 recreation sites are developed each year. Recreation sites on the statewide priority list requiring development because of land acquisition, local government requests or rehabilitation needs now number over 90 and continue to rise. One or 2 major developments on major lakes can easily cost \$100.0 to \$300.0, using nearly half of the current development budget. Major accesses for rivers are also expensive to construct. This CHANGE will allow for an increased number of site developments for lakes and rivers to reduce the backlog of projects on the priority list.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: WATER ACCESS AND RECREATION
 PROGRAM: TRAILS AND WATERWAYS
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: BRIGHTON BEACH BREAKWATER - LCMR	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
Minnesota Resources Fund	\$ 235.0	-0-	\$ 235.0	-0-
Governor's Recommendation				
Minnesota Resources Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request is for development of a breakwater in conjunction with a state public access on city-owned land at Brighton Beach in Duluth, Lake Superior, to meet increased recreation demand and to provide safer fishing and boating opportunities.

DESCRIPTION/BACKGROUND:

Public access to Lake Superior is currently severely limited, with no developed access between Duluth and Two Harbors. With increased fishing and boating in the Duluth area, additional public access is needed. The nearest protected access is in Duluth harbor.

Fishing, boating and sailing are extremely popular in the Duluth area. Because of safety concerns, any public access developed should have protection from wind and wave action. It is common for storms and squalls to develop on Lake Superior with little warning. Brighton Beach is a City of Duluth park area on the shore of Lake Superior just northeast of the Lester River, which offers an opportunity to satisfy the boating demand. However, a breakwater is needed to provide a small harbor area to protect boaters from wind and wave action and to protect launch ramps and other ancillary facilities from wave erosion in the summer and ice action in the winter.

RATIONALE:

Lake Superior has been a priority for public access for the past 5 years. Accesses have been constructed in either natural or man-made protected harbors in cooperation with local governments. But much of the natural shoreline on Lake Superior is steep and rocky unprotected shore. Brighton Beach is one of only a few areas suitable for a public boat launch and parking area because of its level shoreline.

This request will allow construction of a breakwater which will provide a safe harbor area for boaters and protect the ramp.

GOVERNOR'S RECOMMENDATION:

The Governor has recommended that LCMR funding be discontinued beginning July 1, 1987. As a result, there is no funding recommended for the LCMR project contained within this activity.

ACTIVITY: TRAILS RECREATION
 Program: TRAILS AND WATERWAYS MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$ 102.5	-0-	-0-	-0-	-0-

DESCRIPTION:

Snowmobile, cross-country ski and all-terrain vehicle (ATV) trails exist to provide safe and enjoyable recreational opportunities for state residents and tourists, and make available grants-in-aid (GIA) funding to local units of government.

This activity provides a wide variety of snowmobile and cross-country ski trail experiences throughout Minnesota. By providing these opportunities, users expand their understanding of Minnesota's resources as well as local economies.

This activity provides for state and unit trails (i.e., in state parks and forests), through the following actions:

- 1) Administration of programs;
- 2) New trail development;
- 3) Maintenance and rehabilitation of existing trails;
- 4) Use monitoring; and,
- 5) Program marketing.

The ATV/off-road vehicle (ORV) program promotes safe, responsible and enjoyable use of ATVs; included in this activity are program administration, rule and regulation implementation. This activity also provides for the development of criteria for future use areas and development of criteria for the GIA program.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Snowmobiling occasions on registered sleds on Department of Natural Resources' (DNR) trails*	1,500,000	1,509,500	1,519,000	1,528,600
Cross-country skiing occasions by licensed skiers on DNR trails*	158,000	160,000	162,000	164,000
Cross-country ski license revenue	\$193.5	\$153.4	\$153.4	\$153.4
Snowmobile registration revenue	\$1,125.3	\$1,087.7	\$1,051.8	\$1,017.1
ATV registration revenue	\$181.2	\$167.1	\$230.0	\$175.0
Snowmobile GIA average development cost per mile	\$.4	\$.4	\$.4	\$.4
Snowmobile GIA average maintenance cost per mile	\$.2	\$.2	\$.2	\$.2
Cross-country ski average maintenance cost per mile**	\$.1	\$.1	\$.1	\$.1

Authority for this activity is found in M.S. 84.83, 84.927 and 85.43.

* Estimates do not include out-of-state users of Minnesota trails. An "occasion" is registered every time someone participates in a trail use.

** Low maintenance costs reflect incomplete funding of allowable charges due to shortages in dedicated revenues.

ACTIVITY STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Miles of DNR snowmobile trails (DNR) snowmobile trails	2,010	2,070	2,175	2,300
Miles of maintained DNR cross-country ski trails	702	702	702	702
Miles of DNR ATV trails	-0-	-0-	300	600

GRANTS-IN-AID PROGRAM

DESCRIPTION:

A GIA program is available to local units of government for snowmobile, cross-country ski and ATV trails.

1) Snowmobile Grants:

Statutory Reference: M.S. 84.83

Snowmobile GIA help satisfy local snowmobile needs by providing funds for trail development and maintenance. Grants are given to local units of government which act as sponsors for local snowmobile clubs. To be eligible for a grant a club, through its sponsor, must submit 1) landowner trail permits; 2) a project proposal which estimates costs for administration, acquisition, development and maintenance; and 3) a resolution from the local unit of government agreeing to be a sponsor for a club.

Criteria used to determine the dollar amount of a grant given to each club include terrain, weather, type of equipment, use, development and maintenance costs.

<u>Statistics:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Miles of GIA trails	7,897	7,997	8,137	8,277
Number of local units of government	54	58	60	62

<u>Grants by Fund:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Special Revenue-Snowmobile Safety and Enforcement Account	\$ 1,548.0	\$ 1,548.0	\$ 1,698.0	\$ 1,748.0

2) Cross-Country Ski Grants:

Statutory Reference: Minnesota Laws, Ch. 654, Art. 2, Sec. 86

The purpose of the GIA program is to provide ski trails which help to fulfill local needs and complement state trail systems. Grants for ski trail development and maintenance are awarded to local units of government who act as sponsors for local

ACTIVITY: TRAILS RECREATION
 (Continuation)
 Program: TRAILS AND WATERWAYS MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

DESCRIPTION: (Contd.)

ski clubs or local park systems. To be eligible for a grant, the sponsor must submit 1) a landowner trail permit; 2) project proposals estimating costs for administration, acquisition, development and maintenance; and 3) a resolution from the local unit of government agreeing to be sponsor for the grant.

The grant dollar amount is based on use, terrain, weather, type of equipment and maintenance and development costs as the funding allows. Grant applications far exceed the amount of funding available.

<u>Statistics:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Miles of grants-in-aid (GIA) trails	805	805	805	805
Number of local units of government	39	39	39	39
<u>Grants by Fund:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Special Revenue-Cross-Country Ski Account	\$ 53.2	\$ 74.8	\$ 74.8	\$ 74.8

3) All-Terrain Vehicle/Three-Wheel Off-Road Vehicle Grants:

Statutory Reference: M.S. 84.927

Three-wheel all-terrain vehicle (ATV) use in Minnesota has increased rapidly. Because of this, new legislation (1986) expanded the existing ATV program to include the establishment of policies and procedures, rules and regulations and a GIA program.

Rules and regulations will be established soon. These will help to give direction in developing a grants program. The ATV GIA program will be patterned after the formats previously described. The ultimate determining factor will be the amount of revenue available for grants which will be generated by registration and a percentage of the gas tax.

<u>Statistics:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Miles of GIA trails	-0-	-0-	200	400
Number of local units of government	-0-	-0-	3	7
<u>Grants by Fund:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Special Revenue-All-Terrain Vehicle (ATV) Account	-0-	-0-	\$ 120.0	\$ 200.0

CHANGE REQUESTS:

Snowmobile Trails Management
 Covers increased maintenance needs and funds for new development. See the CHANGE request sheet following the fiscal sheet for this activity.

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Snowmobile Trails Management	\$ 300.0	\$ 350.0	Activity Specific

Snowmobile Grants
 Covers funding for increased maintenance and development of priority projects. See the CHANGE sheet following the fiscal sheet for this activity.

Snowmobile Grants	\$ 150.0	\$ 200.0	Activity Specific
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Equipment Replacement and Fleet Management
 To provide funds for equipment use based on mileage or hourly rates. See the CHANGE request sheet following the agency fiscal page.

Equipment Replacement and Fleet Management	\$ 26.7	\$ 46.0	Agency-wide
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Ridgeline Trail - LCMR
 Covers funds for acquisition and development of new hiking trail. See the CHANGE sheet following the fiscal sheet for this activity.

Ridgeline Trail - LCMR	\$ 190.0	\$ 190.0	Activity Specific
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BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: TRAILS RECREATION

PROGRAM: TRAILS & WATERWAYS MANAGEMT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,541.4	1,222.8	1,575.7	1,637.0	356.7	1,993.7	1,963.7	1,558.4	426.0	1,984.4	1,954.4
LOCAL ASSISTANCE	1,469.8	1,528.3	1,823.4	1,743.4	310.0	2,053.4	1,893.4	1,823.4	360.0	2,183.4	2,023.4
AIDS TO INDS.											
TOTAL EXPENDITURES	3,011.2	2,751.1	3,399.1	3,380.4	666.7	4,047.1	3,857.1	3,381.8	786.0	4,167.8	3,977.8
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	551.0	601.7	796.4	816.4	163.0	979.4	952.4	776.4	165.0	941.4	914.4
EXPENSES & CONTRAC. SERV	241.4	339.2	400.0	441.3	129.2	570.5	569.0	402.7	171.5	574.2	572.7
SUPPLIES & MATERIALS	242.6	199.3	236.2	236.2	34.5	270.7	269.2	236.2	34.5	270.7	269.2
EQUIPMENT	410.3	54.3	10.0	10.0	30.0	40.0	40.0	10.0	30.0	40.0	40.0
OTHER EXPENSE ITEMS	96.1	28.3	133.1	133.1		133.1	133.1	133.1	25.0	158.1	158.1
TOTAL STATE OPERATIONS	1,541.4	1,222.8	1,575.7	1,637.0	356.7	1,993.7	1,963.7	1,558.4	426.0	1,984.4	1,954.4
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	215.7										
GENERAL FUND - LCMR	67.6										
MN RESOURCES			20.0		190.0	190.0			190.0	190.0	
SPECIAL REVENUE	2,553.4	2,751.1	3,379.1	3,380.4	476.7	3,857.1	3,857.1	3,381.8	596.0	3,977.8	3,977.8
GAME AND FISH	174.5										
TOTAL FINANCING	3,011.2	2,751.1	3,399.1	3,380.4	666.7	4,047.1	3,857.1	3,381.8	786.0	4,167.8	3,977.8
POSITIONS BY FUND											
GENERAL FUND - LCMR	1.0										
MN RESOURCES					1.0	1.0			1.0	1.0	
SPECIAL REVENUE	4.0	8.0	11.0	11.0		11.0	11.0	11.0		11.0	11.0
GAME AND FISH	2.0										
TOTAL POSITIONS	7.0	8.0	11.0	11.0	1.0	12.0	11.0	11.0	1.0	12.0	11.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: TRAILS RECREATION
 PROGRAM: TRAILS AND WATERWAYS MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: SNOWMOBILE TRAILS MANAGEMENT				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Special Revenue-- Snowmobile Safety and Enforcement Account	\$ 300.0	-0-	\$ 350.0	-0-
Governor's Recommendation				
Special Revenue-- Snowmobile Safety and Enforcement Account	\$ 300.0	-0-	\$ 350.0	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:	M.S. 84.83			

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds to meet documented needs for improved maintenance and signing of snowmobile trails; to initiate maintenance on trails constructed during the 1985-87 biennium; and to develop additional trails.

DESCRIPTION/BACKGROUND:

Snowmobiling remains a vital element in the Minnesota recreation picture. In 1986, 180,782 sleds were registered within the state. It is estimated that owners of registered sleds spent \$25,000.0 on winter trips during 1985-86. Surveys indicate that sleds are being driven longer distances per trip, and there is evidence of the need for improved maintenance and signing standards. Finally, the Division of Tourism continues to expend large sums to attract winter recreationists to Minnesota.

During the 1985-87 biennium 165 miles of trail were brought into the state system. In addition, this CHANGE in funding will pay for an additional 100 miles of new development (and reroute), and approximately 40 miles of trail will be rehabilitated.

ACTIVITY STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Miles of Department of Natural Resources' snowmobile trails	2,010	2,070	2,175	2,225
Cost for maintenance/mile	\$.2	\$.2	\$.3	\$.3

RATIONALE:

As indicated in the activity statistics, the number of trail miles has continued to increase. These new miles add \$114.0 to the operational responsibility of the department. Additionally, the new development and rehabilitation is estimated to cost \$536.0, with approximately half needed for bridges on the International Falls to Tower trail.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: TRAILS RECREATION
 PROGRAM: TRAILS AND WATERWAYS MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

RATIONALE:

Snowmobiling on trails has enjoyed a renewed popularity as a form of outdoor recreation in Minnesota. The structure of the trails assistance program has created enthusiasm for improving trail systems that allow long distance, multi-day touring. As participant numbers increase, additional trail mileage and high standards are desired. This funding will allow increased maintenance on heavily-used GIA trails and development of approximately 280 miles of high priority trails for \$186.0.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

Request Title: SNOWMOBILE GRANTS				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
Special Revenue-- Snowmobile Safety and Enforcement Account	\$ 150.0	-0-	\$ 200.0	-0-
Governor's Recommendation				
Special Revenue-- Snowmobile Safety and Enforcement Account	\$ 150.0	-0-	\$ 200.0	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This CHANGE level would fund improved maintenance on the existing snowmobile trail system, and development of highest priority new trails throughout the state.

DESCRIPTION/BACKGROUND:

The present grants-in-aid (GIA) snowmobile trail system includes 7,997 miles. They provide important local opportunities as well as serving as an attraction base for tourists. While there is overall user satisfaction with the existing snowmobile program, research indicates a desire for additional trail opportunities, better signing, mapping and maintenance. Currently, proposals totalling over 600 miles have been submitted to the Department of Natural Resources. This CHANGE level would allow funding of the highest priority trails within this group.

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Average development cost per mile (Trails Assistance Program)	\$.4	\$.4	\$.4	\$.4
Average maintenance cost per mile (Trails Assistance Program)	\$.2	\$.2	\$.2	\$.2
Number of local units of government	54	58	60	62
Number of clubs	235	239	241	243
Number of GIA trails	7,897	7,997	8,137	8,277

CHANGE REQUEST

1987-89 Biennial Budget

 Agency Program Activity

ACTIVITY: TRAILS RECREATION
 PROGRAM: TRAILS AND WATERWAYS MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: ACQUISITION AND DEVELOPMENT OF THE RIDGELINE HIKING TRAIL - LCMR

	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Minnesota Resources Fund	\$ 190.0	1.0	\$ 190.0	1.0
 Governor's Recommendation				
Minnesota Resources Fund	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: Yes No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests this CHANGE to cooperatively plan, acquire, design and develop the Lake Superior Ridgeline Hiking Trail. The project will be accomplished through a grant to Superior Hiking Trail Association, a non-profit organization.

DESCRIPTION/BACKGROUND:

This request will enable initial work on the project, which has been proposed for several years. A local, grassroots group has formed to see the project to completion. Long-term maintenance and operations will become the responsibility of the local association. A detailed project proposal was submitted to the Legislative Commission on Minnesota Resources (LCMR) describing the financial and programmatic structure of the project. The position (unclassified) will coordinate the efforts of volunteers, local units of governments and state and federal land managing agencies.

GOVERNOR'S RECOMMENDATION:

The Governor has recommended that LCMR funding be discontinued beginning July 1, 1987. As a result, there is no funding recommended for the LCMR project contained within this activity.

PROGRAM: FISH AND WILDLIFE MANAGEMENT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

PROGRAM PURPOSE: The Fish and Wildlife Management Program protects and manages the state's fish, wildlife, native plants and their communities so that their intrinsic values and long-term benefits are maintained for present and future generations. The range of resource stewardship responsibilities and activities include regulatory protection, physical management of species and habitats, advocacy of ecosystem integrity, and resource investigations and education.

The program's management goals are to 1) achieve and maintain appropriate and viable fish, wildlife and native plant populations and 2) to provide and maintain quality opportunities for the use and appreciation of these resources.

OPERATION: The activities of this program are Fish Management, Wildlife Management and Ecological Services and are under the authority granted to the Commissioner of Natural Resources. The program protects and manages fish, wildlife and native plant species through land acquisition, habitat development and monitoring efforts. Land purchased is established as Wildlife Management Areas, Scientific and Natural Areas, spawning areas, and rough fish control sites; interest in land acquired under easement provides for stream improvement work, public access and for flowage onto private lands for wetland development.

Annual agreements with private landowners provide for wildlife food plots, cover and small wetland restoration. Development work on fish and wildlife land includes such things as the creation of forest openings, wetland improvements, seeding and planting, prescribed burning and lake and stream improvement.

Recreational opportunities are provided to hunters, anglers and nature enthusiasts by rearing, stocking, relocation and reintroduction of various fish and wildlife species. Population control efforts are accomplished through season setting and the establishment of limits in conjunction with the opening, expanding or closing of use on certain hunting lands and public waters. Data collection, census and survey work and data review all contribute information to management so that efforts are effectively applied.

The division coordinates with other disciplines, agencies, local units of government and various interest groups to receive and distribute information affecting those entities. Annually, the division hosts approximately 20 public input meetings across the state covering topics such as season setting, habitat development and use, and the enforcement of game and fish laws; participates in or prepares responses for hearings on environmental impact issues; responds to thousands of inquiries from citizens and organizations; and gives numerous presentations to local, state, national and civic and resource organizations. In addition, 15 input meetings were held in 1985-86 to offer the public an opportunity to participate in the development of the division's strategic plan.

Division activities annually generate approximately \$24.0 million in license fees and \$7.0 million in federal aid reimbursements into the Game and Fish Fund. The Game and Fish Fund supports over 90% of the division's programs, 80% of the agency's

enforcement operations, and varying amounts to agency support services; e.g., administration, field services, and financial and personnel management.

PROGRAM ISSUES: The 1986 legislature stated in the Reinvest in Minnesota Act that fish and wildlife are renewable resources, to be conserved and enhanced through a scientifically planned management, protection and use program. Although renewable, these resources must be sensitively managed to survive the demands of a growing tourism industry, intense hunter and angler pressure and threats to remaining habitat. Sensitive and effective management necessitates balancing viable populations and adequate habitats with user pressures and land use conversions. The foremost issues facing the Fish and Wildlife Program in the 1990's will be to strike this balance through more and better research, management and evaluation techniques and to obtain adequate and stable funding.

The program has recently completed the development of a strategic plan which establishes 20-year resource management goals. Strategic issues that can prevent achievement of these goals have been identified. A list of strategies to be implemented through a 6-year, long-range plan and an annual operational plan has also been prepared. This process will provide for the integrated management of Minnesota's fish, wildlife, and native plant resources in a coordinated and goal-oriented management cycle from planning, organization and implementation through to evaluation of performance.

Four priorities requiring immediate and long-term attention are continuation of the coordinated and comprehensive planning process, continued solvency of the Game and Fish Fund, an adequate federal aid financial management system, and attainment of stable and alternative funding sources. These priorities reflect both resource issues and financial concerns.

BUDGET ISSUES: Minnesota's fish and wildlife management programs are funded primarily through hunting, fishing and trapping license fees. Although total revenues and expenditures have grown in both nominal and constant dollars (as adjusted for inflation) this growth has been attributable to "earmarked" or special use revenues. The basic management programs have not grown in constant dollars and the 1985 Legislative Audit of the Game and Fish Fund noted suggestions "that license fees are no longer adequate to finance all of the current and proposed activities of the fund."

Steps have been taken by the department to preserve the fund balance which include the unallotment of budgets. In order to prevent the Game and Fish Fund from going negative, the department reduced operations and management budgets in fiscal years 1985, 1986 and 1987 totalling \$2,370.0; of this amount, \$1,121.8 was from the Fish and Wildlife Program. These reductions have similarly reduced program performance. A solution must be found during the 1987 legislative session to correct these constant fund problems or fish and wildlife management efforts will continue to decline. As a partial and temporary solution, the department is recommending a general increase in hunting and fishing license fees effective 3-1-88.

In the Report of the Governor's Citizen Commission to Promote Hunting and Fishing in Minnesota (December 1984), the Commission reported that Minnesota's fish and wildlife resources "have been suffering a long term and steady process of depletion. For many years fish and wildlife interests in Minnesota have been secondary to other interests and this long term and pervasive attitude has allowed the depletion of the fish and wildlife

PROGRAM: FISH AND WILDLIFE MANAGEMENT

1987-89 Biennial Budget

(Continuation)

Agency: NATURAL RESOURCES, DEPARTMENT OF

BUDGET ISSUES: (Contd.)

resources to the extent that even some important recent remedies have not substantially reversed this process."

In the 1984-86 Governor's Action Plan several major fish and wildlife issues were identified. Foremost was the inability of current funding "to keep pace with management needs." The division has taken steps to partially address this issue. Through cooperative efforts with other units of government and private organizations, the Fish and Wildlife Program has been able to cost share many projects over the last few years thus reducing operating costs. Whenever possible work has been accomplished under contract or through purchase of service and many long-term seasonal employees have been converted to year-round, part-time positions thus reducing unemployment costs. Land acquisition costs have risen on many desirable tracts. The division has been aggressively pursuing more gifted parcels and Reinvest in Minnesota (RIM) legislation for Critical Habitat Matching funds has expanded our acquisition efforts and promoted donations. More emphasis is being placed on educational, outreach programs to inform the public of fish and wildlife concerns.

In addition to internal actions and the recommended general increase in hunting and fishing license fees, alternative and stable funding sources must be identified. The management of Minnesota's fish and wildlife resources is a costly investment and, as cited in the February 1986 Fish Management audit, "Many have suggested that license fees are no longer adequate to finance all of the current and proposed activities of the fund."

EXPLANATION OF BUDGET REQUEST: The F.Y. 1988-89 SAME level is based on the authorized appropriation for F.Y. 1987. During F.Y. 1986 and F.Y. 1987 reductions totalling \$1,370.0 were made from Game and Fish funded programs throughout the department. Of this amount, \$570.8 was from the division's budget. These reductions are not reflected in F.Y. 1988-89 SAME level. However, the department decreased budgets by \$1,000.0 in F.Y. 1985; \$551.0 in the Fish and Wildlife Program. This was a permanent reduction to the base for F.Y. 1986-87 and F.Y. 1988-89. Increased costs have further eroded "basic" program and any planned enhancements or intensifications will begin at this reduced program level of effort.

There is a CHANGE level request to initiate Federal Aid Project Monitoring at the program level. This work is necessary to generate maximum receipts into the Game and Fish Fund as early as possible in each federal fiscal year. The CHANGE is for \$47.4 in F.Y. 1988 and \$40.9 in F.Y. 1989 and 2 positions.

There are 2 CHANGE requests in the Fish Management Activity budget, one for \$125.0 in each year for acceleration of trout and salmon management and stocking; and the other for the conversion of 1 federal complement position to the Game and Fish Fund.

The Wildlife Management Activity CHANGE requests are for the reinstatement of operations and management funds totalling \$70.0 each year and 2 positions; the necessary funding to support increased client workload in the Natural Heritage Program totalling \$34.5 in F.Y. 1988 and \$37.1 in F.Y. 1989; the transfer of In-Lieu-of-Tax Payments from the Game and Fish Fund to the General Fund in accordance with the provisions contained in Laws of 1986, Ch. 383; the decrease in funding of the Pheasant Habitat Improvement Program and the Wildlife Acquisition/Surcharge Account \$(118.2) in F.Y. 1988 and \$(117.7) in F.Y. 1989 to properly align budget with actual and projected receipts; the expansion of the Waterfowl Habitat Program totalling \$350.0 each year and 1 position; the conversion of the Scientific and Natural Areas Planning Program from Legislative Commission on Minnesota Resources (LCMR) funding to General Fund totalling \$45.0 each year and 1 position; and the expansion of the Nongame Wildlife Program totalling \$500.0 each year and 1 position. In addition, the LCMR has recommended 2 positions and \$80.0 each year for Forest/Wildlife Habitat Intensification; 1 position and \$975.0 in F.Y. 1988 and \$976.0 in F.Y. 1989 for the Swan Lake Area Wildlife Project; 2 positions and \$87.0 in F.Y. 1988 and \$88.0 in F.Y. 1989 for the County Biological Survey.

There are CHANGE requests in the Ecological Services budget to adequately fund the state "match" for the Federal Acid Rain Study totalling \$16.0 each year; a request for the conversion of 7 General Fund and 6 Game and Fish Fund positions from part-time to full-time totalling \$23.5 in F.Y. 1988 and \$24.5 in F.Y. 1989, General Fund, and \$20.1 in F.Y. 1988 and \$20.9 in F.Y. 1989, Game and Fish Fund. Also, included in the SAME level request is a LCMR recommendation for 3 positions and \$130.0 each year to continue the Fish and Wildlife Comprehensive Planning Project.

There is an agency CHANGE for the division's vehicle replacement needs under Fleet Management: Fish Management, \$199.0 for F.Y. 1988 and \$351.8 for F.Y. 1989, Game and Fish Fund; Wildlife Management, \$234.2 for F.Y. 1988 and \$357.9 for F.Y. 1989, Game and Fish Fund and \$4.1 for F.Y. 1988 and \$6.5 for F.Y. 1989, Nongame Wildlife Account; and Ecological Services, \$2.1 for F.Y. 1988 and \$3.3 for F.Y. 1989, General Fund, and \$3.1 for F.Y. 1988 and \$4.9 for F.Y. 1989, Game and Fish Fund.

GOVERNOR'S RECOMMENDATION: The Governor recommends funding as requested in the Game and Fish Fund except for the requested transfer of the in-lieu-of-tax payment from the Game and Fish Fund to the General Fund. Legislation will be submitted to amend the 1986 legislation which transferred a long-standing tradition of making this payment from the Game and Fish Fund.

Expansion of the Nongame Wildlife Program is recommended as requested. It is further recommended that its funding be transferred from the Special Revenue Fund to a gift account recognizing the nature and origin of the revenue.

Of the General Fund requests, only the equipment replacement request for Ecological Services is recommended at \$1.6 in F.Y. 1988 and \$2.3 in F.Y. 1989.

The Governor has recommended that LCMR funding be discontinued beginning July 1, 1987. As a result, there is no funding recommended for the LCMR project contained within this activity.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: FISH AND WILDLIFE MANAGEMNT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
FISH MANAGEMENT	8,524.6	11,583.5	11,983.3	12,349.0	356.9	12,705.9	12,705.9	12,326.0	508.8	12,834.8	12,834.8
WILDLIFE MANAGEMENT	10,022.8	10,270.5	10,654.3	10,750.5	2,272.6	13,023.1	11,801.6	10,730.4	2,401.6	13,132.0	11,901.6
ECOLOGICAL SERVICES	1,013.8	1,139.7	1,322.1	1,373.5	69.2	1,442.7	1,272.7	1,375.6	74.0	1,449.6	1,278.1
TOTAL	19,561.2	22,993.7	23,959.7	24,473.0	2,698.7	27,171.7	25,780.2	24,432.0	2,984.4	27,416.4	26,014.5
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	19,333.1	22,735.1	23,573.8	24,102.1	2,586.0	26,688.1	25,496.6	24,061.1	2,871.3	26,932.4	25,730.5
LOCAL ASSISTANCE	38.0	90.7	15.0								
AIDS TO INDS.	190.1	167.9	370.9	370.9	112.7	483.6	283.6	370.9	113.1	484.0	284.0
TOTAL EXPENDITURES	19,561.2	22,993.7	23,959.7	24,473.0	2,698.7	27,171.7	25,780.2	24,432.0	2,984.4	27,416.4	26,014.5
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	536.2	604.0	648.1	617.5	806.8	1,424.3	619.1	621.5	815.9	1,437.4	623.8
GENERAL FUND - LCMR	39.5										
MN RESOURCES		120.2	233.8	130.0	1,142.0	1,272.0		130.0	1,144.0	1,274.0	
WATER RECREATION		136.8	150.0	150.0		150.0	150.0	150.0		150.0	150.0
SPECIAL REVENUE	605.3	673.5	674.4	675.7	504.1	1,179.8		677.1	506.5	1,183.6	
GAME AND FISH	18,022.2	20,952.4	21,766.3	22,385.3	245.8	22,631.1	23,316.8	22,351.8	518.0	22,869.8	23,555.5
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	5.0	56.4									
GIFTS AND DEPOSITS	16.4	20.2	35.1	27.5		27.5	1,207.3	27.5		27.5	1,211.1
FEDERAL	336.6	430.2	452.0	487.0		487.0	487.0	474.1		474.1	474.1
TOTAL FINANCING	19,561.2	22,993.7	23,959.7	24,473.0	2,698.7	27,171.7	25,780.2	24,432.0	2,984.4	27,416.4	26,014.5
POSITIONS BY FUND:											
GENERAL	9.0	9.0	8.0	8.0	8.0	16.0	8.0	8.0	8.0	16.0	8.0
GENERAL FUND - LCMR	1.0										
MN RESOURCES		4.0	4.0	3.0	5.0	8.0		3.0	5.0	8.0	
SPECIAL REVENUE	9.0	9.0	9.0	9.0	1.0	10.0		9.0	1.0	10.0	
GAME AND FISH	325.0	325.0	325.0	325.0	12.0	337.0	337.0	325.0	12.0	337.0	337.0
GIFTS AND DEPOSITS							10.0				10.0
FEDERAL	7.0	6.0	5.0	4.0		4.0	4.0	4.0		4.0	4.0
TOTAL POSITIONS	351.0	353.0	351.0	349.0	26.0	375.0	359.0	349.0	26.0	375.0	359.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: FISH AND WILDLIFE MANAGEMENT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Agency Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Game and Fish Fund	\$ 47.4	2.0	\$ 40.9	2.0
Governor's Recommendation				
Game and Fish Fund	\$ 47.4	2.0	\$ 40.9	2.0
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request is to improve the financial accounting of reimburseable costs on fish and wildlife projects in order to accelerate receipt of federal aid reimbursements and thus maximize interest earned in the Game and Fish Fund.

DESCRIPTION/BACKGROUND:

For the past 5 years federal aid coordination for the Division of Fish and wildlife has been accomplished under the supervision of a Program Federal Aid Coordinator with the assistance of a secretarial position. In Federal Fiscal Year 1986 the federal aid apportionment increased from \$3.8 to \$6.9 million, annually.

This request would provide for 1 financial counterpart to the current Program Federal Aid Coordinator position and the addition of more support time through the conversion of a part-time accounting technician position, to full-time. The financial coordination of projects is essential to allocate funds which will result in maximum reimbursements. The additional support time would guarantee the rapid collection of all cost data for timely and accurate submission to the U.S. Fish and Wildlife Service.

The requested funding would also allow for more frequent contact with field supervisors; the documentation and distribution of federal aid guidelines; the writing of a division federal aid manual for use by field staff; the acquisition of a personal computer to retrieve and/or compile project and billing data.

RATIONALE:

During F.Y. 1986 the complexity and number of federal aid projects increased. Internal and external reviews of federal aid management and controls have been critical, specifically in the area of timely submission of billings. The entire federal aid process from project development to final reporting and project evaluation is being addressed in conjunction with long range and operational planning efforts. The cost accounting system needs major review to be effective.

With an adequate financial monitoring system, project funding can be earned and received more rapidly, earning more interest to the Game and Fish Fund and insuring no loss of federal aid dollars. All Game and Fish Fund programs of the agency are affected by federal aid receipts which total approximately 20% of the fund.

STATISTICS:

	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
- Projects under federal aid	10	13	16	19	19
- Federal aid funds available (In thousands)	\$ 3,800.0	\$ 6,100.0	\$ 6,900.0	\$ 6,900.0	\$ 6,900.0
- Increase to interest from accelerated billings	N/A	N/A	N/A	\$ 35.0	\$ 35.0

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

ACTIVITY: FISH MANAGEMENT
 Program: FISH AND WILDLIFE MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$14,223.8	\$15,979.2	\$18,852.7	\$18,696.6	\$18,696.6

OBJECTIVE:

To establish and maintain fish populations in public waters capable of accommodating the demands of a variety of user groups.

DESCRIPTION:

Fish Management includes protecting fish habitat and fish populations from over-exploitation, as well as providing preferred species for sport fishing in 6,000 fishing lakes, totalling 2,800,000 acres and in 2,000 miles of trout streams and 13,000 miles of warmwater streams. Included is the rehabilitation of fish populations for the benefit of sport species and the enhancement of angling. Lake improvement projects accomplished in this activity include: construction of water control structures, rough fish barriers and traps; improvement of natural spawning areas; and operation of warm and coldwater hatcheries. Construction is accomplished through private contractors while rehabilitation is done with fisheries personnel and equipment.

Most work is funded with fishing license revenue from 1,477,630 license holders (1985). An additional 700,000 persons fish, but because of their age are not required to buy licenses, so do not contribute financially. Clientele also include a variety of contract and licensed commercial fishing enterprises and a large live bait industry, licensed by the Department, that produces bait valued at \$30.0 million per year. Authority for this activity is found in M.S. Ch. 97 to 102.

EFFECTIVENESS MEASURES:

Statewide the quality of fishing has been maintained for more and more anglers using increasingly sophisticated gear. Northern pike populations are as high as they were in the 1950's. Musky fishing opportunities have expanded. Trout and salmon fishing opportunities have increased dramatically through rehabilitation work on Lake Superior, providing lake trout, steelhead and salmon fishing. Important walleye lakes produce a greater harvest than ever but the average size and number per angler have stabilized under intense fishing pressure.

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Game fish reared & stocked (in millions)	650	650	650	650
Lakes receiving fish	1,362	1,368	1,374	1,380
Pounds of rough fish removed (in millions)	7	7	7	7
Lakes rehabilitated	4	12	10	10
Access fishing piers	23	12	10	10
New fish lakes (aeration)	12	6	6	6

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Field headquarters	27	27	27	27
Fish hatcheries	20	20	21	22
Rearing ponds	410	430	430	430
Spawning areas	209	210	212	214
Rough fish control structures	86	87	89	91
Trout streams	575	575	575	575
Trout lakes	146	150	155	160
Fish surveys completed	900	900	900	900
Walleye fingerling stocked (tons)	78	100	100	100
Trout and Salmon stocked (tons)	122	131	140	140
Research: Completed studies	4	2	4	6
Research: Studies in progress	16	28	28	28
Federal Aid Received: Dingell-Johnson	\$2,500.0	\$3,700.0	\$4,680.0	\$4,680.0
Federal Aid Received: Other	\$155.0	\$155.0	\$155.0	\$155.0

CHANGE REQUESTS:

	F.Y. 1988	F.Y. 1989	Type
Lake and Stream Management Conversion of 1 federal complement position to Game and Fish Fund. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ -0-	\$ -0-	Activity Specific
Trout and Salmon Improvement To properly align budget with actual receipts and improve trout and salmon fishing through additional habitat improvement and hatchery production. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 125.0	\$ 125.0	Activity Specific
Federal Aid Project Monitoring To obtain a position to monitor the \$8 million fish and wildlife federal aid program. See the CHANGE request sheet following the Fish and Wildlife Program fiscal page.	\$ 32.0	\$ 32.0	Program-wide
Equipment Replacement and Fleet Management To provide funding in this activity for equipment use based on mileage or hourly rates. The initial use rates will include only the cost of insurance, repairs and maintenance, and that portion of the installment purchase payments applicable to the fiscal year. See the CHANGE request sheet following the agency fiscal page.	\$ 199.9	\$ 351.8	Agency-wide

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: FISH MANAGEMENT

PROGRAM: FISH AND WILDLIFE MANAGEMNT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	8,512.6	11,511.5	11,968.3	12,349.0	356.9	12,705.9	12,705.9	12,326.0	508.8	12,834.8	12,834.8
LOCAL ASSISTANCE	12.0	72.0	15.0								
AIDS TO INDS.											
TOTAL EXPENDITURES	8,524.6	11,583.5	11,983.3	12,349.0	356.9	12,705.9	12,705.9	12,326.0	508.8	12,834.8	12,834.8
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	6,989.7	7,466.6	8,279.9	8,601.7	108.6	8,710.3	8,710.3	8,573.6	108.6	8,682.2	8,682.2
EXPENSES & CONTRAC. SERV	705.0	843.5	718.5	734.4	214.9	949.3	949.3	739.5	366.8	1,106.3	1,106.3
SUPPLIES & MATERIALS	720.8	2,317.1	1,141.8	1,218.0	8.4	1,226.4	1,226.4	1,218.0	8.4	1,226.4	1,226.4
EQUIPMENT	54.2	559.5	398.5	378.5	25.0	403.5	403.5	378.5	25.0	403.5	403.5
OTHER EXPENSE ITEMS	42.9	324.8	1,429.6	1,416.4		1,416.4	1,416.4	1,416.4		1,416.4	1,416.4
TOTAL STATE OPERATIONS	8,512.6	11,511.5	11,968.3	12,349.0	356.9	12,705.9	12,705.9	12,326.0	508.8	12,834.8	12,834.8
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL		9.5									
MN RESOURCES			15.0								
WATER RECREATION		136.8	150.0	150.0		150.0	150.0	150.0		150.0	150.0
GAME AND FISH	8,350.4	11,251.1	11,606.9	11,947.4	356.9	12,304.3	12,304.3	11,924.4	508.8	12,433.2	12,433.2
DEDICATED APPROPRIATIONS:											
GIFTS AND DEPOSITS	3.3		21.4	10.0		10.0	10.0	10.0		10.0	10.0
FEDERAL	170.9	186.1	190.0	241.6		241.6	241.6	241.6		241.6	241.6
TOTAL FINANCING	8,524.6	11,583.5	11,983.3	12,349.0	356.9	12,705.9	12,705.9	12,326.0	508.8	12,834.8	12,834.8
POSITIONS BY FUND											
GAME AND FISH	208.0	208.0	207.0	207.0	2.0	209.0	209.0	207.0	2.0	209.0	209.0
FEDERAL	4.0	1.0	1.0								
TOTAL POSITIONS	212.0	209.0	208.0	207.0	2.0	209.0	209.0	207.0	2.0	209.0	209.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

F.Y. 1986 F.Y. 1987 F.Y. 1988 F.Y. 1989

ACTIVITY: FISH MANAGEMENT
 PROGRAM: FISH AND WILDLIFE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Annual fish management plans
 compiled

448 400 500 500

RATIONALE:

The lake and stream survey specialist position is essential to organizing and reviewing the statewide Lake and Stream Management Planning Project (D-J). By converting the position from the Federal Account (not D-J) to the Game and Fish Fund and billing against the Federal Account for other items, no federal dollars will be lost and an annual savings of approximately \$8.5 will be realized in indirect costs for the program.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

Request Title: LAKE AND STREAM MANAGEMENT				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
Game and Fish Fund	\$ -0-	1.0	\$ -0-	1.0
Governor's Recommendation				
Game and Fish Fund	\$ -0-	1.0	\$ -0-	1.0
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request will convert a full-time lake and stream survey specialist position from Federal funds to the Game and Fish Fund and reduce the cost of the position due to a savings on indirect costs. The position has been assigned additional lake and stream management planning duties and cannot justify time on the Federal Account Project.

DESCRIPTION/BACKGROUND:

Supervision is required to bring additional lake survey information into the central data base, to facilitate electronic communications between the field and central data base and to provide computerized information to the public and other agencies. The position is also responsible for overseeing the Statewide Fisheries Lake and Stream Management Planning Project. This project is a \$1.8 million Dingell-Johnson (D-J) project which is reimbursed 75% from the Sport Fish Restoration Act (U.S. Fish and Wildlife Service). The project includes reviewing fish management plans, fish lake inventory and monitoring, stream and river surveys, evaluations and revision of guidelines and manuals to assist the field data collection process.

STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Lake and stream information files managed	7,000	7,000	7,000	7,000
Annual fish surveys compiled	900	900	900	900

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: FISH MANAGEMENT
 PROGRAM: FISH AND WILDLIFE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

RATIONALE:

M.S. 97.4842 was amended in 1984 to expand the trout stamp to include salmon and to include angling to designated stream trout lakes and Lake Superior and was further amended in 1985 to increase the fee for the trout stamp to \$5.00. The expanded coverage and increased fee will produce estimated revenues of \$400.0 annually. This CHANGE level request of \$125.0 annually will increase spending to a total of \$375.0. Uses of revenue include development, restoration, maintenance and/or preservation of trout streams and lakes and the rearing of trout and salmon in trout streams, lakes and in Lake Superior.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

Request Title: TROUT AND SALMON IMPROVEMENT	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
Game and Fish Fund	\$ 125.0	-0-	\$ 125.0	-0-
Governor's Recommendation				
Game and Fish Fund	\$ 125.0	-0-	\$ 125.0	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request is to improve trout and salmon fishing by increasing efforts to manage trout habitat and by increasing hatchery production of these species for stocking in inland lakes, streams and Lake Superior.

DESCRIPTION/BACKGROUND:

This activity exists to increase the amount of stream trout lake rehabilitation and hatchery production for trout and salmon above the current level of effort. Lake rehabilitation requires chemically removing all fish in order to eliminate predatory fish and competitors for food. Lakes are then capable of carrying greater numbers and poundage of trout and salmon and are restocked only with those species. Production of trout and salmon will be increased to fill the needs of additional lake and stream carrying capacities and to enhance fishing opportunities in mine pits on the Iron Range and in Lake Superior.

STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Trout lakes rehabilitated	4	6	8	8
Production of trout and salmon	200,000	200,000	200,000	200,000

ACTIVITY: WILDLIFE MANAGEMENT
 Program: FISH AND WILDLIFE MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$11,836.1	\$14,063.6	\$14,146.6	\$13,869.1	\$13,751.2

OBJECTIVE:

The objective of the wildlife management activity is to protect and maintain optimum populations of the 80 mammalian, 374 avian, 40 other vertebrate and 2000 native plant species in Minnesota so the state's rich and diverse natural heritage can be enjoyed and utilized by residents and visitors.

DESCRIPTION:

Wildlife management involves the protection and evaluation of wildlife and plant species and their habitats on all lands and waters of the state. This is accomplished through environmental review, coordination, technical assistance, research, inventory, maintenance and development activities, as well as acquisition of land.

Habitat protection, acquisition and enhancement are supported primarily by the \$5 pheasant and waterfowl stamp revenues, \$2 earmarked from each deer hunting license, and \$4 from the small game license surcharge. Each resident deer and bear hunting license has \$1 earmarked for deer and bear management. All of these activities receive additional support from regular hunting and trapping fees via the operations and management budget.

An important aspect of managing wildlife is establishing hunting and trapping seasons, determining bag limits and allocating permits and licenses, as authorized by law.

An increasing demand put upon the program is to control damage caused by wildlife to farm and garden crops, trees and shrubs, buildings, drainage ditches, waterways, vehicles and other property. This increase cannot be met with current funds and personnel. Other important aspects of wildlife management are accommodating the growing number of nonconsumptive interests in the state's wildlife resources and ensuring adequate protection of rare plant and animal species.

In-lieu-of-taxes have been paid out of the Game and Fish Fund on all acquired wildlife lands. This payment will be made from the General Fund effective 7-1-87 (Laws of 1986, Ch. 383).

Authority for this activity is found in M.S. Ch. 86A, 97, 98, 99, 100, 101 and 102.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Number of licenses sold	988.7	1,000.5	1,000.0	1,100.0
Recreational days hunting	5,100.0	5,350.0	5,500.0	5,500.0
Hunting and trapping harvest	3,750.0	3,800.0	4,000.0	4,000.0
Percent of state population actively observing wildlife	80	80	80	80

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
No. of permits/licenses issued by computerized drawing	161,000	134,700	150,000	150,000
Acres of wildlife management areas purchased	3,663	5,000	4,000	3,000
Cost per acre of wildlife land	\$517	\$500	\$450	\$450
Acres of wildlife land donated	411	2,500	1,500	1,500
Acres of scientific and natural areas purchased	160	270	240	250
Acres of natural areas donated or designated on public lands	30	718	470	300
Acres of wetland managed and maintained/cost per acre	83,000/5	70,000/5	80,000/6	80,000/6
No. of small wetlands created/cost per acre	36/450	50/475	50/500	50/500
No. of major impoundments/total acres	3/600	4/800	2/500	2/500
Acres of nesting cover established/cost per acre	4,866/6	5,000/6	5,000/6	5,000/6
No. of cover plantings established	80	30	50	50
No. of food plots/cost per acre	2,741/100	2,500/100	2,750/100	2,900/100
Acres of weed control/cost per acre	7,100/11	6,000/12	7,500/12	7,500/12
Miles of wildlife management area boundaries developed and improved/cost per mile	1,540/65	1,000/65	1,500/70	2,000/70
No. of public facilities developed and improved/cost per facility	485/375	400/385	450/400	450/400
Acres of forest management/cost per acre	13,120/20	20,000/20	15,000/22	15,000/22
Cost per acre of forest deer habitat evaluated	\$.30	\$.31	\$.32	\$.32
Cost per acre of forest deer habitat benefited	\$.99	\$.99	\$1.05	\$1.09
Cost per acre of forest habitat improvement	\$106	\$106	\$110	\$110
No. of endangered/threatened/special concern species or communities protected	68	74	78	82
No. of research and inventory projects on animals, plants and native plant communities	44	44	50	50
Natural Heritage sites registered	1	3	5	5
Nongame checkoff revenue	\$723.0	\$850.0	\$900.0	\$900.0
Average Nongame donation	\$3.50	\$3.60	\$3.75	\$3.75
Management activities on scientific and natural areas	25	25	30	30
No. of scientific and natural areas designated and managed	40	44	48	53

ACTIVITY: WILDLIFE MANAGEMENT
 (Continuation)
 Program: FISH AND WILDLIFE MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

CHANGE REQUESTS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Scientific & Natural Areas Program Conversion To convert the Legislative Commission on Minnesota Resources-Scientific and Natural Areas (LCMR-SNA) planning program to the General Fund. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 45.0	\$ 45.0	Activity Specific
In-Lieu-of-Tax Payments To make payments for in-lieu-of-taxes on wildlife management areas from the General Fund as provided in the Reinvest in Minnesota Act. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 685.7	\$ 690.0	Activity Specific
In-Lieu-of-Tax Payments To change the in-lieu-of-tax payments from the Game and Fish Fund to the General Fund. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ (685.7)	\$ (685.7)	Activity Specific
Expanded Nongame Wildlife Program To expand the Nongame Program by utilizing funds donated by the public in prior years but not requested. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 500.0	\$ 500.0	Activity Specific
Natural Heritage Program To enable the Natural Heritage Program to meet basic program costs and handle increased client demand. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 34.5	\$ 37.1	Activity Specific
Reinstatement of Wildlife Operations and Management Funds To partially restore operations and management funding that was reduced in previous bienniums to pay in-lieu-of-taxes and help maintain a balance in the Game and Fish Fund. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 70.0	\$ 70.0	Activity Specific

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Migratory Waterfowl Habitat Expansion To expend available Migratory Waterfowl Stamp funds waterfowl habitat development. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 350.0	\$ 350.0	Activity Specific
Pheasant Habitat Improvement/Acquisition Surcharge To decrease funding to offset an anticipated revenue reduction. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ (118.2)	\$ (117.7)	Activity Specific
Forest/Wildlife Habitat Intensification - LCMR To establish natural resource specialists at Bemidji and Brainerd to coordinate forest wildlife planning. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 80.0	\$ 80.0	Activity Specific
Swan Lake Area Wildlife Project - LCMR To obtain funding for the development of Swan Lake in Nicollet County as a major duck producing area. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 975.0	\$ 976.0	Activity Specific
County Biological Survey - LCMR To conduct a county-by-county assessment of the status and distribution of native plants, animals and habitat types that are rare and endangered. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 87.0	\$ 88.0	Activity Specific
Federal Aid Project Monitoring To convert a part-time position to assist in the monitoring of the \$8 million fish and wildlife federal aid program. See the CHANGE request sheet following the Fish and Wildlife Program fiscal page.	\$ 11.0	\$ 4.5	Program-wide
Equipment Replacement and Fleet Management To provide funding in this activity for equipment use based on mileage or hourly rates. The initial use rates will include only the cost of insurance, repairs and maintenance, and that portion of the installment purchase payments applicable to the fiscal year. See the CHANGE request sheet following the agency fiscal page.	\$ 238.3	\$ 364.4	Agency-wide

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: WILDLIFE MANAGEMENT

PROGRAM: FISH AND WILDLIFE MANAGEMNT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	9,806.7	10,083.9	10,283.4	10,379.6	2,159.9	12,539.5	11,518.0	10,359.5	2,288.5	12,648.0	11,617.6
LOCAL ASSISTANCE	26.0	18.7									
AIDS TO INDS.	190.1	167.9	370.9	370.9	112.7	483.6	283.6	370.9	113.1	484.0	284.0
TOTAL EXPENDITURES	10,022.8	10,270.5	10,654.3	10,750.5	2,272.6	13,023.1	11,801.6	10,730.4	2,401.6	13,132.0	11,901.6
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	5,443.1	5,776.9	6,067.4	6,228.6	440.7	6,669.3	6,413.4	6,209.6	452.2	6,661.8	6,404.4
EXPENSES & CONTRAC. SERV	2,217.0	2,067.6	1,926.6	1,896.3	572.5	2,468.8	2,386.4	1,895.2	704.2	2,599.4	2,511.4
SUPPLIES & MATERIALS	927.1	988.2	956.6	942.3	85.1	1,027.4	983.0	942.3	85.9	1,028.2	983.0
EQUIPMENT	203.1	151.4	191.0	170.5	40.3	210.8	197.0	170.5	33.8	204.3	190.5
OTHER EXPENSE ITEMS	1,016.4	1,099.8	1,141.8	1,141.9	1,021.3	2,163.2	1,538.2	1,141.9	1,012.4	2,154.3	1,528.3
TOTAL STATE OPERATIONS	9,806.7	10,083.9	10,283.4	10,379.6	2,159.9	12,539.5	11,518.0	10,359.5	2,288.5	12,648.0	11,617.6
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	138.2	190.6	202.3	155.0	765.2	920.2	155.0	155.0	772.1	927.1	155.0
GENERAL FUND - LCMR	39.5										
MN RESOURCES		41.8	97.2		1,142.0	1,142.0			1,144.0	1,144.0	
SPECIAL REVENUE	605.3	673.5	674.4	675.7	504.1	1,179.8		677.1	506.5	1,183.6	
GAME AND FISH	9,067.0	9,164.9	9,533.8	9,790.4	138.7-	9,651.7	10,337.4	9,781.8	21.0-	9,760.8	10,446.5
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	5.0	56.4									
GIFTS AND DEPOSITS	13.1	20.2	13.7	17.5		17.5	1,197.3	17.5		17.5	1,201.1
FEDERAL	154.7	123.1	132.9	111.9		111.9	111.9	99.0		99.0	99.0
TOTAL FINANCING	10,022.8	10,270.5	10,654.3	10,750.5	2,272.6	13,023.1	11,801.6	10,730.4	2,401.6	13,132.0	11,901.6
POSITIONS BY FUND											
GENERAL	4.0	4.0	4.0	4.0	1.0	5.0	4.0	4.0	1.0	5.0	4.0
GENERAL FUND - LCMR	1.0										
MN RESOURCES		1.0	1.0		5.0	5.0			5.0	5.0	
SPECIAL REVENUE	9.0	9.0	9.0	9.0	1.0	10.0		9.0	1.0	10.0	
GAME AND FISH	103.0	103.0	104.0	104.0	4.0	108.0	108.0	104.0	4.0	108.0	108.0
GIFTS AND DEPOSITS							10.0			10.0	10.0
FEDERAL	3.0	3.0	2.0	2.0		2.0	2.0	2.0		2.0	2.0
TOTAL POSITIONS	120.0	120.0	120.0	119.0	11.0	130.0	124.0	119.0	11.0	130.0	124.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: WILDLIFE MANAGEMENT
 PROGRAM: FISH AND WILDLIFE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

STATISTICS:

F.Y. 1978-79 F.Y. 1986-87

No. of sites with management plans	1	30
No. of sites protected	10	44

RATIONALE:

The conversion of the LCMR-SNA planning position and budget has been discussed with the LCMR. Both position and budget are needed to maintain an ongoing capability to plan new SNAs as sites are acquired. In addition, the position is necessary to implement 30 management plans previously funded by the LCMR. Planned developments to facilitate public use by schools, researchers, and the general public will be delayed without this management position.

Management actions necessary to protect rare and endangered species and plant communities at the various SNA sites include prescribed burning, fencing, signing and other activities detailed in the management plans. Many of these activities are not being carried out on SNAs because of lack of staff. The availability of Resource 2000 funds for "betterment" during the current biennium and the Reinvest in Minnesota legislation of 1986 permits development and enhancement if staff are provided. A recent survey indicated that 4 out of 5 Americans -- 81% -- "strongly agree" that government should "preserve natural areas" for use by future generations.

This CHANGE is necessary to provide the minimum, ongoing management necessary to protect and manage Minnesota's most critical species and sites. Without management, some of these sites will be damaged or species lost on state-owned lands acquired specifically for protection purposes.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding.

Request Title: SCIENTIFIC AND NATURAL AREAS (SNA) PROGRAM CONVERSION				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
General Fund	\$ 45.0	1.0	\$ 45.0	1.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the conversion of the Legislative Commission on Minnesota Resources-Scientific and Natural Areas (LCMR-SNA) planning program in the amount of \$45.0 each year to provide management for 44 state scientific and natural areas, plan for newly-acquired sites, and develop a program to provide for increased public use of selected sites. Conversion will include 1 position.

DESCRIPTION/BACKGROUND:

Scientific and Natural Areas are established to protect the most unique aspects of Minnesota's natural heritage: rare species and undisturbed plant communities. At present, the General Fund provides funds only for the SNA supervisor's salary and \$600 in expenses. The program has suffered a 55% reduction in budget since F.Y. 1978-79. In addition, the number of program positions (originally a supervisor, Natural Resources Specialist 1, and secretary) has been reduced to the supervisor's position. This decrease in budget and staff has occurred even though the program responsibilities have increased from 10 SNAs to 44 units (2,000 acres to 13,200 acres). An aggressive protection program for state endangered resources is steadily adding new sites. In addition, a major increase in workload has occurred with the completion of management plans for 30 units. The management and planning of SNA sites affects endangered resources consisting of 240 plant species, 109 animal species, 56 plant communities, and 49 geological features.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: WILDLIFE MANAGEMENT
 PROGRAM: FISH AND WILDLIFE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

GOVERNOR'S RECOMMENDATION:

The Governor recommends continuation of the current practice of paying the in-lieu-of-tax payments on purchased land used for public hunting grounds and game refuges from the Game and Fish Fund. This recommendation continues payments from the Game and Fish Fund authorized by Laws of 1953, Ch. 741. To accomplish the Governor's recommendation, M.S. 1984, Sec. 97.49, amended by the 1985 RIM Bill, must again be amended to its original language.

Request Title: IN-LIEU-OF-TAX PAYMENT FROM GENERAL FUND				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Game and Fish Fund	\$(685.7)	-0-	\$(685.7)	-0-
General Fund	685.7	-0-	690.0	-0-
Governor's Recommendation				
Game and Fish Fund	\$ -0-	-0-	\$ -0-	-0-
General Fund	-0-	-0-	-0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request is to authorize payments for in-lieu-of-taxes from the General Fund as provided in the Reinvest in Minnesota (RIM) Act, Laws 1986, Ch. 383, Sec. 15.

DESCRIPTION/BACKGROUND:

This legislation was recommended by the Governor's Citizen Commission to Promote Hunting and Fishing and the RIM Coalition.

RATIONALE:

All Minnesotans, not just hunters, benefit - economically and otherwise - from having abundant, healthy wildlife populations. In-lieu-of-tax payments for other units of the outdoor recreation system come from the General Fund because the general public benefits. The same principle should apply to wildlife management areas. Conversion of in-lieu-of-tax payments to the General Fund will reduce the burden on the Game and Fish Fund and that will provide funding for other critical management needs.

CHANGE REQUEST

1987-89 Biennial Budget

GOVERNOR'S RECOMMENDATION:

Agency Program Activity

ACTIVITY: WILDLIFE MANAGEMENT
 PROGRAM: FISH AND WILDLIFE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

The Governor recommends that donations to this account be given the same status as other gift accounts, which do not require direct appropriations, and remove the restrictions of special revenue accounts, including payment of indirect costs. Complement control should remain and the Governor recommends an increase of one position.

Request Title: EXPANDED NONGAME WILDLIFE PROGRAM	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
Special Revenue - Nongame Wildlife Account	\$ 500.0	1.0	\$ 500.0	1.0
Governor's Recommendation				
Gift and Acceptance - Nongame Wildlife Account		1.0		1.0
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request is to expand management and protection of Minnesota's nongame resources. Expanded activities will include projects identified in the comprehensive plan for conservation of nongame fish and wildlife in Minnesota including development of wildlife habitat demonstration areas, expanded nongame surveys, expanded research and small grants work, increased emphasis on endangered species conservation, and publication of new educational materials about nongame and endangered species.

DESCRIPTION/BACKGROUND:

Ch. 290.431, Laws of 1985, allows Minnesota taxpayers to donate to the Nongame Wildlife Management Account on state income tax and property tax forms. Donations have continued to increase significantly since 1980. This has allowed for continuing expansion of nongame wildlife conservation projects.

RATIONALE:

The proposed CHANGE will allow the Nongame Wildlife Program to increase its budget to the level of donations received in prior years, but not requested, and those anticipated for F.Y. 1988 and F.Y. 1989. This will provide for the expansion of ongoing projects, initiation of new projects, and creation of a new position called for in the Long Range Plan for the Management of Nongame Wildlife in Minnesota.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: WILDLIFE MANAGEMENT
 PROGRAM: FISH AND WILDLIFE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: NATURAL HERITAGE PROGRAM				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 34.5	-0-	\$ 37.1	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request is to enable the Natural Heritage Program (NHP) to meet basic costs of rent, telephone, computer and field expenses of existing staff. In order to meet increased client demands efficiently, funds are also desperately needed to produce educational and public information materials for the general public.

DESCRIPTION/BACKGROUND:

Ninety percent of the current NHP budget is devoted to salaries. The cost of absorbing salary increases and other unfunded liabilities has left the program unable to cover basic costs.

Although NHP includes only 4 staff, it has statewide responsibilities to manage and protect native plants and natural ecosystems. Client demands to provide botanical expertise and technical data from the computerized data base continue to increase dramatically (the number of requests doubled annually between 1984 and 1986).

One of the most efficient ways to reach many individuals -- including both resource managers and the public -- without increasing the number of staff is through the distribution of quality brochures, posters and booklets. For example, publications like the "Guide to Minnesota Prairies" recently released by the NHP, reach a greater number of individuals than staff could ever contact individually.

To effectively meet client demands, there is a need to 1) support basic costs of existing staff and 2) provide funds to cover printing and production costs of educational/public information materials.

<u>STATISTICS:</u>	<u>F.Y. 1984</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Percent of total budget expended on:						
Salaries	85	85	89	91	91	92
Operational costs	15	15	11	9	9	8

RATIONALE:

The inflation of program costs (cost-of-living increases, rent) have not been matched by adequate budget increases, thus crippling the program's operation. Meanwhile, demands for services, such as habitat evaluation for the 1985 farm bill, evaluation of lands for private developers and expertise on integrating rare species management with traditional forestry and wildlife management activities, have doubled each year.

A small investment, averaging \$35.0 per year, will make a significant difference, without adding staff, and ensure the operation of this successful program. The program has increasing client demands and support and should be funded minimally to the level of previous biennia.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding. For these smaller requests, the agency should consider reallocating funds from other programs.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: WILDLIFE MANAGEMENT
 PROGRAM: FISH AND WILDLIFE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Wildlife Management Area and to hire seasonal employees in all regions for development work, wildlife studies, prescribed burning and weed control.

Approximately \$75.0 is also necessary for upgrading the private land habitat development program. Requests for cost-sharing on wildlife practices far exceed the \$120.0 currently available in the operations and management budget.

Additional funds could also be used for supplies, equipment, rent, fuel and utilities.

RATIONALE:

The wildlife budget has increased since 1981 as shown below, but all increases have been in salaries and earmarked program funds. Discretionary funds declined from \$1,174.4 in F.Y. 1983 to \$828.3 in F.Y. 1987, a 30% reduction, not adjusted for inflation. In addition, it will be necessary to cut \$132.6 from temporary salaries and lay off enough people to cover this amount. The F.Y. 1987 discretionary figure is only 9.3% of the budget compared to nearly twice that in F.Y. 1983. The effectiveness and level of service of the wildlife activity has suffered drastically and will get worse if this problem is not corrected. The needed CHANGE level would merely bring the Wildlife budget back to about the F.Y. 1986 level, which was well below F.Y. 1983 in discretionary dollars.

Request Title:	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Request Title: REINSTATEMENT OF WILDLIFE OPERATIONS AND MANAGEMENT FUNDS				
Agency Request				
Game and Fish Fund	\$ 70.0	2.0	\$ 70.0	2.0
Governor's Recommendation				
Game and Fish Fund	\$ 70.0	2.0	\$ 70.0	2.0
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request is to partially restore operations and management funds that were taken in the 1981-83 biennial budget CHANGE level to offset the in-lieu-of-tax payments on wildlife management areas (page E-5391 in Detailed Biennial Budget Request -- DNR 1981-83). With the in-lieu payment savings to the Game and Fish Fund, in Section 11 of the Reinvest in Minnesota Act, these funds can be restored and directed toward critical needs in the wildlife operations and management activity.

DESCRIPTION/BACKGROUND:

The 2 complement positions requested are an assistant area wildlife manager at Two Harbors and a turkey management specialist in southeastern Minnesota. Since the wildlife manager position had to be eliminated in 1978, the level of effort on wildlife projects in the area has suffered considerably. With new initiatives on deer and moose management under the current deer program and Reinvest in Minnesota, the workload on the North Shore will increase substantially. The turkey management program has been run on a part-time basis for 10 years with part of the funding coming from the Minnesota Wild Turkey Federation. A complement position is needed to give stability to this important program and guide its growth in the southern half of the state.

In addition to the \$70.0 requested, about \$200.0 in labor service money is needed to fund a wildlife development demonstration and study program at the Carlos Avery

Wildlife Budget Comparisons

	F.Y. 81	F.Y. 82	F.Y. 83	F.Y. 84	F.Y. 85	F.Y. 86	Actual F.Y. 87
Total earmarked funds	\$1,853.0	\$2,227.9	\$2,421.9	\$4,351.0	\$3,506.0	\$3,786.7	\$3,559.3
Total salaries	3,183.0	3,410.4	3,514.8	4,204.8	4,177.8	4,463.6	4,523.8
Other discretionary funds	1,159.6	1,144.4	1,174.4	1,261.5	1,172.6	1,018.5	828.3
% of discretionary funds	18.7	16.9	16.5	12.9	13.2	11.0	9.3
Total Wildlife budget (Game and Fish Funds)	\$6,195.6	\$6,782.7	\$7,111.1	\$9,817.3	\$8,856.4	\$9,268.8	\$8,911.4

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: WILDLIFE MANAGEMENT
 PROGRAM: FISH AND WILDLIFE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: MIGRATORY WATERFOWL HABITAT EXPANSION				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Game and Fish Fund	\$ 350.0	1.0	\$ 350.0	1.0
Governor's Recommendation				
Game and Fish Fund	\$ 350.0	1.0	\$ 350.0	1.0
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request is to expend available Migratory Waterfowl Stamp funds on additional wetland development and habitat projects for waterfowl and other wetland wildlife.

DESCRIPTION/BACKGROUND:

The 1985 legislature increased the Migratory Waterfowl Stamp fee from \$3 to \$5 resulting in \$275.0 in additional annual revenue for an estimated total of \$575.0 each year. Also, a surplus in revenues earned vs. funds expended has and is anticipated to produce approximately \$400.0 in unrequested funds in this dedicated program, after being adjusted with this CHANGE. About \$50.0 of the additional revenue would be used for salary and support for an area wildlife manager at Swan Lake in Nicollet County who would supervise the assistant wildlife manager position in the Legislative Commission on Minnesota Resources (LCMR) request. This 9,000-acre lake is the largest freshwater prairie marsh in the United States. Yet, it only accounts for a portion of a 3-county work area of 1 person. The wildlife management potential for this lake and surrounding private lands is potentially outstanding but can only be realized with proper attention. Local sportsmen have worked on a number of management initiatives but need sustained help from the department. The project has gained the attention of the LCMR and it is anticipated that habitat dollars will be forthcoming. The remaining funds would be used for primarily waterfowl habitat projects throughout the state.

ACTIVITY STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
New dams, impoundments acres/\$ per acre	330/\$100	2006/\$500	500/\$250	500/\$275
Wetland improvements acres/\$ per acre	5380/\$25	500/\$100	3800/\$65	3200/\$75
Cooperative agreement revenues earned/IN KIND work	\$326.0	\$322.0	\$200.0	\$300.0
Reinvest in Minnesota enhancement projects	N/A	\$869.6	Unknown	Unknown

RATIONALE:

The increased revenue from the sale of waterfowl stamps should be used to accelerate wetland development and other waterfowl habitat projects beginning in 1988. A backlog of excellent projects awaits funding.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: WILDLIFE MANAGEMENT
 PROGRAM: FISH AND WILDLIFE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: PHEASANT HABITAT IMPROVEMENT/ACQUISITION-SURCHARGE DECREASE				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
Game and Fish Fund	\$(118.2)	-0-	\$(117.7)	-0-
Governor's Recommendation				
Game and Fish Fund	\$(118.2)	-0-	\$(117.7)	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request reflects a decrease in available funds for pheasant habitat improvement and land acquisition based upon actual and anticipated revenue generated from the sale of pheasant stamps and the \$4.00 surcharge on small game licenses.

DESCRIPTION/BACKGROUND:

In 1984 the legislature established the \$5 fee for pheasant habitat improvement. That same year the appropriation was based upon anticipated stamp sales. Since that time, revenues have not matched expenditures. Without this decrease, the expenditures would exceed revenues at the end of F.Y. 1989 by about \$212.0. A decrease of \$87.3 and \$86.9 in F.Y. 1988 and F.Y. 1989, respectively, in pheasant habitat does not totally cover the accumulated difference but more drastic reductions would damage program continuity and cause major setbacks to program achievements.

The acquisition surcharge account is a dedicated account within the Game and Fish Fund. Actual and projected receipts will not support expenditures at SAME level in F.Y. 1988-89; a reduction from the request of \$30.9 and \$30.8 in those years is necessary to maintain a positive balance and a margin for projected revenue variances.

ACTIVITY STATISTICS:

F.Y. 1988 F.Y. 1989

Pheasant Habitat:
 Balance without decrease \$ (132.9) \$ (211.7)
 F.Y. 1988 CHANGE decrease 87.3 87.3
 F.Y. 1989 CHANGE decrease N/A 86.9
 Balance with decrease \$ (45.6) \$ (37.5)

Acquisition/Surcharge:
 Balance without decrease \$ 8.4 \$ (23.6)
 F.Y. 1988 CHANGE decrease 30.9 30.9
 F.Y. 1989 CHANGE decrease N/A 30.8
 Balance with decrease \$ 39.3 \$ 38.1

RATIONALE:

This CHANGE will necessitate about a 25% reduction in cooperative pheasant habitat development projects and \$61.7 less available for acquisition for the biennium. The operations and management budget is critically short of funding and unable to offset the effects of these reductions.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: WILDLIFE MANAGEMENT
 PROGRAM: FISH AND WILDLIFE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: FOREST/WILDLIFE HABITAT INTENSIFICATION - LCMR				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Minnesota Resources Fund	\$ 80.0	2.0	\$ 80.0	2.0
Governor's Recommendation				
Minnesota Resources Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request is to establish natural resource specialists at Bemidji and Brainerd to coordinate the participation of the Division of Forestry and the Section of Wildlife in the forest unit planning process.

DESCRIPTION/BACKGROUND:

The Minnesota Forest Resources Act of 1982 mandated preparation of forest management planning and provided dollars and people to the Division of Forestry but not to the Section of Wildlife. One position was obtained from Forestry in F.Y. 1986 and established in Grand Rapids. It is being funded by the Division of Fish and Wildlife. Two more positions are needed.

RATIONALE:

Wildlife input to the forestry planning process is critical to protect and enhance wildlife interests on forest lands for the next 50 years.

GOVERNOR'S RECOMMENDATION:

The Governor has recommended that LCMR funding be discontinued beginning July 1, 1987. As a result, there is no funding recommended for the LCMR project contained within this activity.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: WILDLIFE MANAGEMENT
 PROGRAM: FISH AND WILDLIFE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

GOVERNOR'S RECOMMENDATION:

The Governor has recommended that LCMR funding be discontinued beginning July 1, 1987. As a result, there is no funding recommended for the LCMR project contained within this activity.

Request Title: SWAN LAKE AREA WILDLIFE PROJECT - LCMR				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Minnesota Resources Fund	\$ 975.0	1.0	\$ 976.0	1.0
Governor's Recommendation				
Minnesota Resources Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request is to obtain Legislative Commission on Minnesota Resources (LCMR) funding to re-establish Swan Lake in Nicollet County as a prime waterfowl production area, as well as to develop habitat for pheasant, deer, turkey and nongame.

DESCRIPTION/BACKGROUND:

This initiative was developed cooperatively by local conservation and duck hunting clubs, the Minnesota Waterfowl Association, Izaak Walton League and Nature Conservancy to restore and develop the 12,000 acre Swan Lake to its full potential. LCMR and the Legislative Advisory Commission approved an advance of \$49.0 for this project in October, 1986.

RATIONALE:

The tremendous potential of Swan Lake, one of the largest freshwater duck marshes in the lower 48 states, is widely recognized, as is the need for this type of project in south central Minnesota. The area is within a 2-hour drive for over 2 1/2 million people. It will add an estimated \$1 million to the local economy while providing greatly improved habitat for wildlife and increased recreational opportunities.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

GOVERNOR'S RECOMMENDATION:

The Governor has recommended that LCMR funding be discontinued beginning July 1, 1987. As a result, there is no funding recommended for the LCMR project contained within this activity.

ACTIVITY: WILDLIFE MANAGEMENT
 PROGRAM: FISH AND WILDLIFE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: COUNTY BIOLOGICAL SURVEY - LCMR				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Minnesota Resources Fund	\$ 87.0	2.0	\$ 88.0	2.0
Governor's Recommendation				
Minnesota Resources Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request is to conduct a county-by-county assessment of the status and distribution of Minnesota's biological diversity, focusing on those plants, animals, and habitat types that are rare or endangered.

DESCRIPTION/BACKGROUND:

The survey is a joint public/private effort. Each public dollar will be matched by a private donation from The Nature Conservancy, a non-profit conservation group. Recent experience in other states has shown that the most efficient and cost-effective method is a multi-level inventory with air photo interpretation at the highest level, followed by aircraft survey of selected areas and finally ground survey of an even more focused selection of sites. Two full-time positions are requested; one to coordinate the survey; a second to coordinate the input and compilation of data. Field work will be undertaken by contracting with field biologists.

RATIONALE:

By taking advantage of the opportunity to leverage public dollars with private monies, Minnesota's most significant natural features will be identified. Wise resource management decisions cannot be made without good information. Forest, wildlife and recreational planning efforts can accomplish the goal of integrated resource management only if basic knowledge on species' status and distribution is available.

ACTIVITY: ECOLOGICAL SERVICES
 Program: FISH AND WILDLIFE MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$ 50.7	\$ 38.1	\$ 32.0	\$ 34.0	\$ 36.0

OBJECTIVE:

To protect and maintain optimum populations of fish, wildlife and native plant species in Minnesota so they can be utilized and enjoyed by residents, visitors and future generations.

DESCRIPTION:

Ecological Services functions as a planning, fact-finding, monitoring and environmental review unit in support of the Division of Fish and Wildlife, Department of Natural Resources (DNR) administration, and other DNR divisions and units. Laboratory and technical services are provided directly to field and central office personnel, to other agencies, and directly and indirectly to anglers, hunters, trappers, resorters, lake-shore property owners, and others who use, benefit from, or enjoy the natural resources of the state.

The major activities are as follows: development of a comprehensive planning system for the Division of Fish and Wildlife; facilitation and coordination of fish and wildlife planning for the Division; evaluation of potential impacts of major land and water development projects on fish and wildlife resources; assessment of the potential impact of acid precipitation on fish and wildlife and related resources; research on acid precipitation mitigation; laboratory analysis of fish and wildlife specimens, water samples, environmental contaminants and related materials; investigation of major disease and pollution caused kills of fish and wildlife; implementation of a fish health and disease diagnosis program at state fish hatcheries; sounding and mapping public waters to produce maps for use of the public and resource managers; biological surveys of state rivers; administration and coordination of the statewide aquatic nuisance control and lake aeration programs and enforcement of aquatic pesticide use regulations on public waters.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Environmental reviews conducted	345	350	350	350
Major rivers surveyed:				
- number	1	1	1	1
- miles	89	100	100	100
Final river survey reports published	1	1	1	1
Protected river flow studies	6	10	10	10
Acid precipitation study lakes sampled	15	15	15	15
Analytical chemistry determinations	3,664	4,000	4,000	4,000
Pathology tests of fish and wildlife	10,284	10,000	10,000	10,000
Fish hatchery disease inspections	24	24	24	24
Lakes sounded	26	40	40	40
Lake maps published	45	45	45	45
Graphics projects completed	88	90	90	90
Fish-wildlife kills and complaints investigated	37	80	80	80
Stream use attainability studies completed	10	10	10	10

F.Y. 1986 F.Y. 1987 F.Y. 1988 F.Y. 1989

Aquatic pesticide use inspections	159	175	175	175
Aeration permits processed	150	150	150	150
Aeration system inspections	392	400	400	400
Aquatic nuisance control permits reviewed	815	800	800	800

RECENT BUDGET HISTORY:

This activity currently receives funding from several sources including the Game and Fish Fund, General Fund, Federal Environmental Protection Agency (EPA), U.S Fish and Wildlife Service and Legislative Commission on Minnesota Resources (LCMR). EPA funding is provided through the Minnesota Department of Agriculture for carrying out an aquatic pesticide enforcement and safety program on public waters and through the Minnesota Pollution Control Agency for carrying out stream surveys necessary for the awarding of federal grant money for sewage treatment plant construction. U.S. Fish and Wildlife Service funds are being used for a cooperative research program to assess the impact of liming as a means to mitigate the effects of lake acidification. LCMR funds are currently being used to develop a comprehensive planning system for the Division of Fish and Wildlife.

CHANGE REQUESTS:

	F.Y. 1988	F.Y. 1989	Type
Ecological Services Position Conversions To meet program needs and client demands through the conversion of part-time to full-time positions. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 43.6	\$ 45.4	Activity Specific
Match for Federal Acid Rain Study To provide supplemental state matching dollars for a 5 year federal contract. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 16.0	\$ 16.0	Activity Specific
Federal Aid Project Monitoring To obtain funding to monitor the \$8 million fish and wildlife federal aid program. See the CHANGE request sheet following the Fish and Wildlife Program fiscal page.	\$ 4.4	\$ 4.4	Program-wide
Equipment Replacement and Fleet Management To provide funding in this activity for equipment use based on mileage or hourly rates. The initial use rates will include only the cost of insurance, repairs and maintenance, and that portion of the installment purchase payments applicable to the fiscal year. See the CHANGE request sheet following the Agency fiscal page.	\$ 5.2	\$ 8.2	Agency-wide

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: ECOLOGICAL SERVICES

PROGRAM: FISH AND WILDLIFE MANAGEMNT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,013.8	1,139.7	1,322.1	1,373.5	69.2	1,442.7	1,272.7	1,375.6	74.0	1,449.6	1,278.1
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	1,013.8	1,139.7	1,322.1	1,373.5	69.2	1,442.7	1,272.7	1,375.6	74.0	1,449.6	1,278.1
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	827.3	844.7	1,080.3	1,111.8	35.1	1,146.9	1,008.7	1,109.0	35.1	1,144.1	1,005.9
EXPENSES & CONTRAC. SERV	136.3	188.3	147.1	160.4	17.2	177.6	161.6	165.3	26.8	192.1	169.8
SUPPLIES & MATERIALS	36.3	52.1	70.7	77.5	8.9	86.4	78.6	77.5	9.1	86.6	78.6
EQUIPMENT	13.9	41.1			8.0	8.0			3.0	3.0	
OTHER EXPENSE ITEMS		13.5	24.0	23.8		23.8	23.8	23.8		23.8	23.8
TOTAL STATE OPERATIONS	1,013.8	1,139.7	1,322.1	1,373.5	69.2	1,442.7	1,272.7	1,375.6	74.0	1,449.6	1,278.1
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	398.0	403.9	445.8	462.5	41.6	504.1	464.1	466.5	43.8	510.3	468.8
MN RESOURCES		78.4	121.6	130.0		130.0		130.0		130.0	
GAME AND FISH	604.8	536.4	625.6	647.5	27.6	675.1	675.1	645.6	30.2	675.8	675.8
DEDICATED APPROPRIATIONS:											
FEDERAL	11.0	121.0	129.1	133.5		133.5	133.5	133.5		133.5	133.5
TOTAL FINANCING	1,013.8	1,139.7	1,322.1	1,373.5	69.2	1,442.7	1,272.7	1,375.6	74.0	1,449.6	1,278.1
POSITIONS BY FUND											
GENERAL	5.0	5.0	4.0	4.0	7.0	11.0	4.0	4.0	7.0	11.0	4.0
MN RESOURCES		3.0	3.0	3.0		3.0		3.0		3.0	
GAME AND FISH	14.0	14.0	14.0	14.0	6.0	20.0	20.0	14.0	6.0	20.0	20.0
FEDERAL		2.0	2.0	2.0		2.0	2.0	2.0		2.0	2.0
TOTAL POSITIONS	19.0	24.0	23.0	23.0	13.0	36.0	26.0	23.0	13.0	36.0	26.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: ECOLOGICAL SERVICES
 PROGRAM: FISH AND WILDLIFE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: ECOLOGICAL SERVICES POSITION CONVERSIONS	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$ 23.5	7.0	\$ 24.5	7.0
Game and Fish Fund	20.1	6.0	20.9	6.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Game and Fish Fund	20.1	6.0	20.9	6.0
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request is to meet program needs and client demands, funds are requested for the conversion of 13 long-term seasonal and part-time positions to full-time complement. Requests have increased for analytical chemistry primarily due to hazardous waste problems on DNR administered land, fishery managers have increased requests for lake mapping because of expanded programs (132 lake mapping requests have not been met), Fisheries Management has requested implementation of a full scale fish health program at state hatcheries requiring an approximate doubling of samples processed for disease monitoring and there has been a steady growth in permits issued for lake aeration and aquatic nuisance control which will require expanded coordination, training and monitoring activities. The objectives of the request are to increase the ability to satisfy work requests from the division and department, to use current unemployment dollars for salaries, and to earn federal reimbursement for section activities.

DESCRIPTION/BACKGROUND:

Ecological Services has been in existence since 1966. Historically it has had to rely heavily on professionally-trained seasonal and part-time personnel to fulfill its mission. This has resulted in personnel turnover, the need for continual training, and lack of program continuity.

In recent years requests for technical support services from the Division of Fish and Wildlife and other Department of Natural Resources units have increased in number and complexity. Laboratory work has become more complex due to increased emphasis on

forensic support of law enforcement activities; analysis for environmental contaminants including pesticides, PCBs (polychlorinated biphenyls), heavy metals and hydrocarbons in groundwater, surface water and animal flesh; fish and wildlife pathology work; identification of strains of fish through electro-chemical techniques and a full scale fish health program at state hatcheries. Development pressures on fish and wildlife habitat continue to increase, expanding the need to review proposed projects and seek measures that will enhance or protect habitat or mitigate for damages.

The ability to meet current and future demands for services must be maintained. This was recognized in an independent study of the Division by the Wildlife Management Institute. The Governor's Action Plan has recommended strengthening procedures for development and implementation of mitigation actions for fish and wildlife habitat losses, improved regulation of lake aeration activities, improved coordination of activities with agencies having jurisdiction over fish and wildlife habitat (U.S. Fish and Wildlife Service, Army Corps of Engineers, MPCA, SCS, DOT, Bureau of Indian Affairs), increased environmental monitoring including acid rain impacts, strengthening of interagency cooperation in dealing with fish and wildlife contaminants and monitoring the effectiveness of fish and wildlife mitigation effects. All of these recommended actions fall within the scope of Ecological Service's responsibilities.

RATIONALE:

Funds requested are minimal in relation to services provided. Currently it costs the section approximately \$1,000 per month for each 10 month seasonal employee in layoff status. Under present bargaining unit agreements these employees receive essentially the same fringe benefits as full-time employees. Scheduling of laboratory field work on a statewide basis is difficult when part-time employees are limited to 72 hours per payroll period. Most of the work of these seasonal and part-time positions is currently reimbursable at a 50-75% level from the Federal Environmental Protection Agency or the U.S. Fish and Wildlife Service under provisions of the Dingell-Johnson and Pittman-Robertson Acts. Conversion of these 13 positions to full-time complement would allow the activity to provide more services to the division and department, decrease training requirements and improve efficiency and employee morale.

GOVERNOR'S RECOMMENDATION:

The Governor concurs only with the agency's request to convert the Game and Fish funded positions to full-time.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: ECOLOGICAL SERVICES
 PROGRAM: FISH AND WILDLIFE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

sis, syntheses and reporting (ongoing), 5) integration of results with data from other participating states. All costs for this program are 85% federally reimbursable through the approved cooperative agreement.

RATIONALE:

The general acid rain studies program within the DNR has not received a change in funding, outside of inflation and salary adjustments, since it began in 1980. Acid rain remains a serious environmental threat and the program has grown considerably in scope, most recently to include the APMP research study. The match requested is essential to earn in excess of \$670.0 in federal reimbursement over the 5 year life of the study.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. For this relatively minor amount, the Governor recommends the agency internally reallocate dollars to match federal funding for the acid rain study.

Request Title: MATCH FOR FEDERAL ACID RAIN STUDY-GENERAL ACID RAIN	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$ 16.0	-0-	\$ 16.0	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: Yes No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request is to increase funds to match federal funds made available to the activity under the cooperative State/Federal Acid Precipitation Mitigation Program (APMP). The objective of this program is the cooperative State/Federal evaluation of mitigative techniques that can be used to maintain or restore fish and wildlife resources in areas that are now, or will potentially be, affected by acidic deposition. Total estimated cost of the five year project is \$804.4. The State match of 15% has been met for the first year of the project through the in-kind dedication of equipment and a 25% dedication of the DNR acid rain studies coordinator salary as APMP project manager. The State's share of the remaining \$670.0 project cost is approximately \$100.0. The only known substantial future State contribution will be the percentage of the coordinator's salary dedicated to the project estimate at \$36.0. The State's remaining obligation is then approximately \$64.0 or \$16.0 per year for the life of the study.

DESCRIPTION/BACKGROUND:

Minnesota is one of 4 states selected by the U.S. Fish and Wildlife Service from a field of 21 interested states, to participate in the APMP. Research in Minnesota centers on the impact of adding lime to a sensitive lake as a preventative measure to offset acidification until effective emission controls are implemented. The study began in October 1985 and will be completed by October of 1990. Primary tasks are as follows: 1) selection and approval of a study site (completed), 2) development of a site specific study plan (completed), 3) conduct of field research program (ongoing), 4) data analy-

PROGRAM: ENFORCEMENT OF NATURAL RESOURCE LAWS AND RULES
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

PROGRAM PURPOSE:

This program exists to protect our natural resources and guard against their abuse and depletion. Conservation officers protect all public lands, waters, parks, timber, wild rice and wild animals of the state by enforcement of all natural resource laws, rules, regulations and Commissioner's Orders. The objective is to reduce the illegal take of all species; to promote the safe use of watercraft, firearms, all terrain vehicles (ATV's), snowmobiles; to protect Minnesota's water resources by enforcing laws pertaining to surface use, dredging, filling, appropriations and diversions; to administer the wild rice harvest with input from Minnesota Indian bands. The division also provides enforcement services in state parks, trails, and forest campgrounds as well as investigation of forest fires in cooperation with the Division of Forestry.

DESCRIPTION:

Enforcement is accomplished by effective patrol with modern equipment and by covert operations. All Enforcement officers are Minnesota licensed peace officers skilled in the use of forensics, explosives, and teaching techniques. Officers investigate complaints, issue citations, prepare cases and act as witnesses in court. In addition, officers train youths in the safe use of watercraft, firearms, ATV's, snowmobiles. All officers are required to participate in an in-service educational training program to maintain a state license. Enforcement administers the St. Louis, Lake, and Cook County grants for smelt enforcement, the boat and water safety grants to county sheriffs, the Snowmobile Safety Enforcement Fund, and, in cooperation with the non-profit Turn In Poachers (TIP) Corporation, operates the TIP Program.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
No. of arrests	9,500	9,000	9,000	9,000
Written warnings	5,000	4,500	4,500	4,500
Youth firearms certificates issued	20,004	20,500	21,000	21,500
Youth snowmobile certificates issued	3,731	3,500	3,400	3,400
Youth ATV certificates issued	356	700	1,000	2,000
No. of TIP calls received	1,022	1,100	1,150	1,150
No. of TIP calls referred to officers	444	450	450	450
No. of TIP arrests made	351	400	400	400

GRANTS AND AIDS:

1) County Boat and Water Safety Allocations:

Statutory Reference: M. S. 361.24

These funds are allocated to the counties on a formula basis for their participation in enforcement of the provisions of M.S. 361. All of the grant was liquidated in F.Y. 1986.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$ 2,764.1	\$ 3,172.3	\$ 2,535.8	\$ 2,830.8	\$ 3,237.1

<u>Statistics:</u>	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
No. of counties allotted grants	78	78	78	78
<u>Grants by Fund:</u>	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
General	\$ 993.8	\$ 994.3	\$ 1,169.3	\$ 1,169.3

2) Control of Smelt Fishing:

Statutory Reference: Laws of 1983, Ch. 301, Sec. 22

These funds are granted for the purpose of controlling smelt fishing on the North Shore, including development of parking facilities, traffic control, coordination of regulatory agencies, control of trespass and vandalism, control of litter and sanitation, and information and education.

<u>Statistics:</u>	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
No. of smelt arrests	38	52	52	52
<u>Grants by Fund:</u>	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Game and Fish	\$ 14.2	\$ 14.0	\$ 14.0	\$ 14.0

CHANGE REQUESTS:

	F.Y. 1988	F.Y. 1989	Type
County Boat and Water Safety Grants - Water Recreation Fund	\$ 130.0	\$ 130.0	Program- wide
Increase funding for grants to counties for boat and water safety enforcement, search and rescue, marking of waterways, and accident reporting procedures. This change will offset rising program costs and allow expansion in documented areas of need. See CHANGE request sheet following the Enforcement Program fiscal page.			

(Continuation)

Agency: NATURAL RESOURCES, DEPARTMENT OF

CHANGE REQUESTS: (Contd.)	F.Y. 1988	F.Y. 1989	Type
Conversion of Conservation Officer Positions from Game and Fish Fund to Snowmobile and ATV Funding Conversion to realign the funding source of 4 conservation officer positions with the proportion of time spent by the Enforcement Division in the regulation of snowmobiles and ATV's. See CHANGE request sheet following Enforcement Program fiscal page.	\$ -0-	\$ -0-	Program-wide
Firearm and Snowmobile Safety Training Provide funding for increased program insurance costs and upgrading of training aides. Costs to insure volunteer instructors in safety training programs have increased from \$3.0 to \$11.0. Also the Fair Labor Standards Act has curtailed conservation officer time available for non-enforcement duties to the degree that it is necessary to provide training aides and video tape support materials to instructors. See CHANGE request sheet following the Enforcement Program fiscal page.	\$ 40.0	\$ 40.0	Program-wide
Safety Training Position Conversion Increased workload in the All Terrain Vehicle Safety Program has exceeded the capacity of the part-time clerical position. The Department requests complement authority for a full-time position. See CHANGE request sheet following the Enforcement Program fiscal page.	\$ -0-	\$ -0-	Program-wide
Control of Nuisance Beaver Provide for the removal of nuisance beaver by contract trappers rather than utilizing conservation officers' time which has been severely limited by the Fair Labor Standards Act. See CHANGE request sheet following the Enforcement Program fiscal page.	\$ 80.0	\$ 80.0	Program-wide
Removal of Car-Killed Deer Allow private contractors to remove car-killed deer rather than utilize conservation officers'	\$ 75.0	\$ 75.0	Program-wide

time which has been severely limited by the Fair Labor Standards Act. See CHANGE request sheet following the Enforcement Program fiscal page.

Conservation Officer Training Provide funds from the Peace Officers Training Account (pursuant to M.S. 626.861, Subd. 4, as amended) for conservation officer training. See CHANGE request sheet following the Enforcement Program fiscal page.	\$ 45.0	\$ 45.0	Program-wide
Equipment Replacement/Fleet Management To provide funding in this program for equipment use based on mileage or hourly rates. The initial use rates will include only the cost of insurance, repairs and maintenance, and that portion of the installment purchase payments applicable to the fiscal year. See the CHANGE request sheet following the agency fiscal page.	\$ 291.7	\$ 486.0	Agency-wide

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following changes in the Enforcement Program:

	F.Y. 1988	F.Y. 1989	Positions
County Boat and Water Safety Grants	\$ 130.0	\$ 130.0	-0-
Conversion of Conservation Officers Positions from Game and Fish to Snowmobile and ATV Funding	(159.0) 159.0	(159.0) 159.0	(4.0) 4.0
Firearm and Snowmobile Safety Training	40.0	40.0	-0-
Safety Training Program	-0-	-0-	1.0
Control of Nuisance Beaver	30.0	30.0	-0-
Removal of Car-Killed Deer	75.0	75.0	-0-
Conservation Officer Training	45.0	45.0	-0-
Equipment Replacement/Fleet Management	277.2	457.2	-0-

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: ENFORCEMNT OF NR LAWS RULES

PROGRAM: ENFORCEMNT OF NR LAWS RULES

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	8,112.9	8,846.6	9,239.6	9,274.9	531.7	9,806.6	9,742.1	9,254.1	726.0	9,980.1	9,901.3
LOCAL ASSISTANCE	1,004.9	1,005.2	1,006.3	1,006.3	130.0	1,136.3	1,136.3	1,006.3	130.0	1,136.3	1,136.3
AIDS TO INDS.											
TOTAL EXPENDITURES	9,117.8	9,851.8	10,245.9	10,281.2	661.7	10,942.9	10,878.4	10,260.4	856.0	11,116.4	11,037.6
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	6,562.2	6,936.1	7,510.9	7,783.2		7,783.2	7,783.2	7,759.0		7,759.0	7,759.0
EXPENSES & CONTRAC. SERV	718.7	703.4	954.3	717.3	468.7	1,186.0	1,121.5	720.7	663.0	1,383.7	1,304.9
SUPPLIES & MATERIALS	651.7	589.9	680.7	680.7	63.0	743.7	743.7	680.7	63.0	743.7	743.7
EQUIPMENT	180.3	613.5	93.7	93.7		93.7	93.7	93.7		93.7	93.7
OTHER EXPENSE ITEMS		3.7									
TOTAL STATE OPERATIONS	8,112.9	8,846.6	9,239.6	9,274.9	531.7	9,806.6	9,742.1	9,254.1	726.0	9,980.1	9,901.3
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	2,727.3	1,417.5	1,121.4	1,162.7	138.3	1,301.0	1,236.5	1,159.1	177.2	1,336.3	1,257.5
WATER RECREATION		1,448.9	1,756.5	1,758.9	130.0	1,888.9	1,888.9	1,757.8	130.0	1,887.8	1,887.8
SPECIAL REVENUE	74.0	411.6	202.7	202.7	179.0	381.7	381.7	202.7	179.0	381.7	381.7
GAME AND FISH	6,316.5	6,573.8	7,165.3	7,156.9	214.4	7,371.3	7,371.3	7,140.8	369.8	7,510.6	7,510.6
TOTAL FINANCING	9,117.8	9,851.8	10,245.9	10,281.2	661.7	10,942.9	10,878.4	10,260.4	856.0	11,116.4	11,037.6
POSITIONS BY FUND											
GENERAL	41.0	39.0	32.0	32.0		32.0	32.0	32.0		32.0	32.0
WATER RECREATION		6.0	15.0	15.0		15.0	15.0	15.0		15.0	15.0
SPECIAL REVENUE		2.0	2.0	2.0		7.0	7.0	2.0	5.0	7.0	7.0
GAME AND FISH	140.0	137.0	137.0	137.0	4.0-	133.0	133.0	137.0	4.0-	133.0	133.0
TOTAL POSITIONS	181.0	184.0	186.0	186.0	1.0	187.0	187.0	186.0	1.0	187.0	187.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

F.Y. 1980

F.Y. 1985

ACTIVITY:

PROGRAM: ENFORCEMENT OF NATURAL RESOURCE LAWS AND RULES

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Search and rescue operations
Deaths (per 100,000 motor boats)
Watercraft registered

203
6.03
580,394

643
3.87
645,452

RATIONALE:

Increased grants in 1981 resulted in significantly higher activity levels and increased performance. Since 1981, the workload has increased. There are now over 645,000 registered watercraft compared to 580,000 in 1980. Projections indicate that registrations will rise to 672,000 by 1988. The increased numbers are primarily larger, more powerful watercraft. In addition, many counties are upgrading their efforts through the use of search and rescue diving teams; fast water rescue near dams; alcohol, noise, and speed enforcement; and community education efforts. The recent Fair Labor Standards Act decision has increased manpower costs dramatically. Increased funding will allow expanded services and defray increased costs.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

Request Title: COUNTY BOAT AND WATER SAFETY GRANTS

	F.Y. 1988		F.Y. 1989	
	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Agency Request				
Water Recreation Fund	\$ 130.0	-0-	\$ 130.0	-0-
Governor's Recommendation				
Water Recreation Fund	\$ 130.0	-0-	\$ 130.0	-0-

Request requires statutory change: Yes No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request will provide funds to increase grants to counties which participate in the boat and water safety grant program. Additional funding will meet the increasing demands for patrol, enforcement, education, search and rescue, waterway marking, and accident reporting. This change would increase the grant amount from \$994.3 to \$1,124.3 per year.

DESCRIPTION/BACKGROUND:

Grants to counties are made under authority of M.S. 361 and are funded from the Water Recreation Fund. Since its inception in 1959, this program has resulted in a significant reduction in boating accidents and drownings. The last funding increase in this program took place in 1981, and resulted in a significant increase in activities and performance. An increase in funding will offset the increasing cost of these services and allow expansion in the program where justified. Additional funds could result in a like amount being returned to the state through the federal boating safety program.

STATISTICS:

	<u>F.Y. 1980</u>	<u>F.Y. 1985</u>
County Sheriffs' Activities		
Hours expended on boat and water	59,100	107,513
Rental boats inspected	13,617	19,650
Citations issued	1,106	2,252

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to realign funding sources and complement to reflect the proportion of time spent on these activities.

ACTIVITY:

PROGRAM: ENFORCEMENT OF NATURAL RESOURCE LAWS AND RULES

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Request Title: COMPLEMENT CONVERSION				
Agency Request				
Game and Fish Fund	\$(159.0)	(4.0)	\$(159.0)	(4.0)
Special Revenue - Snowmobile				
Safety Enforcement Acct.	79.5	2.0	79.5	2.0
All-Terrain Vehicle Fund	79.5	2.0	79.5	2.0
Governor's Recommendation				
Game and Fish Fund	\$(159.0)	(4.0)	\$(159.0)	(4.0)
Special Revenue - Snowmobile				
Safety Enforcement Acct.	79.5	2.0	79.5	2.0
All-Terrain Vehicle Fund	79.5	2.0	79.5	2.0
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This change request will decrease the complement of conservation officers funded by the Game and Fish Fund by 4 positions and convert funding of 2 positions to the Snowmobile Safety Enforcement Account and 2 positions to the All Terrain Vehicle Account. This change will make the funding source for the positions reflect the proportion of time the Division spends on enforcement and safety training in each activity.

DESCRIPTION/BACKGROUND:

Conservation officers are charged with the responsibility to enforce laws and regulations governing snowmobiles and all terrain vehicles. These activities have previously been funded by the Game and Fish Fund.

RATIONALE:

The Division of Enforcement's approved complement is 180 officers. The conversion of 4 positions from the Game and Fish Fund to other funding sources will not increase the complement level. The change is proposed to make the funding source for 4 positions reflect the proportion of time spent by the Division on snowmobile and all terrain vehicle enforcement and youth safety training.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: ENFORCEMENT OF NATURAL RESOURCE LAWS AND RULES

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

RATIONALE:

By policy, the division raised the student certificate fee from \$4.00 to \$5.00 each on July 1, 1985. This action generated approximately \$4.0 in the Snowmobile Program and \$20.0 in the Firearm Program. The requested increase will allow increased insurance costs to be met and provide the means to maintain effective Youth Safety Training Programs during a time when fewer non-enforcement hours are available to accomplish this goal.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Request Title: FIREARM AND SNOWMOBILE SAFETY INSURANCE, INSTRUCTOR TRAINING AIDES, INSTRUCTOR AWARDS				
Agency Request				
Game and Fish Fund	\$ 20.0	-0-	\$ 20.0	-0-
Special Revenue--				
Snowmobile Safety	20.0	-0-	20.0	-0-
Enforcement Account				
Governor's Recommendation				
Game and Fish Fund	\$ 20.0	-0-	\$ 20.0	-0-
Special Revenue--				
Snowmobile Safety	20.0	-0-	20.0	-0-
Enforcement Account				
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request provides funds from both the Game and Fish Fund and the Dedicated Snowmobile Safety Enforcement Account to offset increased insurance costs and to purchase instructor training aides and instructor awards.

DESCRIPTION/BACKGROUND:

As mandated by law, the Division of Enforcement trains approximately 4,000 youths in snowmobile safety and 20,000 youths in firearm safety annually. This is accomplished through the services of 2,500 snowmobile safety instructors and 3,000 firearm safety instructors, all of whom are volunteers. Insurance costs have increased \$9.0 for the Snowmobile Program and \$8.0 for the Firearms Program during F.Y.87. It is anticipated that during F.Y.88 and F.Y.89, these costs will continue to increase to \$10.0 per program. In addition, there is a need for training aides and instructor awards. The implementation of the Fair Labor Standards Act has adversely affected the amount of time conservation officers have available for these programs. The requested funding will allow other training methods to be utilized, especially in metropolitan locations, to free up officers' time for enforcement related activities while still maintaining quality safety training programs. Although, it is a work priority for officers to attend these classes, the use of video tape equipment instead of an officer's presence, may be necessary, especially in metropolitan locations where the training program workload is greater than the local officer can reasonably handle.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY:

PROGRAM: ENFORCEMENT OF NATURAL RESOURCE LAWS AND RULES

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: POSITION CONVERSION FROM PART-TIME TO FULL-TIME				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
Special Revenue	\$ -0-	1.0	\$ -0-	1.0
All Terrain Vehicle Account				
Governor's Recommendation				
Special Revenue	\$ -0-	1.0	\$ -0-	1.0
All Terrain Vehicle Account				
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request is to convert the part-time clerical position assigned to the All Terrain Vehicle (ATV) Program to full-time, complement status.

DESCRIPTION/BACKGROUND:

The legislature established the ATV safety program in 1984 in response to the increased use and serious potential for accident and/or injury to youthful ATV operators. Additional complement authority was not given to the division to operate the program at that time. The clerical duties have been accomplished by one part-time Clerk-Typist 1.

RATIONALE:

The clerical workload involved with the ATV safety program has increased to the point where a part-time secretary can not adequately handle the workload. This full-time position will not necessitate a request for additional funding.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM:

AGENCY: ENFORCEMENT OF NATURAL RESOURCE LAWS AND RULES

NATURAL RESOURCES, DEPARTMENT OF

Request Title: CONTRACT REMOVAL OF NUISANCE BEAVER				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 80.0	-0-	\$ 80.0	-0-
Governor's Recommendation				
General Fund	\$ 30.0	-0-	\$ 30.0	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request will provide funds to contract with local trappers for the removal of nuisance beaver. The intent of this request is to adequately fund the contract removal of nuisance beaver so that conservation officers will have more time to respond to their enforcement responsibilities and decrease property damage associated with activity by beaver.

DESCRIPTION/BACKGROUND:

Minnesota waters are conducive to large beaver populations, which in turn cause depredation problems to landowners in the form of crop damage and to counties and townships by blocking drainage ditches and culverts throughout the state. It is important that the beaver are removed prior to conservation officers removing the dam with explosives. If the beaver are not removed, they rebuild their dams in a very short time. The Division of Enforcement presently has \$50.0 in its budget to contract with local trappers to remove nuisance beaver. This amount has proven to be inadequate to control the problem.

RATIONALE:

Conservation officers expend approximately 16,000 hours per year responding to nuisance beaver complaints. This requires 8 officers full time per year to handle this task. The workload caused by nuisance beaver complaints and other similar non-enforcement

tasks, together with the affects of the Fair Labor Standards Act have had a negative impact on conservation officer's ability to respond to their enforcement responsibilities. Increased funding would also help alleviate property damage suffered by landowners and municipalities.

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$60.0 to contract with local trappers for removal of nuisance beaver. Salary savings should be used to meet further contract needs.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

ACTIVITY:
PROGRAM: ENFORCEMENT OF NATURAL RESOURCE LAWS AND RULES
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: CONTRACT REMOVAL OF CAR-KILLED DEER				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Game and Fish Fund	\$ 75.0	-0-	\$ 75.0	-0-
Governor's Recommendation				
Game and Fish Fund	\$ 75.0	-0-	\$ 75.0	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request provides funds to contract with private individuals for the removal of car-killed deer from Minnesota highways. The intent of this request is to relieve conservation officers of the hours required to remove these deer, but not the responsibility, so that they will have more time to respond to their law enforcement duties.

DESCRIPTION/BACKGROUND:

Conservation officers are assigned the task of removing car-killed deer from our highways. In 1985, conservation officers picked up and disposed of 12,768 car-killed deer. Wisconsin has a similar program funded at \$150.0 per year. Wisconsin has 26,000 road-killed deer; Minnesota has approximately 12,000.

RATIONALE:

Minnesota conservation officers expend approximately 20,000 hours per year removing car-killed deer. This requires 10 officers full time per year to handle this task. Most of these hours are overtime hours. Due to the Garcia Decision of the Fair Labor Standards Act, this has had a significant negative impact on our officers' ability to respond to their enforcement responsibilities.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

ACTIVITY:

PROGRAM: ENFORCEMENT OF NATURAL RESOURCE LAWS AND RULES

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

	F.Y. 1988		F.Y. 1989	
	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Request Title: CONSERVATION OFFICER TRAINING FUNDS - SURCHARGE ON GAME AND FISH FINES				
Agency Request				
Game and Fish Fund	\$ 45.0	-0-	\$ 45.0	-0-
Governor's Recommendation				
Game and Fish Fund	\$ 45.0	-0-	\$ 45.0	-0-
Request requires statutory change: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
Statutes Affected: M.S. 626.861, Subd. 4				

STATEMENT OF REQUEST/OBJECTIVE:

This request for funds is derived from the surcharge (10%) assessed on game and fish fines. Funding currently being credited to the General Fund would be transferred to the Game and Fish Fund and dedicated to conservation officer training.

DESCRIPTION/BACKGROUND:

The Enforcement Division has determined a need to better train conservation officers, supervisors and managers to make them more responsive to the public and maintain an effective work force. Training areas in need of expansion include sensitivity skills, public relations, supervision and management, and technical legal training. Approximately \$450.0 in Game and Fish fines are assessed each year. The \$45.0 created by the 10% surcharge would be transferred from the General Fund to the Game and Fish Fund and dedicated to Conservation Officer Training. Training needs have never been funded at a level sufficient to the Division's needs.

RATIONALE:

Increased training at all employee levels will make conservation officers, supervisors and managers more responsive to the public and better prepared to effectively perform their duties. In order to function during a time of increasing responsibility and public expectations, training will need to be greatly expanded.

PROGRAM PURPOSE: The primary purpose of the Field Operations Support Program is to provide professional and technical service support required for the effective and efficient management of the Department of Natural Resources (DNR). This program consists of 4 budget activities: 1) engineering services; 2) real estate management; 3) field services support; and 4) department equipment. The objective of these services is to minimize resource management involvement in obtaining or performing support requirements.

OPERATION: This program encompasses the following operations:

1) Bureau of Engineering services

- Surveying - land surveys and topographic surveys, including preparing maps, plats, and land descriptions.
- Development - engineering and architectural design and construction of DNR operated facilities such as campgrounds, water accesses, hiking and biking trails, roads, bridges, dams, fish barriers, wastewater systems, interpretive centers, fish hatcheries, park contact stations, and forest nursery facilities
- Graphic Services - prepare illustrative art work, sketches, layouts, graphic designs, typesetting keylining, illustrations and printing for DNR publications, DNR publications, maps, and displays.

2) Bureau of Land services

- Realty services for the acquisition, exchange, and sale of lands for natural resources.
- Leasing of state lands excepting mineral leases and timber permits, but including gravel, agricultural, homesite, wild rice, right-of-way leases and utility licenses.
- The administration of records, maps and documents relating to land ownership rights and transactions.

3) Bureau of Field Services services

- Purchase of all equipment and material needs of the department utilizing several methods: 1) requisition through the Department of Administration Procurement Division which entails developing specifications, locating sources of supply, arranging demonstrations to ensure that the requested product fulfills the intended need, etc.; 2) bidding and awarding for some emergency requirements; 3) meeting needs by using stock of 2 Service Center-operated supply depots consisting of common use items, items purchased in quantity, items needed immediately but hard to get in a hurry, and specialized requirements; and 4) developing policy and procedure, monitoring and training for local purchases.
- Provide management of the department's fleet equipment including equipment repair and fabrication/modification needs in Field Services-operated shops. Also develop and coordinate policy and procedures associated with equipment utilization, condition, maintenance and record keeping.

- Provide the building maintenance and repair for more than 1,600 department buildings (some 2,000,000 square feet) by letting bids to accomplish the work, or in some instances, performing the work with Field Services' crafts personnel.
- Provides a variety of other support activities including inventory management of fixed asset, semi-expendable and consumable inventories; on-the-job safety program implementation, compliance, and training; surplus equipment and building disposal; screening and acquisition of both state and federal surplus property; construction of wood routed signs; providing department uniforms; coordination of the radio communication needs of the department and the installation/repair of same by the Department of Transportation; administration and maintenance of a statewide cache of forest fire fighting equipment.

All of the bureaus in this program are under the supervision of the Assistant Commissioner for Administration. They establish internal policies and procedures for the effective conduct of their respective service functions and provide a variety of specialized services in their particular area of expertise to the operating units. Failure to adequately provide these specialized services would require each operational unit in the department to either employ these specialists (buyers, fleet managers, inventory management specialists, engineers, architects, appraisers, realty specialists, surveyors, etc.) or contract for these services, which would result in inefficiencies and increased costs.

EXPLANATION OF BUDGET REQUEST: In recent years new and expanded programs have increased the demand for the services provided by this program. When the new/expanded programs were established the bureau budgets were not adjusted to provide the additional staff and funding to meet the needs of these programs. As a result, the clientele are not served with timely, efficient and effective services.

With the exception of the lakeshore leases CHANGE request, all items are to maintain buildings and equipment so that premature deterioration will not occur or to provide the service required of the programs to meet their responsibilities and objectives. The CHANGE items requested are for building maintenance, \$1,420.6; obtaining federal excess equipment, \$170.0; conversion of Resource 2000 and Legislative Commission on Minnesota Resources funding for Lands and Engineering services, \$2,629.5; lakeshore leases/sales, \$1,176.2; regional engineering services, \$74.0; improved real estate management services, \$192.0; Field Services operational staffing, \$336.0; and equipment replacement and fleet management, \$868.8.

GOVERNOR'S RECOMMENDATION: The Governor recommends the following changes in the Field Operations Support Program:

	F.Y. 1988	F.Y. 1989	Positions
Building Maintenance	\$ 200.0	\$ 200.0	-0-
Obtaining Federal Excess Equipment	-0-	-0-	-0-
Conversion of Resource 2000 Positions - Lands and Engineering	-0-	1,211.8	25.0
Lakeshore Leases/Sales	502.9	673.3	2.0
Regional Engineering Services	-0-	-0-	-0-
Improved Real Estate Management Services	-0-	-0-	-0-
Field Services Operational Staffing	168.0	168.0	7.0
Equipment Replacement/Fleet Management	(509.7)	(486.1)	-0-

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: FIELD OPERATIONS SUPPORT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
FIELD SERVICES	3,916.9	4,497.3	4,686.1	4,778.3	388.3	5,166.6	4,552.3	4,772.2	431.3	5,203.5	4,576.6
DEPARTMENT EQUIPMENT	1,765.9	1,836.7	1,011.9	1,011.9	119.1	1,131.0	1,096.2	1,011.9	119.1	1,131.0	1,089.4
ENGINEERING SERVICES	2,125.6	2,079.5	2,264.8	2,197.3	392.8	2,590.1	2,447.3	2,199.8	592.8	2,792.6	2,649.8
LAND ADMINISTRATION	1,009.5	1,562.7	1,729.8	1,709.5	348.9	2,058.4	1,837.4	1,712.2	319.3	2,031.5	1,810.5
TOTAL	8,817.9	9,976.2	9,692.6	9,697.0	1,249.1	10,946.1	9,933.2	9,696.1	1,462.5	11,158.6	10,126.3
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	8,817.9	9,976.2	9,692.6	9,697.0	1,249.1	10,946.1	9,933.2	9,696.1	1,462.5	11,158.6	10,126.3
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	8,817.9	9,976.2	9,692.6	9,697.0	1,249.1	10,946.1	9,933.2	9,696.1	1,462.5	11,158.6	10,126.3
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	3,887.8	4,358.5	3,801.3	3,897.7	2,663.4	6,561.1	3,964.2	3,891.2	2,869.6	6,760.8	5,180.2
GENERAL FUND - LCMR	472.3										
MN RESOURCES		412.2	263.9	125.0		125.0		125.0		125.0	
WATER RECREATION		203.9	216.5	217.2		217.2	217.2	216.9		216.9	216.9
SPECIAL REVENUE	22.8	23.6	26.0	26.0		26.0	26.0	26.0		26.0	26.0
GAME AND FISH	3,070.4	3,212.6	3,394.8	3,438.8	208.2-	3,230.6	3,230.6	3,439.0	195.3-	3,243.7	3,243.7
DEDICATED APPROPRIATIONS:											
GENERAL	356.4	693.5	711.2	711.2		711.2	711.2	711.2		711.2	711.2
SPECIAL REVENUE	17.0	4.9					502.9				673.3
BUILDING	991.2	1,067.0	1,203.9	1,206.1	1,206.1-		1,206.1	1,211.8	1,211.8-		
FEDERAL			75.0	75.0		75.0	75.0	75.0		75.0	75.0
TOTAL FINANCING	8,817.9	9,976.2	9,692.6	9,697.0	1,249.1	10,946.1	9,933.2	9,696.1	1,462.5	11,158.6	10,126.3
POSITIONS BY FUND:											
GENERAL	49.0	49.0	49.0	49.0	40.0	89.0	56.0	49.0	40.0	89.0	81.0
GENERAL FUND - LCMR	14.0										
MN RESOURCES		9.0	11.0	3.0		3.0		3.0		3.0	
WATER RECREATION		7.0	6.0	6.0		6.0	6.0	6.0		6.0	6.0
SPECIAL REVENUE							2.0				2.0
GAME AND FISH	41.0	41.0	41.0	41.0		41.0	41.0	41.0		41.0	41.0
BUILDING	25.0	25.0	25.0	25.0	25.0-		25.0	25.0	25.0-		
FEDERAL			1.0	1.0		1.0	1.0	1.0		1.0	1.0
TOTAL POSITIONS	129.0	131.0	133.0	125.0	15.0	140.0	131.0	125.0	15.0	140.0	131.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY:
PROGRAM: FIELD OPERATIONS SUPPORT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: LAKESHORE LEASES				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 502.9	2.0	\$ 673.3	2.0
Governor's Recommendation				
Special Revenue	\$ 502.9	2.0	\$ 673.3	2.0
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This program level request will provide funds necessary to accomplish the survey, appraisal, and sale of lakeshore lots leased by the department. \$252.9 in F.Y. 1988 and \$223.3 in F.Y. 1989 and 1 position is requested in the Land Administration budget activity; \$250.0 in F.Y. 1988 and \$450.0 in F.Y. 1989 and 1 position is requested in the Engineering budget activity.

DESCRIPTION/BACKGROUND:

The department currently leases 1,783 lakeshore lots in 11 northern counties to private parties. The legislature has authorized the sale of these lots when requested by the lessee. The estimate of the number of lots to be sold is 400 in F.Y. 1988 and 300 in F.Y. 1989. One position is requested which is a conversion of an existing Legislative Commission on Minnesota Resources position to assist the administration of this large project. Additional costs of sale administration are estimated to be \$8,300 for each fiscal year.

STATISTICS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Lots surveyed	500	400
Lots sold	400	300

The land bureau position will coordinate sale requests.

Pre-survey boundary determinations, coordination with county officials, ownership verification and other legal coordination, ensure compliance with legislative and

constitutional requirements. The Engineering Bureau will coordinate the contractual services with surveyors, resolve boundary problems and work with county zoning administrators to register plats.

RATIONALE:

The legislature modified M.S. 94.46 during the 1986 session to allow the sale of lakeshore lots leased to private parties. This law requires the department to make these lots available for sale at the request of lessee until 1991. The sale of these lots will require subdivision and platting prior to sale. The mandatory direction of the legislature requires that these lots be sold in a timely fashion.

GOVERNOR'S RECOMMENDATION:

Pending the Department of Natural Resources' report to the legislature on the feasibility of lakeshore lot sales, the Governor recommends the agency's requested level of funding but proposes a change in funding source from the General Fund to lakeshore lease special revenue. Proposed legislation will be submitted expanding the use of lease revenue for both survey and appraisal costs. It is intended that survey and appraisal costs on trust fund lands will be reimbursed at the time of sale and the proceeds deposited to the trust funds.

ACTIVITY: FIELD SERVICES
 Program: FIELD OPERATIONS SUPPORT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

DESCRIPTION:

The Field Services Activity provides support to the Department of Natural Resources in the following areas: 1) procurement of equipment, materials, and supplies; 2) fleet management including repair services; 3) department building repair and disposal; 4) fixed asset and consumable inventory management including 2 supply warehouses; 5) federal excess property acquisition; 6) personnel health and safety administration; 7) fire cache management; 8) wood routed sign manufacturing; 9) surplus property acquisition and disposal; and 10) coordination of the department radio system and radio maintenance.

The activity is designed to minimize the time spent by resource managers in obtaining support requirements. It is also responsible for coordinating, monitoring and enforcing the requirements, policies and procedures mandated by the legislature, by other state agencies or controlling interests.

This activity provides support through the administrative office in St. Paul, 2 service centers located in Grand Rapids and St. Paul, and a Field Services unit in each of the 6 regions.

The administrative unit is responsible for coordinating the various activities, developing program policy, establishing procedures, managing the budget, and handling special problems. Specialists administer and coordinate the inventory management and surplus property acquisition and disposal programs; administer the department personnel health and safety program; and acquire federal excess equipment for use in the Division of Forestry fire suppression program.

The Service Centers provide for the procurement of the department's equipment, materials and supplies; heavy equipment repairs and equipment fabrication/modification; warehouse and supply over 850 consumable stock items such as hardware items, safety and protective commodities, automotive supplies, paint, abrasives, special use items, etc; administer the fire equipment cache; stock and distribute department uniforms; manufacture wood routed signs, etc.

The regional programs provide for the equipment repair requirements through department shops or local repair service; contract for building repair; coordinate and manage the budget for radio system repair; coordinate health and safety programs, and enforce safety mandates; coordinate vehicle accident cases; coordinate the Fixed Assets Records Management System (FARMS) and purchasing programs; coordinate building and equipment disposal; etc.

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Number of department locations served	407	407	405	405
Number of purchasing requisitions processed	2,170	2,280	1,800	1,800
Volume of stock sales	\$490.3	\$510.0	\$525.0	\$530.0
Number of equipment repair jobs	1,300	1,350	1,400	1,450
Value of surplus equipment disposed	\$125.0	\$170.0	\$175.0	\$175.0
Number of buildings	1,640	1,621	1,610	1,600
Number of buildings disposed	79	65	75	79
Number of personnel uniformed	1,044	1,050	1,050	1,050
Number of first reports of injury	344	325	300	300

BUDGET ISSUES:

The budget bases for the various programs were established with the inception of the Field Services Program in 1974. Since that time new and expanded programs have been established without adequate funding for support requirements. Severe budget cuts and inflation have severely impacted the ability to provide timely and efficient services. For example, an insufficient budget restricts the ability to adequately maintain 1600 department buildings. The absence of minor maintenance results in deterioration which will eventually require major rehabilitation.

Programs are carried out at 2 service centers and 6 regional offices. The services are performed by a staff of which 30% are part-time positions. Many programs are understaffed impacting performance and prohibiting efficiency improvements.

CHANGE level requests have been submitted to put the funding level in line with the liabilities.

CHANGE REQUESTS:

	F.Y. 1988	F.Y. 1989	Type
Building Maintenance/Building Repairs & Remodeling Needed to maintain buildings in a condition that will prevent premature deterioration which would result in much higher costs in future years and provide funding for major repairs, remodeling and rehabilitation. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 710.3	\$ 710.3	Activity Specific
Operations Staffing Covers support required to handle additional workload resulting from several new programs and to process use data, billings, and other administrative functions proposed in the Equipment Replacement and Fleet Management CHANGE request following the Department Equipment activity. See CHANGE request sheet following the fiscal sheet for this activity.	\$ 168.0	\$ 168.0	Activity Specific

ACTIVITY: FIELD SERVICES
(Continuation)

1987-89 Biennial Budget

Program: FIELD OPERATIONS SUPPORT
Agency: NATURAL RESOURCES, DEPARTMENT OF

CHANGE REQUESTS: (Contd.)

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Federal Excess Equipment Acquisition Needed to commercially transport acquired federal excess equipment from federal depot site and to make equipment operational for fire suppression use. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 85.0	\$ 85.0	Activity Specific
Equipment Replacement and Fleet Management The amount of this request is the net from reducing the SAME level funding each year for vehicle equipment repair (\$464.0) and liability insurance (\$220.0), and the CHANGE request of \$109.0 in F.Y. 1988 and \$152.0 in F.Y. 1989 for equipment use in this activity based on mileage or hourly rates. The initial use rates will include only the cost of insurance, repairs and maintenance, and that portion of the installment purchase applicable to the fiscal year. See CHANGE request sheet following the agency fiscal page.	\$ (575.0)	\$ (532.0)	Agency- wide

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: FIELD SERVICES

PROGRAM: FIELD OPERATIONS SUPPORT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	3,916.9	4,497.3	4,686.1	4,778.3	388.3	5,166.6	4,552.3	4,772.2	431.3	5,203.5	4,576.6
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	3,916.9	4,497.3	4,686.1	4,778.3	388.3	5,166.6	4,552.3	4,772.2	431.3	5,203.5	4,576.6
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	1,646.7	1,745.7	1,894.6	1,982.4	168.0	2,150.4	2,150.4	1,975.3	168.0	2,143.3	2,143.3
EXPENSES & CONTRAC. SERV	1,458.8	1,386.8	1,433.8	1,438.2	14.7-	1,423.5	1,099.2	1,439.2	28.3	1,467.5	1,130.6
SUPPLIES & MATERIALS	774.1	1,297.5	1,357.7	1,357.7	15.0-	1,342.7	1,302.7	1,357.7	15.0-	1,342.7	1,302.7
EQUIPMENT											
OTHER EXPENSE ITEMS	37.3	67.3			250.0	250.0			250.0	250.0	
TOTAL STATE OPERATIONS	3,916.9	4,497.3	4,686.1	4,778.3	388.3	5,166.6	4,552.3	4,772.2	431.3	5,203.5	4,576.6
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	3,535.1	3,756.8	3,424.5	3,516.7	575.6	4,092.3	3,478.0	3,510.6	605.7	4,116.3	3,489.4
GAME AND FISH	25.4	47.0	550.4	550.4	187.3-	363.1	363.1	550.4	174.4-	376.0	376.0
DEDICATED APPROPRIATIONS:											
GENERAL	356.4	693.5	711.2	711.2		711.2	711.2	711.2		711.2	711.2
TOTAL FINANCING	3,916.9	4,497.3	4,686.1	4,778.3	388.3	5,166.6	4,552.3	4,772.2	431.3	5,203.5	4,576.6
POSITIONS BY FUND											
GENERAL	46.0	46.0	46.0	46.0	7.0	53.0	53.0	46.0	7.0	53.0	53.0
TOTAL POSITIONS	46.0	46.0	46.0	46.0	7.0	53.0	53.0	46.0	7.0	53.0	53.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: FIELD SERVICES
 PROGRAM: FIELD OPERATIONS SUPPORT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: BUILDING MAINTENANCE/BUILDING REPAIR AND REHABILITATION				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 710.3	-0-	\$ 710.3	-0-
Governor's Recommendation				
General Fund	\$ 200.0	-0-	\$ 200.0	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds to enable the department to maintain its buildings, accomplish major repairs and rehabilitation, and accomplish small building construction.

The objective is to adequately maintain buildings in a condition that will prevent premature deterioration, resulting in a substantial capital investment for major remodeling or replacement. A second objective is to establish a budget for major repairs, rehabilitation, expansion and small building construction requirements which cannot be financed with existing maintenance funds and are too small for consideration as capital improvements.

DESCRIPTION/BACKGROUND:

This activity is responsible for funding the repair and maintenance of the various Department of Natural Resources (DNR) buildings required for the field operations of the department. This includes various administrative facilities (office, warehouses, residences, etc.), hatcheries, and park facilities including contact stations, trail centers, sanitation buildings, picnic shelters. The department maintains over 1,600 buildings containing over 2 million square feet. The department has conducted an analysis of required repair and maintenance funding necessary to maintain the buildings. Factors taken into consideration were a 20-year replacement schedule of roofs; painting interior and exterior at 5-year intervals; and annual seasonal maintenance of heating systems, etc. A comparison of existing funding with the amount required to adequately repair and maintain these facilities indicates a shortfall of \$288 per building.

The department does not have a budget for major building repairs, rehabilitation, remodeling, and small building construction. This category of expenditure is too great for the building maintenance appropriation and too small to be considered as a capital improvement. This request will initiate a program for projects that cannot be funded with existing maintenance dollars and should not be funded through bonding.

<u>STATISTICS:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Annual repair/expenditures/building	\$ 535	\$ 600	\$ 888	\$ 888

RATIONALE:

The requested CHANGE is required to adequately repair and maintain department facilities. The SAME level funding provides for an average annual expenditure of about \$600 per DNR building. This amount is significantly inadequate to maintain department buildings. Based upon the department's analysis, the CHANGE level amounts represent the minimum funding necessary for repair and maintenance of buildings. This amount will increase the average annual expenditure to about \$888 per building.

This CHANGE request will also provide a \$250.0 budget where none currently exists for major building repairs (i.e., a \$50,000 roof replacement), remodeling and expansion requirements necessitated by office consolidations, minor construction such as oil and chemical storage buildings required by the Minnesota Occupational Safety and Health Act, rehabilitation of larger buildings, and large heating system replacement or conversions.

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$200.0 for F.Y. 1988 and \$200.0 for F.Y. 1989 rather than the agency's full request. This recommendation is part of a statewide policy initiative to improve each agency's ability to maintain its physical plant within available General Fund revenues. The Governor's intent has been to remove all Repairs and Replacements (R & R) projects from the Capital Budget in favor of consolidating R & R funding in the Operating Budget.

Appropriations are divided equally between F.Y. 1988 and F.Y. 1989 in order to identify the increase in each agency's funding level for future biennia. The Governor further recommends that agencies be permitted to move funds between fiscal years.

The Governor has directed agencies to develop criteria for allocation of R & R dollars and recommends that each agency report to the Legislature and to the Governor on the disposition of funds for R & R projects by 11-1-88.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: FIELD SERVICES
 PROGRAM: FIELD OPERATIONS SUPPORT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: OPERATIONS STAFFING				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 168.0	7.0	\$ 168.0	7.0
Governor's Recommendation				
General Fund	\$ 168.0	7.0	\$ 168.0	7.0
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds for staffing required for implementation of the Department of Natural Resources' (DNR) fleet management program and several automated programs developed by the Department of Administration (DOA) which results in additional staffing needs for the department.

DESCRIPTION/BACKGROUND:

The department needs a vastly improved records management and tracking system for its equipment management. The current system records use and costs for equipment use through a combination manual and antiquated computer system. An effective fleet management program cannot be achieved without a modern computerized data base to track vehicle and equipment usage and costs, determine replacement schedules, develop rate schedules and other similar functions. It is proposed that a position be located in 5 of the regions and 1 service center for data input as part of the fleet management system.

Additionally, alteration of 2 programs administered by DOA has resulted in further delegation by DOA and has allowed continued decentralization of functions to the field in DNR. These positions will be responsible for directly inputting all fixed asset inventory transactions into the Fixed Assets Records Management System (FARMS) and to monitor and perform system inquiries and eventually directly input into the Procurement Automated Logistics System (PALS). The data input for several internal automated programs currently being developed such as a building inventory and data base, an automated first report of injury program, and a shop billing system will also be

performed by these positions. A part-time computer programmer was hired for field services during F.Y. 1987 to initiate development of much needed computer systems to improve management. Prior to this time virtually all data systems were manual. Currently automated programs are being developed for consumable inventory management for the 2 service center warehouses, an equipment utilization program, automated fire cache inventory system, shop billing system, building data base, and an expenditure accounting system.

It is requested that a full-time position be authorized for this function which will improve management in field services.

ACTIVITY STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Full-time staffing	55	55	62	62
Part-time staffing	21	24	30	30

RATIONALE:

The fleet management program will result in a significant improvement in equipment use accountability and better conditioned equipment. The success of the program will be dependent on an adequate staff to carry out the administrative functions.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: FIELD SERVICES
 PROGRAM: FIELD OPERATIONS SUPPORT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: FEDERAL EXCESS EQUIPMENT ACQUISITION				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 85.0	-0-	\$ 85.0	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds to commercially transport acquired federal excess equipment from the federal depot site and to fund the repairs and modifications necessary to make the equipment operational and adaptable for fire suppression use.

The objective of the program is to acquire equipment to replace or supplement fire suppression equipment that cannot be purchased with the department equipment budget because of insufficient funding. A second objective is to acquire the equipment for local fire departments for use in supporting the Division of Forestry in wildfire suppression.

DESCRIPTION/BACKGROUND:

The equipment acquired through this program includes items such as road graders, wheel and crawler tractors, large trucks, light trucks, forklifts, office furniture, fire equipment, shop tools, spare parts, etc. It is available at no cost to the state other than the transportation from the federal depot site and the repair costs to make it operational. Within the past few years federal surplus equipment has become more readily available and of better quality. The acquisition efforts were stepped up and the screening territory has been expanded. Until recently, the acquisitions have been picked up with a department tractor-trailer unit. The unit is a 1976 model with over 330,000 miles and is no longer reliable for long trips. Furthermore, as the territory has expanded further from Minnesota, this method is no longer cost effective.

The average make-ready cost of repairing and modifying this equipment in F.Y. 1987 was \$1,000 per unit. These costs have never been funded so it has been necessary to assess the Field Services and Division of Forestry programs. With the increase in acquisitions, these programs can no longer absorb the costs.

<u>STATISTICS:</u>	<u>F.Y. 1983</u>	<u>F.Y. 1984</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>
Value of acquisitions	\$ 429.7	\$ 743.2	\$ 922.4	\$ 2,011.0	\$ 1,500.0

RATIONALE:

The equipment acquired through this program greatly enhances the wildfire suppression program with badly needed equipment not readily available with the limited equipment budget. It also provides local fire departments with equipment they cannot afford. This equipment and the trained fire fighters are a valuable support to the Division of Forestry in wildfire suppression.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

ACTIVITY: DEPARTMENT EQUIPMENT
 Program: FIELD OPERATIONS SUPPORT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

DESCRIPTION:

This activity supports the various Department of Natural Resources' (DNR) programs with their equipment requirements.

During the peak summer season DNR employs over 3,200 personnel. In order to get to the job site and to enable them to accomplish their jobs, they must be provided reliable and specialized equipment. DNR is a mobile, dependent organization and many of the programs are heavily maintenance and development oriented. This fact requires sufficient fleet and construction/maintenance equipment.

Over the past several bienniums taken increases, budget cuts, inflation and new and expanded programs established without equipment funds have seriously taxed the equipment budget. This has resulted in the inability to provide sufficient numbers or replace equipment. A significant portion of the mobile fleet and construction/maintenance equipment has rapidly aged past the point of usefulness. This situation is compounded by the fact that program dollars must be used to repair and maintain equipment that is beyond its useful life. In the process, equipment provided is inefficient and expensive to operate.

The lack of adequate equipment also forces the department to compensate by using labor to do the job equipment should do. Again, program funds are depleted in the process.

The equipment situation has had a serious impact on resource management accomplishments. There is a false economy in repairing old equipment to keep it operational; use of labor to replace equipment; and inability to improve efficiency and productivity because of reduced resource dollars for repairs and personnel.

A CHANGE level request is being submitted that will significantly improve the equipment situation. A new approach through a fleet management program that ties equipment accountability to resource programs is requested. The program will enable the department to maintain its equipment and replace it at the end of its useful life through funds generated by renting equipment to the resource programs.

The CHANGE level also requests funds to establish a 6-year turnover of radio equipment, replace antiquated fire fighting equipment with more reliable ground attack equipment, replace 2 vintage aircraft, provide additional funds for non-fleet equipment and provide adequate repair funds.

ACTIVITY STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Number of fixed assets	35,540	36,250	36,500	36,500
Number of fleet equipment	2,660	2,680	2,650	2,650

CHANGE REQUESTS:

Equipment Replacement and Fleet Management
 Needed to implement a new fleet management program. This amount is the net from reducing the SAME level funding each year for vehicle equipment (\$503.9), and the CHANGE request for non-fleet equipment \$100.0, radio replacement \$383.0, radio repair \$70.0, and non-fleet repair \$70.0. See the CHANGE request sheet following the agency fiscal sheet.

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
\$	119.1	\$ 119.1	Agency-wide

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: DEPARTMENT EQUIPMENT

PROGRAM: FIELD OPERATIONS SUPPORT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,765.9	1,836.7	1,011.9	1,011.9	119.1	1,131.0	1,096.2	1,011.9	119.1	1,131.0	1,089.4
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	1,765.9	1,836.7	1,011.9	1,011.9	119.1	1,131.0	1,096.2	1,011.9	119.1	1,131.0	1,089.4
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES											
EXPENSES & CONTRAC. SERV					140.0	140.0	105.2		140.0	140.0	98.4
SUPPLIES & MATERIALS											
EQUIPMENT	1,765.9	1,836.7	1,011.9	1,011.9	20.9-	991.0	991.0	1,011.9	20.9-	991.0	991.0
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	1,765.9	1,836.7	1,011.9	1,011.9	119.1	1,131.0	1,096.2	1,011.9	119.1	1,131.0	1,089.4
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	217.8	351.5			140.0	140.0	105.2		140.0	140.0	98.4
GAME AND FISH	1,548.1	1,485.2	1,011.9	1,011.9	20.9-	991.0	991.0	1,011.9	20.9-	991.0	991.0
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	1,765.9	1,836.7	1,011.9	1,011.9	119.1	1,131.0	1,096.2	1,011.9	119.1	1,131.0	1,089.4
POSITIONS BY FUND											
TOTAL POSITIONS											

ACTIVITY: ENGINEERING
 Program: FIELD OPERATIONS SUPPORT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVE:

To support field operations by providing professional engineering and related services to Department of Natural Resources (DNR) management units for the acquisition of land, development of facilities and the management of natural resources.

DESCRIPTION:

The Bureau of Engineering provides 1) professional engineering and architectural services for the development and operation of DNR administrative, recreational and maintenance facilities; 2) land surveying and mapping services required to identify DNR administered-land and to prepare maps needed for development and land management activities; 3) graphic services for the layout and production of displays, recreational maps, resource maps, information signs, interpretive displays, etc. Requests for these services are made by program managers and field managers. The bureau responds individually or as a team to satisfy each request. For example, a request to design and build a new fish hatchery building requires the combined effort of each section in the bureau, whereas a request to design a new state park sticker requires the efforts of one Graphic Arts Specialist. Technical advice is also provided to field managers in operating and maintaining facilities such as dams, bridges, roads, fish hatcheries, wells, pumps, etc.

The services provided can be categorized as follows:

- 1) Surveying - Land surveys and topographic surveys are conducted by survey crews on DNR-administered lands and lands being acquired. The land surveys are normally conducted 1) to establish ownership boundaries on trespass problems (i.e., farming on state land without a lease, cutting timber on state land without a permit, etc.); and 2) to allow for the legal posting of management units (i.e., state parks, wildlife management units, Scientific and Natural Areas, etc.) so that the applicable laws may be enforced. Topographic surveys are conducted predominately for the design of development projects including determination of impoundment sizes and areas flooded.
- 2) Development - This activity includes the design and construction of DNR-operated facilities such as campgrounds, water accesses, hiking and biking trails, roads, bridges, dams, fish barriers, wastewater systems, interpretive centers, fish hatcheries, park contact stations, forest nursery facilities, etc. The Architects, Engineers and Landscape Architects work together as a team in developing cost-effective design and associated construction plans and specifications. There are engineering offices in each region which are responsible for construction contract administration and inspection for all projects processed by the bureau. These offices also design and prepare construction plans for smaller projects and provide technical assistance to field managers.
- 3) Graphic Services - Graphic Arts Specialists prepare illustrative art work, sketches, layouts, graphic designs, typesetting keylining, illustrations and printing for DNR publications, maps and displays.

ACTIVITY STATISTICS:	F.Y. 1986	F.Y. 1987	F.Y. 1988*	F.Y. 1989*
Number of projects ⁽¹⁾ designed	150	200	200	200
Construction value	\$6,000.0	\$6,000.0	\$6,000.0	\$7,000.0
Surveys complete (Total):	108	140	150	150
Acquisition	32	25	27	27
Land exchange	7	15	16	16
Development	43	50	54	54
General land surveys	26	50	54	54
Graphics projects ⁽²⁾ completed	267	275	290	300

- (1) Water Control Structures, Roads, Bridges, Water Accesses, Fish Barriers, Buildings, Wastewater Systems, Water Supply System, Campgrounds, Bike Trails, Dams, etc.
- (2) Trail Maps, Forestry Maps, Interpretive Displays, Awards, Brochures, Manuals

(*) Dollar amounts in columns for F.Y. 1988 and F.Y. 1989 are estimated.

BUDGET ISSUE:

The Bureau of Engineering has historically been staffed and funded largely with the professional services provided to implement development programs (Legislative Commission on Minnesota Resources and Resource 2000). Much of the technical expertise available to the department is provided by these unclassified positions. The concept of funding staff from general long-term obligation bonds is questionable and cutbacks in these programs will force layoff of employees with up to 20 years of state service. Professional technical services are necessary to effectively manage the state's natural resources.

CHANGE REQUESTS:

	F.Y. 1988	F.Y. 1989	Type
Regional Engineering Services Provide engineering technical support to the regional field staff in Regions V and VI to operate and maintain facilities such as dams, dikes, bridges, roads, portable water systems, wastewater treatment systems, etc. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 37.0	\$ 37.0	Activity Specific

ACTIVITY: ENGINEERING

1987-89 Biennial Budget

(Continuation)

Program: FIELD OPERATIONS SUPPORT

Agency: NATURAL RESOURCES, DEPARTMENT OF

CHANGE REQUESTS: (Contd.)

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Lakeshore Leases Provides staff and funds necessary to conduct the land surveys required to identify and sell state leased lakeshore lots to lessees requesting to purchase the lot they currently lease. This is a new program authorized by the 1986 legislative session. See CHANGE request sheet following the Field Operations Support Program fiscal page.	\$ 250.0	\$ 450.0	Program-wide
Professional Services Funding Conversion To convert existing unclassified engineering technical support positions to the classified service. These positions were established in the 60's and 70's to implement LCMR and Resource 2000 Development and Acquisition Programs. Some employees have served the state in these positions for 20 years. These positions are utilized to effectively plan and implement the department's capital improvement programs and to manage, operate and maintain the lands and facilities acquired and developed over the past 20 years. These are ongoing needs and require a stable engineering technical support staff. The concept of funding these positions with general long-term obligation bonds is questionable. Also, the concept of maintaining an effective professional staff funded through programs that fluctuate in size and magnitude each biennium is simply not possible. See the CHANGE request sheet following the agency fiscal page.	\$ 765.7	\$ 769.1	Agency-wide

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: ENGINEERING SERVICES

PROGRAM: FIELD OPERATIONS SUPPORT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	2,125.6	2,079.5	2,264.8	2,197.3	392.8	2,590.1	2,447.3	2,199.8	592.8	2,792.6	2,649.8
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	2,125.6	2,079.5	2,264.8	2,197.3	392.8	2,590.1	2,447.3	2,199.8	592.8	2,792.6	2,649.8
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	1,809.0	1,831.4	1,921.6	1,837.5	182.6	2,020.1	1,883.3	1,833.2	182.6	2,015.8	1,879.0
EXPENSES & CONTRAC. SERV	266.6	218.9	297.8	318.8	209.7	528.5	522.5	325.6	409.7	735.3	729.3
SUPPLIES & MATERIALS	42.8	28.0	29.4	29.4	.5	29.9	29.9	29.4	.5	29.9	29.9
EQUIPMENT	7.2	1.2	1.0	1.0		1.0	1.0	1.0		1.0	1.0
OTHER EXPENSE ITEMS			15.0	10.6		10.6	10.6	10.6		10.6	10.6
TOTAL STATE OPERATIONS	2,125.6	2,079.5	2,264.8	2,197.3	392.8	2,590.1	2,447.3	2,199.8	592.8	2,792.6	2,649.8
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	104.9	106.4	92.8	97.0	1,075.9	1,172.9	97.0	96.6	1,279.3	1,375.9	783.1
GENERAL FUND - LCMR	395.8										
MN RESOURCES		142.0	117.8								
WATER RECREATION		119.9	131.5	132.0		132.0	132.0	131.8		131.8	131.8
SPECIAL REVENUE	22.8	23.6	26.0	26.0		26.0	26.0	26.0		26.0	26.0
GAME AND FISH	1,001.8	1,049.3	1,138.6	1,184.2		1,184.2	1,184.2	1,183.9		1,183.9	1,183.9
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE							250.0				450.0
BUILDING	600.3	638.3	683.1	683.1	683.1-		683.1	686.5	686.5-		
FEDERAL			75.0	75.0		75.0	75.0	75.0		75.0	75.0
TOTAL FINANCING	2,125.6	2,079.5	2,264.8	2,197.3	392.8	2,590.1	2,447.3	2,199.8	592.8	2,792.6	2,649.8
POSITIONS BY FUND											
GENERAL	3.0	3.0	3.0	3.0	19.0	22.0	3.0	3.0	19.0	22.0	17.0
GENERAL FUND - LCMR	12.0										
MN RESOURCES		6.0	8.0								
WATER RECREATION		4.0	4.0	4.0		4.0	4.0	4.0		4.0	4.0
SPECIAL REVENUE							1.0				1.0
GAME AND FISH	27.0	26.0	26.0	26.0		26.0	26.0	26.0		26.0	26.0
BUILDING	14.0	14.0	14.0	14.0	14.0-		14.0	14.0	14.0-		
FEDERAL			1.0	1.0		1.0	1.0	1.0		1.0	1.0
TOTAL POSITIONS	56.0	53.0	56.0	48.0	5.0	53.0	49.0	48.0	5.0	53.0	49.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: ENGINEERING
 PROGRAM: FIELD OPERATIONS SUPPORT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

STATISTICS:

F.Y. 1983 F.Y. 1984 F.Y. 1985 F.Y. 1986 F.Y. 1987

Percent of regional requests for technical assistance responded to: 30 30 30 25 20

RATIONALE:

Intensification of natural resource management and the development of new facilities over the past 10 years has resulted in the need for a higher level of professional support services to department field operations staff. Without additional help in Region V and VI, field managers will be required to make engineering judgements and decisions without professional help. By providing an Engineering Aid assistant, the Regional Engineer will be able to provide technical support to field managers.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

Request Title: REGIONAL ENGINEERING SERVICES				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 37.0	1.0	\$ 37.0	1.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request will establish an Engineering Aide position to assist the Regional Engineer who has responsibility for serving both Regions V and VI, to provide technical assistance to field staff in operating and maintaining dams, dikes, bridges, roads, water supply systems and wastewater treatment systems. The objective is to provide the technical support necessary to safely operate and maintain these facilities.

DESCRIPTION/BACKGROUND:

Regions V and VI currently have one Engineer to provide professional and technical service to field operations in the design, inspection and maintenance of roads, bridges, dams, water control structures, wildlife impoundments, fish hatcheries, buildings, water supply systems, wastewater treatment systems, lake aeration systems, etc. All other regions currently have an Engineer and an Engineering Aide to provide these services. This request to establish a permanent Engineering Aide assistant will establish a base level of support services in these regions. An example of the type of service not effectively provided is the engineering studies, services, and recommendations on proposed wildlife impoundments. Another would be in determining the cause of a sewage lift station failure and recommending corrective action. Bridge inspections is another area that is critical and the demands exceed the staffing capabilities.

ACTIVITY: LAND ADMINISTRATION
 Program: FIELD OPERATIONS SUPPORT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

DESCRIPTION:

The Bureau of Land is responsible for real estate management activities associated with Department of Natural Resources (DNR) administered lands. The major activities of the bureau include: 1) issuance of leases, licenses and easements; 2) acquisition of lands by purchase, exchange and receipt of donations; 3) sale of state surplus lands; 4) review and audit the administration of trust fund lands; and 5) management of DNR land records. The records system is designed and maintained to accommodate the preparation of state in lieu of tax payments to counties, distinguish land types such as trust fund, consolidated conservation, tax forfeited and acquired for revenue accounting purposes, and provide ownership and land status statistics for the commissioner.

ACTIVITY STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Leases, Licenses, Easements:				
Transactions	4,500	4,600	4,600	4,500
Acres	2,600	2,800	2,800	2,600
Revenues	\$832.7	\$856.2	\$832.4	\$849.2
Exchanges:				
Completed	13	37	25	20
Acres Exchanged	932	3,670	4,000	6,500
Value Exchanged	\$305.1	\$925.0	\$1,000.0	\$1,625.0
Sales:				
Revenues	\$268.0	\$486.0	\$564.3	\$724.8

ACTIVITIES/BUDGET ISSUES:

Greater emphasis should be given to the leasing program, particularly existing lakeshore leases and expansion of other leasing programs. Expanded use of land exchange as a land management tool is also foreseen. This effort has been approved for funding by the Legislative Commission on Minnesota Resources (LCMR) and is a continuation of previous support by the LCMR. Recent legislation provided for the department to sell its own surplus land, requiring surveys, appraisals and increased administrative time. The Reinvest in Minnesota (RIM) program, Wild Rivers Act, and increased land donations have added to the bureau's workload. Recognizing the department's continuing need for real estate services in land administration activities justifies the conversion of these positions to the General Fund.

CHANGE REQUESTS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>Type</u>
Improved Real Estate Management Addition of 2 positions to process land exchanges, leases and sales of trust fund lands, development of land classifications and submerged land management. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 96.0	\$ 96.0	Activity specific
Lakeshore Leases Provide funds and positions to implement the sale of leased lakeshore lots required under M.S. 92.46. Includes survey, appraisal and sale responsibilities within the Bureaus of Land and Engineering. See the CHANGE request sheet following the field operations support program.	\$ 252.9	\$ 223.3	Program-wide
Professional Services Conversion Conversion of the land acquisition professional services from Bonding Fund to the General Fund. See the CHANGE request sheet following the agency fiscal page.	\$ 546.2	\$ 548.5	Agency-wide

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: LAND ADMINISTRATION

PROGRAM: FIELD OPERATIONS SUPPORT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,009.5	1,562.7	1,729.8	1,709.5	348.9	2,058.4	1,837.4	1,712.2	319.3	2,031.5	1,810.5
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	1,009.5	1,562.7	1,729.8	1,709.5	348.9	2,058.4	1,837.4	1,712.2	319.3	2,031.5	1,810.5
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	720.4	846.3	1,003.5	1,023.6	99.0	1,122.6	956.4	1,021.7	101.6	1,123.3	954.5
EXPENSES & CONTRAC. SERV	239.7	533.7	716.3	676.4	241.4	917.8	873.0	681.0	213.7	894.7	848.0
SUPPLIES & MATERIALS	8.0	10.1	9.0	8.5	3.5	12.0	8.0	8.5	4.0	12.5	8.0
EQUIPMENT		11.6			5.0	5.0					
OTHER EXPENSE ITEMS	41.4	161.0	1.0	1.0		1.0		1.0		1.0	
TOTAL STATE OPERATIONS	1,009.5	1,562.7	1,729.8	1,709.5	348.9	2,058.4	1,837.4	1,712.2	319.3	2,031.5	1,810.5
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	30.0	143.8	284.0	284.0	871.9	1,155.9	284.0	284.0	844.6	1,128.6	809.3
GENERAL FUND - LCMR	76.5										
MN RESOURCES		270.2	146.1	125.0		125.0		125.0		125.0	
WATER RECREATION		84.0	85.0	85.2		85.2	85.2	85.1		85.1	85.1
GAME AND FISH	495.1	631.1	693.9	692.3		692.3	692.3	692.8		692.8	692.8
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	17.0	4.9					252.9				223.3
BUILDING	390.9	428.7	520.8	523.0	523.0-		523.0	525.3	525.3-		
TOTAL FINANCING	1,009.5	1,562.7	1,729.8	1,709.5	348.9	2,058.4	1,837.4	1,712.2	319.3	2,031.5	1,810.5
POSITIONS BY FUND											
GENERAL					14.0	14.0			14.0	14.0	11.0
GENERAL FUND - LCMR	2.0										
MN RESOURCES		3.0	3.0	3.0	3.0	3.0		3.0		3.0	
WATER RECREATION		3.0	2.0	2.0	2.0	2.0	2.0	2.0		2.0	2.0
SPECIAL REVENUE							1.0				1.0
GAME AND FISH	14.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0		15.0	15.0
BUILDING	11.0	11.0	11.0	11.0	11.0-		11.0	11.0	11.0-		
TOTAL POSITIONS	27.0	32.0	31.0	31.0	3.0	34.0	29.0	31.0	3.0	34.0	29.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: LAND ADMINISTRATION
 PROGRAM: FIELD OPERATIONS SUPPORT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

RATIONALE:

Recent changes in the Minnesota constitution have improved the opportunity to exchange trust lands. This has resulted in a large amount of interest in accomplishing more exchanges each year. Declining budgets among federal agencies have created the need to employ land exchange to meet some management objectives. As a result, more requests are being made than the department can accommodate with present staff.

Trust land management was reviewed by the legislative auditor and several recommendations were made. The legislature responded by directing the department to improve revenue production from these lands. Funding of the request will assist the implementation of this direction. Revenues might be increased 10%-20% by the end of the biennium if the rate structures can be improved, revised fee schedules are implemented, and a greater focus is placed on leases with high net returns. Some larger exchanges are anticipated as an outgrowth of the DNR Forestry Management Planning Process and a desire on the part of the DNR, United States Forest Service, and certain county land departments to decrease land management costs through the use of land exchange.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

Request Title: IMPROVED REAL ESTATE MANAGEMENT	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$ 96.0	2.0	\$ 96.0	2.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

Funds and positions are requested to improve the delivery of Department of Natural Resources (DNR) real estate management services. Areas in need of improvement are processing of land exchanges, leasing and sale of trust fund lands, land classifications, and submerged land management.

DESCRIPTION/BACKGROUND:

The department administers approximately 5.3 million acres of land for various purposes. The Legislative Commission on Minnesota Resources has funded 2 positions during the current biennium which are requested to be converted to permanent positions. These positions, which include a land exchange appraiser and an economist, have been utilized to improve the processing of land exchanges and provide better economic information for the leasing program. The goal established for the management of the school trust lands requires the department to obtain optimum revenue from these lands. The use of economic information will establish a fair market value for leases, evaluate opportunities to improve net revenues, and provide a rationale to dispose of lands that are uneconomic to manage. Land exchange staff is needed to accelerate the exchange activity. Several forest unit plans are being developed that recommend land exchange opportunities. In addition, elimination of trust lands within state parks has begun through land exchange. Two positions are requested in regions 3 and 4 to provide the service necessary to implement the program objectives.

PROGRAM: REGIONAL OPERATIONS SUPPORT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

PROGRAM PURPOSE:

Regional operations, with headquarters in 6 locations throughout the state, is the cornerstone of department field operations. The regional operations staff--composed of a regional administrator, 1 regional supervisor (trails and waterways) and staff specialists for engineering, field services, lands, business management, public affairs, and clerical services--is the Department of Natural Resources' (DNR) support team in each of the 6 DNR regions.

The fundamental purpose of the regional operations staff is to 1) support all natural resources management within respective regions; 2) coordinate internally on interdisciplinary management activities and externally with other units of government; 3) monitor the implementation of programs and projects; 4) respond to inquiries, issues, concerns and problems that arise from other units of government, legislators and the public; and 5) provide services to field operations by providing specialized expertise in fiscal and personnel management, public affairs, engineering, procurement, maintenance, land administration and clerical services which allow discipline supervisors and managers to maximize natural resource management efforts.

DESCRIPTION:

The regional administrators are the Commissioner's representatives in the regions. While each of the regional supervisors (fisheries, forestry, parks, etc.) are accountable directly to their respective division directors, interdisciplinary coordination of field activities is the responsibility of the regional administrators. The regional administrators, through regional staff meetings and frequent personal contacts with individual supervisors, provide internal coordination to ensure maximum natural resource management benefits and provide external coordination with cities, townships, counties, regional development commissions, special interest groups, other agencies and citizens.

Regional administrators supervise staff specialists who provide administrative services to field operations including 1) business office functions of bill-paying, accounting, budget monitoring, spending plan development and administration, personnel transactions, labor relations advice, maintenance of personnel records and payroll processing; 2) engineering services of professional advice, project design, construction inspection and contract administration; 3) land administration functions of leasing, appraisal, exchange, acquisition and records maintenance; 4) field service functions of supplies and equipment procurement, equipment maintenance, building inspection and maintenance, fixed asset and consumable inventory control and equipment assignments; and 5) public affairs program services of public education, public relations, media contacts, citizen participation and a variety of other activities. These services are provided to field operations in order to minimize the amount of time natural resource managers have to spend on administrative matters so that time can be spent on natural resource management programs. Significant efficiencies have resulted from the centralized control of these functions in the regions. Examples include better utilization of department equipment, coordinated procurement of equipment and

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

supplies, disposal of excess equipment, improved bill-paying performance, improved payroll administration, consolidation of DNR offices, disposal of buildings, more consistent administration of bargaining unit contracts and more efficient contractor bidding.

The regional administrator is also responsible for the direct supervision and implementation of the water access, canoe route and trail programs including the acquisition, development, maintenance and operation of these recreational facilities.

EXPLANATION OF BUDGET REQUEST:

The F.Y. 1988-89 SAME level request for this program has been adjusted to reflect the transfer-out of regional supervisor positions and the transfer-in of regional clerical positions organizationally assigned but not funded by the Regional Operations Support Program. The objective of these transfers is to realign the budget so that all positions under the supervision and direction of the regional administrator are funded in the Regional Operations Support Program.

The summary of the transfers to realign regional supervisor and clerical positions is as follows:

Division/Section	Transfer To Division		Transfer From Division		Net Transfer To Divisions	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Water Resources Mgmt.	(6.0)	\$ (322.9)	-0-	\$ 11.5	(6.0)	\$ (311.4)
Forest Management	(4.0)	(186.8)	-0-	-0-	(4.0)	(186.8)
Parks & Recreation Mgmt.	(10.0)	(405.5)	1.0	35.6	(9.0)	(369.9)
Fish Management	(6.0)	(247.4)	2.0	46.6	(4.0)	(200.8)
Wildlife Management	(6.0)	(274.0)	1.0	48.8	(5.0)	(225.2)
Enforcement	(6.0)	(286.1)	1.0	54.5	(5.0)	(231.6)
Field Operations Support	-0-	-0-	-0-	125.5	-0-	125.5
TOTAL	<u>(38.0)</u>	<u>\$(1,722.7)</u>	<u>5.0</u>	<u>\$322.5</u>	<u>(33.0)</u>	<u>\$(1,400.2)</u>

PROGRAM: REGIONAL OPERATIONS SUPPORT
 (Continuation)
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

CHANGE REQUESTS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Regional Operations Support This CHANGE request is to provide funds for regional operations staff support. Requested are 2 Clerk-Typist positions per region and 1 Personnel Aide for Region II (Grand Rapids). See the CHANGE request sheet following the Regional Operations Support Program fiscal page.	\$ 303.0	\$ 327.8	Program-wide
Equipment Replacement/Fleet Management To provide funding in this program for equipment use based on mileage or hourly rates. The initial use rates will include only the cost of insurance, repairs and maintenance, and that portion of the installment purchase payments applicable to the fiscal year. See the CHANGE request sheet following the agency fiscal page.	\$ 26.6	\$ 39.7	Agency-wide

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following changes in the Regional Operations Support Program:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Positions</u>
Regional Operations Support	\$ -0-	\$ -0-	-0-
Equipment Replacement/Fleet Management	22.6	32.6	-0-

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: REGIONAL OPERATIONS SUPPORT

PROGRAM: REGIONAL OPERATIONS SUPPORT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	2,632.3	2,922.7	3,339.7	3,548.3	329.6	3,877.9	3,570.9	3,526.6	367.5	3,894.1	3,559.2
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	2,632.3	2,922.7	3,339.7	3,548.3	329.6	3,877.9	3,570.9	3,526.6	367.5	3,894.1	3,559.2
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	2,203.6	2,472.7	2,929.4	3,128.3	292.6	3,420.9	3,128.3	3,117.7	317.4	3,435.1	3,117.7
EXPENSES & CONTRAC. SERV	365.1	376.1	458.5	463.4	34.4	497.8	486.0	452.3	47.5	499.8	484.9
SUPPLIES & MATERIALS	62.3	66.3	119.1	123.9	2.6	126.5	123.9	123.9	2.6	126.5	123.9
EQUIPMENT	1.3	4.1	9.7	9.7		9.7	9.7	9.7		9.7	9.7
OTHER EXPENSE ITEMS		3.5	177.0-	177.0-		177.0-	177.0-	177.0-		177.0-	177.0-
TOTAL STATE OPERATIONS	2,632.3	2,922.7	3,339.7	3,548.3	329.6	3,877.9	3,570.9	3,526.6	367.5	3,894.1	3,559.2
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	2,302.1	2,477.4	2,721.6	2,907.4	319.0	3,226.4	2,919.4	2,886.6	351.8	3,238.4	2,903.5
WATER RECREATION			58.3	58.3		58.3	58.3	58.3		58.3	58.3
GAME AND FISH	330.2	445.3	474.8	499.4	10.6	510.0	510.0	496.7	15.7	512.4	512.4
DEDICATED APPROPRIATIONS:											
GIFTS AND DEPOSITS			85.0	83.2		83.2	83.2	85.0		85.0	85.0
TOTAL FINANCING	2,632.3	2,922.7	3,339.7	3,548.3	329.6	3,877.9	3,570.9	3,526.6	367.5	3,894.1	3,559.2
POSITIONS BY FUND											
GENERAL	68.0	68.0	73.0	73.0	13.0	86.0	73.0	73.0	13.0	86.0	73.0
WATER RECREATION			2.0	2.0		2.0	2.0	2.0		2.0	2.0
GAME AND FISH	3.0	3.0	4.0	4.0		4.0	4.0	4.0		4.0	4.0
TOTAL POSITIONS	71.0	71.0	79.0	79.0	13.0	92.0	79.0	79.0	13.0	92.0	79.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

RATIONALE:

This request is being made to provide the support services necessary for resource management programs to function successfully and to improve response to the public who call, write or visit the Department of Natural Resources' regional offices.

New programs have placed increased responsibilities on the regional clerical staffs. At this time, regional clerical personnel cannot keep up with the work that is required to keep natural resource management programs operating smoothly.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

ACTIVITY:

PROGRAM: REGIONAL OPERATIONS SUPPORT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: REGIONAL OPERATIONS SUPPORT				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 303.0	13.0	\$ 327.8	13.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funding and positions in order to provide essential clerical, financial and personnel support to allow natural resource management programs to function at the level at which they were intended to function and to improve responsiveness to the public.

DESCRIPTION/BACKGROUND:

The need for regional support functions of receptionist duties, clerical work and financial and personnel operations has increased over the past several years as additional natural resource management programs have been added to the agency without adequate support and as program responsibilities continue to be decentralized to the field. Some of these include cost accounting, regional contracting, marketing programs, information and education programs, resource planning programs and a host of resource management programs. All agency programs and activities will function more efficiently as a result of this change. Programs included are minerals, waters, forestry, parks, trails, fish and wildlife management, enforcement, field operations and public affairs. Each of the 6 regions is requesting 2 Clerk-Typist positions and Region II (Grand Rapids) is requesting a Personnel Aide. The funding requested is primarily for salaries with a small amount for supplies, phones, printing and travel.

PROGRAM: SPECIAL SERVICES AND PROGRAMS
Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

PROGRAM PURPOSE:

The program combines several essential service units to provide a broad range of support within the Department of Natural Resources (DNR) and bring unique programs to the public. The primary purpose of Special Services and Programs is to ensure that major bureaus and divisions have access to centralized interdisciplinary services. Without it the potential for duplicating efforts and expertise would be great. Combining these units under the supervision of the Assistant Commissioner of Planning and Special Services was accomplished at the beginning of the 1985-87 biennium.

OPERATION:

The program includes the following operations:

- 1) Information and Education, which in addition to serving as the department's primary outreach to the public, includes Boat and Water Safety and Hunter Education.
- 2) Planning, which researches, analyzes, plans for and responds to Minnesota's changing natural resource management needs from an interdisciplinary, objective perspective.
- 3) Youth Programs, which combines the growing need to provide meaningful employment opportunities to Minnesota's young people with the expanding needs to complete natural resource projects on public lands in a cost-efficient manner.
- 4) Other Support Services, encompassing 5 department-wide functions:

DNR Library - With the agency's move to new headquarters in 1985 came requests from numerous divisions to establish individual library units. Instead, one central office unit was established, resulting in cost efficiencies and improved services.

Volunteer Management - Funded for 2 biennia by the Legislative Commission on Minnesota Resources (LCMR), the DNR Volunteer program has provided significant services and benefits to natural resource management in Minnesota.

Affirmative Action - A small, legislatively mandated program to ensure the inclusion of protected class employees within the DNR work force.

Community Liaison - A one-person unit designed to provide state-wide ombudsman services to Minnesota citizens wanting assistance with a natural resource management problem.

Training - Staff enhancement and comprehensive employee training are the primary responsibilities of the agency's training unit.

- 5) Minnesota Environmental Education Board, which provides a nationally unique system of 13 Regional Environmental Education Councils and a network of volunteers throughout the state to assess environmental education needs and determine program priorities.

RECENT BUDGET HISTORY:

The 1985-87 biennial budget request treated Information and Education, Planning, Youth Programs, and the Minnesota Environmental Education Board as separate programs. This biennial budget views them as activities and combines them with other support services into one program--Special Services and Programs.

EXPLANATION OF BUDGET REQUEST:

Two newly-identified and urgent Department of Natural Resources needs are identified with the budget request for Special Services and Programs: 1) the need to improve the department's ability to communicate information, decisions and policies to the public; and 2) the need to better train and equip the agency's work force to deal with increasing service demands, decreasing resources and diminishing career opportunities. This program includes 10 CHANGE level requests for \$915.2 in F.Y. 1988, \$920.0 in F.Y. 1989 and a total of 13.0 positions focused on meeting these 2 priority needs. Included are 2 conversions from LCMR funding which account for existing Volunteer Services and Data Analysis program units. Two new programs have received preliminary approval from the LCMR: Marketing Department Services--\$135.0 and 3.0 positions each year and County Forest and Recreation Lands crew--\$150.0 each year.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following changes in the Special Services Program:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Positions</u>
Expanded Public Information	\$ -0-	\$ -0-	-0-
Marketing Department Services - LCMR*	-0-	-0-	-0-
Equipment Replacement/Fleet Management	11.0	16.2	-0-
Management Analysis	-0-	-0-	-0-
Data Analysis Services	-0-	-0-	-0-
Youth Programs	-0-	-0-	-0-
Conservation Corps - LCMR*	-0-	-0-	-0-
Reduction in Wildlife Acquisition License Surcharge Funding for Youth Programs	(19.8)	(19.3)	-0-
Volunteer Management	52.0	52.0	1.0
Management Information Systems Training	-0-	-0-	-0-
Minnesota Environmental Education Board - Services to Elementary Schools	-0-	-0-	-0-

The Governor has recommended that LCMR funding be discontinued beginning July 1, 1987. As a result, there is no funding recommended for the LCMR project contained within this activity.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: SPECIAL SERVICES & PROGRAMS

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
INFORMATION AND EDUCATION	1,587.0	1,848.8	1,729.2	1,812.6	301.4	2,114.0	1,814.4	1,815.5	297.8	2,113.3	1,818.2
PLANNING	1,308.4	1,164.6	1,229.0	1,172.3	117.0	1,289.3	1,172.3	1,174.9	117.0	1,291.9	1,174.9
YOUTH PROGRAMS	794.0	763.4	774.1	799.3	256.9	1,056.2	788.7	798.2	264.4	1,062.6	792.4
OTHER SUPPORT SERVICES	241.6	312.2	334.2	256.2	150.1	406.3	308.2	257.0	151.5	408.5	309.0
MN ENVIRONMENTAL EDUC BOARD	246.3	274.8	276.1	279.6	70.0	349.6	279.6	279.6	70.0	349.6	279.6
TOTAL	4,177.3	4,363.8	4,342.6	4,320.0	895.4	5,215.4	4,363.2	4,325.2	900.7	5,225.9	4,374.1
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	4,074.9	4,274.4	4,245.0	4,222.4	895.4	5,117.8	4,265.6	4,227.6	900.7	5,128.3	4,276.5
LOCAL ASSISTANCE	102.4	89.4	97.6	97.6		97.6	97.6	97.6		97.6	97.6
AIDS TO INDS.											
TOTAL EXPENDITURES	4,177.3	4,363.8	4,342.6	4,320.0	895.4	5,215.4	4,363.2	4,325.2	900.7	5,225.9	4,374.1
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	2,978.3	2,700.7	2,807.9	2,918.8	630.2	3,549.0	2,981.8	2,923.7	635.0	3,558.7	2,991.9
GENERAL FUND - LCMR	487.7										
MN RESOURCES		178.9	184.8		285.0	285.0			285.0	285.0	
WATER RECREATION		541.8	533.2	532.8		532.8	532.8	533.3		533.3	533.3
SPECIAL REVENUE	137.8	165.8	173.8	173.8		173.8	151.3	173.8		173.8	151.3
GAME AND FISH	183.0	203.8	214.1	222.0	19.8-	202.2	202.2	221.8	19.3-	202.5	202.5
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	9.2	1.7									
GIFTS AND DEPOSITS	119.4	176.2	141.9				22.5				22.5
FEDERAL	261.9	394.9	286.9	472.6		472.6	472.6	472.6		472.6	472.6
TOTAL FINANCING	4,177.3	4,363.8	4,342.6	4,320.0	895.4	5,215.4	4,363.2	4,325.2	900.7	5,225.9	4,374.1
POSITIONS BY FUND:											
GENERAL	55.0	51.0	47.0	47.0	10.0	57.0	48.0	47.0	10.0	57.0	48.0
GENERAL FUND - LCMR	15.0										
MN RESOURCES		4.0	4.0		3.0	3.0			3.0	3.0	
WATER RECREATION		7.0	7.0	7.0		7.0	7.0	7.0		7.0	7.0
FEDERAL	1.0	1.0	6.0	1.0		1.0	1.0	1.0		1.0	1.0
TOTAL POSITIONS	71.0	63.0	64.0	55.0	13.0	68.0	56.0	55.0	13.0	68.0	56.0

ACTIVITY: INFORMATION AND EDUCATION
 Program: SPECIAL SERVICES AND PROGRAMS
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

OBJECTIVE:

The goals of the Bureau of Information and Education are to increase public awareness of the importance of natural resources in Minnesota; disseminate information about the programs, policies, and services of the Department of Natural Resources (DNR); coordinate the legislatively mandated Boat and Water Safety program; and respond to inquiries from the public.

DESCRIPTION:

The bureau seeks to encourage public involvement in natural resource management activities by providing information and responding to inquiries and requests for materials. Clients include sports clubs, citizen organizations, outdoor enthusiasts, teachers, boaters, hunters, and the news media.

Functions of the Information and Education Bureau are handled by 6 sections:

- 1) Information Center: Up to 800 phone calls and walk-in visitors per day request information about natural resource laws, licenses, outdoor recreation opportunities, permits, management programs, and general resource data.
- 2) News and Information: News releases, media contacts, radio programs, special events such as the State Fair, news conferences and sports shows, brochures and pamphlets, employee communications, fact sheets, and media, legislative and citizen group briefing packets are the responsibility of this unit.
- 3) Audio-Visual: Providing still, video, and film photographic services and photo lab production to the DNR; highly used film and slide library services, and public service production work for radio and television allow this unit to respond to internal and general public requests for special assistance.
- 4) THE MINNESOTA VOLUNTEER: The official publication of the Department of Natural Resources is sent to 100,000 Minnesota subscribers -- including all schools and libraries in the state. It is extensively used in classrooms, citizen organizations, and adult education courses for discussion as well as providing a direct communication link to the public on Minnesota's natural resource heritage.
- 5) Environmental Education: Develops and implements natural resource programs for elementary through adult education levels in response to the Environmental Conservation Education Act of 1967. More than 10,000 teachers, 300,000 children, and 33,000 adults have received programs, materials, and natural resource training courses.

The Advanced Hunter Education program is responsible for an intense education effort including developing courses, classes, clinics, public service announcements, billboards, bumper stickers, news releases, and brochures about respecting and following hunting laws and ethics in Minnesota.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	-0-	\$ 15.8	\$ 16.8	\$17.8	\$ 18.8

6) Boat and Water Safety: Coordinates boat and water safety for Minnesota, including serving as liaison to the U.S. Coast Guard, other state agencies, counties, other states, public and private sector boating organizations, and the general public.

A primary task is to administer the legislatively mandated boating safety education program for youths aged 13-17, a program officially certified by the U.S. Coast Guard and National Association of State Boating Law Administrators. The program has certified more than 67,000 youth since 1975.

Other boat and water activities include:

- Conducting in-service training for conservation officers, county sheriff departments, fire, rescue and other enforcement agencies; including boating while intoxicated enforcement classes.
- Administering the county grants, water surface use management regulations, legislative and rule coordination, as well as maintenance of boat registration and accident statistics.
- Providing assistance to boating enforcement, registration, aeration safety, and canoe route safety programs.
- Printing and distributing the Minnesota Boating Guide which describes boating laws; providing boat and water safety brochures, film and slide presentations, news releases, and background information; and educating the public through exhibits at sports group meetings, schools, and boat shows.

<u>ACTIVITY STATISTICS:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Information Center:				
Requests	350,000	400,000	450,000	500,000
News and Information:				
News releases	500	550	575	600
Brochures	130	140	145	150
Circulation	300,000	330,000	370,000	400,000
Minnesota Volunteer:				
Circulation	100,000	100,000	100,000	100,000
Audio-Visual:				
Film loans	5,600	5,700	5,800	5,900
Environmental Education:				
Advanced Hunter Education programs	255	308	354	389
Boat and Water Safety:				
Watercraft operator's permits issued	3,345	3,500	3,500	3,500
Enforcement agency and rescue personnel trained	300	300	300	300
Boating publications	300,000	300,000	300,000	300,000

ACTIVITY: INFORMATION AND EDUCATION

1987-89 Biennial Budget

(Continuation)

Program: SPECIAL SERVICES AND PROGRAMS

Agency: NATURAL RESOURCES, DEPARTMENT OF

CHANGE REQUESTS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Expanded Public Information Needed to increase response for information by public and citizen's organizations, covers additional staff and support dollars. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 164.0	\$ 159.0	Activity Specific
Marketing Department Services -- LCMR To examine the information expectations and needs of the public and develop a marketing plan to ensure that DNR facilities and programs meet those needs. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 135.0	\$ 135.0	Activity Specific
Equipment Replacement and Fleet Management To provide funding in this activity for equipment use based on mileage on hourly rates. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 2.4	\$ 3.8	Agency-wide

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: INFORMATION AND EDUCATION

PROGRAM: SPECIAL SERVICES & PROGRAMS

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,587.0	1,848.8	1,729.2	1,812.6	301.4	2,114.0	1,814.4	1,815.5	297.8	2,113.3	1,818.2
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	1,587.0	1,848.8	1,729.2	1,812.6	301.4	2,114.0	1,814.4	1,815.5	297.8	2,113.3	1,818.2
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	779.8	877.4	914.0	939.7	167.5	1,107.2	939.7	936.7	272.5	1,209.2	936.7
EXPENSES & CONTRAC. SERV	590.0	710.6	678.5	601.1	114.4	715.5	602.9	607.0	5.8	612.8	609.7
SUPPLIES & MATERIALS	120.5	121.0	91.8	106.6	13.5	120.1	106.6	106.6	13.5	120.1	106.6
EQUIPMENT	96.7	122.5	23.3	152.0	6.0	158.0	152.0	152.0	6.0	158.0	152.0
OTHER EXPENSE ITEMS		17.3	21.6	13.2		13.2	13.2	13.2		13.2	13.2
TOTAL STATE OPERATIONS	1,587.0	1,848.8	1,729.2	1,812.6	301.4	2,114.0	1,814.4	1,815.5	297.8	2,113.3	1,818.2
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	1,175.3	804.3	820.2	851.4	166.4	1,017.8	853.2	853.6	162.8	1,016.4	856.3
MN RESOURCES					135.0	135.0			135.0	135.0	
WATER RECREATION		428.5	413.1	411.4		411.4	411.4	411.8		411.8	411.8
GAME AND FISH	46.1	68.6	74.7	77.2		77.2	77.2	77.5		77.5	77.5
DEDICATED APPROPRIATIONS:											
GIFTS AND DEPOSITS	108.7	173.6	134.3								
FEDERAL	256.9	373.8	286.9	472.6		472.6	472.6	472.6		472.6	472.6
TOTAL FINANCING	1,587.0	1,848.8	1,729.2	1,812.6	301.4	2,114.0	1,814.4	1,815.5	297.8	2,113.3	1,818.2
POSITIONS BY FUND											
GENERAL	22.0	16.0	15.0	15.0	3.0	18.0	15.0	15.0	3.0	18.0	15.0
MN RESOURCES					3.0	3.0			3.0	3.0	
WATER RECREATION		5.0	5.0	5.0		5.0	5.0	5.0		5.0	5.0
FEDERAL	1.0	1.0	1.0	1.0		1.0	1.0	1.0		1.0	1.0
TOTAL POSITIONS	23.0	22.0	21.0	21.0	6.0	27.0	21.0	21.0	6.0	27.0	21.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: INFORMATION AND EDUCATION
 PROGRAM: SPECIAL SERVICES AND PROGRAMS
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: EXPANDED PUBLIC INFORMATION EFFORT				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
General Fund	\$ 164.0	3.0	\$ 159.0	3.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

In order to provide increased information and education efforts, this request would provide 1 regional information officer to the southeast regional staff and support services for all field information officers so that each regional office has adequate information staff and support to increase interaction with the public throughout the state.

Two part-time positions in the DNR's Information Center would be converted to full-time to more quickly and effectively respond to the 600-800 calls and walk-in visitors the DNR central office receives each day requesting materials and answers to questions about hunting and fishing seasons, state parks and trails, permit regulations, enforcement laws, and license applications. The public inquiries to the Information Center have increased by 50%, from 400 calls in 1985 to 600 calls on the average in 1986. As awareness of the service expands, the amount of public inquiries will continue to grow. Phone calls average between 3 to 5 minutes each, and 2 full-time staff cannot answer all the requests in an effective and efficient manner.

This request would restore funds for a full-time Citizen Participation Coordinator to personally handle citizen problems and requests on specific issues, attend and represent the DNR at public meetings and ensure public involvement in natural resource program development. It would provide the public with an ombudsman to call with their problems and questions.

RATIONALE:

Minnesota citizens and special interest organizations repeatedly request the DNR to expand its information and education capabilities in order to more effectively interact and participate in natural resource enhancement.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

STATEMENT OF REQUEST/OBJECTIVE:

This request would substantially increase the information available to the public on natural resource issues and Department of Natural Resources (DNR) activities, and provide trained information staff in field offices to increase opportunities for direct public interaction. The objectives of this expanded public information effort are to achieve greater responsiveness to public inquiries, increase understanding of natural resource management programs, provide public information and education staff and support in field offices, accelerate interdisciplinary approaches to information and education responsibilities, and provide increased outdoor recreation materials requested by the public.

Positions to be added are:

- 1) One additional regional information officer for the southeast region.
- 2) Convert 2 part-time positions in the DNR Information Center to full-time.

DESCRIPTION/BACKGROUND:

Currently, the Bureau of Information and Education has 4 information officer generalists for the entire state. The remaining bureau staff is specifically assigned to Boat and Water Safety, Advanced Hunter Education, The Minnesota Volunteer magazine, and audio/visual responsibilities. The DNR intends to expand its information and education efforts to respond to continual requests by the public for more information on activities, programs, rules, and regulations.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

GOVERNOR'S RECOMMENDATION:

ACTIVITY: INFORMATION AND EDUCATION
 PROGRAM: SPECIAL SERVICES AND PROGRAMS
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

The Governor has recommended that LCMR funding be discontinued beginning July 1, 1987. As a result, there is no funding recommended for the LCMR project contained within this activity.

Request Title: MARKETING DNR SERVICES -- LCMR	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
Minnesota Resources Fund	\$ 135.0	3.0	\$ 135.0	3.0
Governor's Recommendation				
Minnesota Resources Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request is to examine the information expectations and needs of the public regarding natural resource management and outdoor recreation use, and to develop a marketing plan to ensure that Department of Natural Resources (DNR) facilities and programs offer services that reflect market interest.

DESCRIPTION/BACKGROUND:

Effective marketing of DNR services is necessary to the success of programs by both public and private outdoor recreation suppliers and natural resource managers. The need for improved and expanded marketing efforts was recognized and recommended by the Commission on Minnesotans Outdoors. Public interest surveys and a long-range plan for marketing department services will enable the development of facilities and programs which the public wants, as well as identify the most appropriate tools for distributing public information about available opportunities.

RATIONALE:

This plan will focus on the services the public expects and wants and will result in improved DNR responsiveness to the public. It will increase coordination and interdisciplinary approaches to marketing DNR programs and facilities, increase the awareness within the DNR to the public's understanding of natural resource issues, increase revenues through improved service and allow the department to direct its offerings more directly to the current and potential users.

ACTIVITY: PLANNING AND RESEARCH
 Program: SPECIAL SERVICES AND PROGRAMS
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

DESCRIPTION:

The Office of Planning provides a broad range of technical and management services in response to the needs of a diverse clientele both within and outside of the Department of Natural Resources (DNR).

The office is distinct from other DNR units by virtue of its interdisciplinary approach to research, environmental analysis, resource planning, and policy development. Because of this focus, the office receives frequent requests for information or services from a variety of sources, including the Commissioner's office, DNR divisions, other agencies, the Governor's office, legislators, and numerous private organizations and individuals.

Planning, research and special projects carried out by the office often form the basis for department-wide coordinated resource management and policy-setting.

OBJECTIVE:

- Monitor social and economic trends that affect management of natural resources and respond to identified trends through policies and plans.
- Provide policy direction for consistent, enlightened resource management.
- Build public understanding of DNR's role in land management and involve the public in resource decision-making.
- Conduct research and furnish data needed to make resource and facility allocation, development and management decisions.
- Conduct management studies that will result in streamlined administration and effective use of personnel and financial resources.
- Conduct special studies and projects upon request.
- Carry out DNR's responsibilities for the Minnesota Environmental Protection Act and the federal Environmental Protection Act.
- Maintain eligibility for, and administer federal Land and Water Conservation funds.

ACTIVITY STATISTICS/ACCOMPLISHMENTS:

Planning and research objectives are met through programs in 3 major areas: Environmental and Management Analysis, Natural Resource Data Systems and Natural Resource Planning. Highlights of efforts in these areas over the last 2 biennia include:

1) Environmental and Management Analysis

- Analyzed 1,000 federal, state, local and private projects commenting on environmental impact and recommending mitigation measures.
- Coordinated technical review of and response to 190 Environmental Quality Board agenda issues and proposals.
- Developed 19 department policies and procedures, including an automated DNR manual and policies for prescribed burning, DNR enforcement activities, pesticide management, and internal handling of hazardous substances.
- Completed 13 organizational analyses and development studies.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

- Coordinated department involvement in acid rain and air quality hearings, including preparation of technical information and policy statements.
 - Developed and implemented an interdisciplinary strategic planning and budgeting process.
- 2) Natural Resource Data Systems
- Furnished data for 90 special studies relating to recreation development, land and water management, forest recreation, fish and wildlife management, and tourism.
 - Designed statistically reliable and valid measures of the quantity, quality and use of natural resources, including a methodology for estimating trail use and systems for prioritizing water access and analyzing water management.
 - Conducted 14 surveys relating to recreation participation, water surface use, special purpose hunting and employee surveys that provided quantitative and qualitative data from 17,000 individuals.
 - Inspected 234 recreation sites for compliance with federal requirements and reviewed and ranked 60 facility development projects.
- 3) Natural Resources Planning
- Provided technical and planning assistance for 8 projects, including comprehensive local water planning for the Blue Earth and Root/Zumbro rivers and coordination for the Mississippi Headwaters Boards and river protection strategies for the Sunrise, Crow and Metro area rivers.
 - Conducted 4 comprehensive studies of DNR resource management needs including Region V Resource Economics Study, land exchange, land classification and cooperative management agreements.
 - Provided resource information and data/policy evaluation for 25 DNR special studies.
 - Completed remaining park plans under the Outdoor Recreation Act.

In addition, the Office of Planning:

- Administers 6 grants totaling \$3.6 million, including grants to Deep Portage Conservation Reserve, Long Lake, River Bend Nature Center, Environmental Learning Center, Mississippi Headwaters Board and a history center feasibility study grant.
- Produced the State Comprehensive Outdoor Recreation Plan, collected \$3 million Land and Water Fund dollars, coordinated 33 related acquisition and development projects and fulfilled State Liaison Officer responsibilities to the National Park Service. Carried out 6 special project assignments, including development of an Ontario/Minnesota Fisheries Atlas, a recreation opportunity study of the Boundary Waters Canoe Area periphery.
- Provided coordination of Legislative Commission on Minnesota Resources projects and liaison with the Office of Tourism.
- Provided staff support and special assistance to public-private task forces including the Governor's Citizen Commission to Promote Hunting and Fishing, the Commission on Minnesotans Outdoors and the President's Commission on Americans Outdoors.
- Provided staff support to the Planning and Environmental Review Team and the Outdoor Recreation Coordinating Committee.

ACTIVITY: PLANNING AND RESEARCH
(Continuation)
Program: SPECIAL SERVICES AND PROGRAMS
Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

CHANGE REQUESTS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Management Analysis To address the backlog of work identified by various legislative studies and requests from within the department. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 30.0	\$ 30.0	Activity Specific
Data Analysis Services Legislative Commission on Minnesota Resources (LCMR) conversion to continue to assist resource managers in solving problems by providing interpretation and analysis of computerized natural resource information. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 87.0	\$ 87.0	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: PLANNING

PROGRAM: SPECIAL SERVICES & PROGRAMS

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,211.0	1,075.2	1,131.4	1,074.7	117.0	1,191.7	1,074.7	1,077.3	117.0	1,194.3	1,077.3
LOCAL ASSISTANCE	97.4	89.4	97.6	97.6		97.6	97.6	97.6		97.6	97.6
AIDS TO INDS.											
TOTAL EXPENDITURES	1,308.4	1,164.6	1,229.0	1,172.3	117.0	1,289.3	1,172.3	1,174.9	117.0	1,291.9	1,174.9
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	978.7	855.7	887.5	849.2	97.6	946.8	849.2	846.4	97.6	944.0	846.4
EXPENSES & CONTRAC. SERV	151.9	184.5	221.9	203.5	18.6	222.1	203.5	208.9	18.6	227.5	208.9
SUPPLIES & MATERIALS	18.5	13.2	10.8	10.8	.8	11.6	10.8	10.8	.8	11.6	10.8
EQUIPMENT	61.9	21.4	11.2	11.2		11.2	11.2	11.2		11.2	11.2
OTHER EXPENSE ITEMS		.4									
TOTAL STATE OPERATIONS	1,211.0	1,075.2	1,131.4	1,074.7	117.0	1,191.7	1,074.7	1,077.3	117.0	1,194.3	1,077.3
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	962.5	984.5	1,039.5	1,078.6	117.0	1,195.6	1,078.6	1,081.0	117.0	1,198.0	1,081.0
GENERAL FUND - LCMR	336.4										
MN RESOURCES		91.7	97.0								
WATER RECREATION		86.7	92.5	93.7		93.7	93.7	93.9		93.9	93.9
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	9.2	1.7									
GIFTS AND DEPOSITS	.3										
TOTAL FINANCING	1,308.4	1,164.6	1,229.0	1,172.3	117.0	1,289.3	1,172.3	1,174.9	117.0	1,291.9	1,174.9
POSITIONS BY FUND											
GENERAL	21.0	20.0	19.0	19.0	3.0	22.0	19.0	19.0	3.0	22.0	19.0
GENERAL FUND - LCMR	13.0										
MN RESOURCES		2.0	2.0								
WATER RECREATION		2.0	2.0	2.0		2.0	2.0	2.0		2.0	2.0
TOTAL POSITIONS	34.0	24.0	23.0	21.0	3.0	24.0	21.0	21.0	3.0	24.0	21.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: PLANNING AND RESEARCH
 PROGRAM: SPECIAL SERVICES AND PROGRAMS
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: MANAGEMENT ANALYSIS				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 30.0	1.0	\$ 30.0	1.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This CHANGE level will employ a Management Analyst 1 to expand the abilities of the Environmental and Management Analysis Section, Office of Planning, to respond to initiatives relating to organizational effectiveness identified by the legislature, the legislative auditor and department managers. The CHANGE level will cover salary for 1 professional.

DESCRIPTION/BACKGROUND:

Management analysis services have been used widely in the private sector and increasingly in the public sector to improve organizational effectiveness and efficiency. This function is relatively new in the Department of Natural Resources, assigned only 1.5 person/years in the Environmental and Management Analysis Section. As time permits, the Management Analysis Unit responds to requests from department managers for studies of organizational structure and staffing; analyzes workload and workflows; prepares administrative and natural resource policies and procedures; facilitates strategic and workplanning efforts; recommends improved effectiveness and efficiency methods; supports innovation and change; and provides process design, task force management, meeting management and program evaluation services. The value of these activities has proven itself. During the last biennium, for example, the unit facilitated 2 major organizational studies (Parks and Trails Consolidation and the License Center Study), established a Key Managers Program (including improved decision-making and team building

meetings), supported several innovative projects and alternatives to traditional decision-making (e.g., Strive Toward Excellence in Performance (STEP), environmental mediation), and directed the development of interdisciplinary guidelines (e.g., pesticide use and management and prescribed burning).

In addition to working on outstanding requests, this position would spend up to half-time directly involved in management analysis projects requested by field stations. Examples include assisting regional administrators and regional supervisors with designing and conducting processes for work planning, assistance in developing interdisciplinary teams/work groups/quality circles in regional offices, and providing information or assistance in areas stated earlier. A primary objective is to assist interdisciplinary coordination and organizational management efforts requested by field stations.

RATIONALE:

Demand for management analysis services has increased greatly throughout the department. There is a backlog of unfilled requests and the trend will continue. A Management Analyst 1 position is essential to provide further management analysis services to department managers in order to improve interdisciplinary coordination and ensure efficient and effective methods for accomplishing work tasks.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: PLANNING AND RESEARCH
 PROGRAM: SPECIAL SERVICES AND PROGRAMS
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: DATA ANALYSIS SERVICES (LCMR CONVERSION)	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$ 87.0	2.0	\$ 87.0	2.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: Yes* No
 Statutes Affected:

* Request appropriation rider to "grandfather" unclassified employees into classified service.

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests conversion to general funding of 2 unclassified Planner/Analyst positions currently funded by the Legislative Commission on Minnesota Resources (LCMR). This unit provides department-wide expertise in assisting disciplines with computerization of resource data, analysis of natural resource information, creation of computer models, and formulation of recommendations to solve resource problems. The conversion will provide for continued use of computerized resource data essential for effective management of resources and issues. Decisions based on sound information will help build public understanding of and confidence in the Department of Natural Resources' (DNR's) role in resource management.

DESCRIPTION/BACKGROUND:

DNR, with LCMR support and in cooperation with the Planning Information Center (formerly Land Management Information Center (LMIC)), has developed and computerized an extensive natural resources information base including information on land use, forest cover, surface and ground water, fish and wildlife habitat, and other resource characteristics. The information base needs ongoing maintenance so that data are current, relevant to management issues and properly interpreted in order to be useful to decision makers.

Computerized data and models are currently being used to address a broad range of complex management issues including the Land Exchange Study, the classification of DNR-administered land, and a study of the economic opportunities posed by resource management in southeastern Minnesota. Assistance in using this data base also has been provided. During the current biennium, projects included:

- Providing data for the lakeshore leasing study
- Providing furbearer data to determine trapping seasons and computerizing black bear hunting regulations
- Computerizing and evaluating trail use recreation data
- Providing data support for the Commission on Minnesotans Outdoors
- Preparing county land-use statistics to assist in setting DNR land acquisition priorities

Maintaining this information base and interpreting it for decision makers has been the responsibility of LCMR-funded staff. Funding will end this biennium. The conversion will allow this essential service to continue to be available to resource managers.

RATIONALE:

Resource decision-making has become increasingly complex. Detailed information on the state's resources is essential to making good management decisions. To provide this information, the DNR, with LCMR support, has developed a comprehensive, computerized resource data base. Staff are needed to maintain and interpret this data base so that resource managers can better understand complex resource management issues and formulate improved solutions.

This request will make it possible to continue:

- Evaluating the implications of proposed changes in land use or resource management policy
- Collecting and computerizing key resource data elements
- Coordinating collection and evaluation of data with the State Planning Agency's Planning Information Center
- Providing technical assistance to a broad range of DNR resource management projects and studies.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While this request has merit, other spending priorities preclude additional funding.

ACTIVITY: YOUTH PROGRAMS
 Program: SPECIAL SERVICES AND PROGRAMS
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

DESCRIPTION:

The Office of Youth Programs, Minnesota Conservation Corps (MCC), has 2 primary objectives: meaningful work experience for unemployed youth and the accomplishment of quality, cost-effective conservation work. The MCC is made up of 2 components: 1) a summer program which employs 16-18 year olds and 2) a year-round young adult program for 18-26 year olds. Participants develop a strong work ethic, new job skills, and an awareness of the natural environment. In return, Minnesotans realize long-term economic benefits including improved timber production, fish and wildlife habitat, trail and waterway systems, park and recreation resources, and work-prepared citizens.

Current allocations allow the MCC young adult program to employ approximately 60 individuals annually, who may work a total of 12 months. The activity is organized into 3 regional roving crews (Duluth/North Shore, Grand Rapids, and Rochester) and 5 mini-crews (1 assistant crew leader plus 2-3 corps members). Placements of 1 to 3 individual corps members at specific work sites account for the balance of the enrollment. Participants receive \$3.35 per hour for a 40-hour week and are ineligible for benefits other than workers' compensation. Average income is \$7.5 annually.

Average cost per participant in the summer program is \$1500. The MCC enjoys a worksite sponsor-approval rating of 89.3% in terms of the quality and quantity of work accomplished. Summer participants work a 35-hour week at \$3.35 per hour and receive 5 additional hours of environmental awareness instruction.

RECENT BUDGET HISTORY:

A 22% General Fund reduction (F.Y. 1986-87) had a dramatic effect on the summer youth program. In F.Y. 1986, MCC employed 32 youth and leveraged outside funds (Federal Job Training Partnership Act-JTPA/Minnesota Summer Youth Program-MSYP) to employ an additional 63 youth. In F.Y. 1987, MCC was completely dependent upon outside funding sources to employ 55 youth; staff, vehicle, food and supply expenses were provided by MCC.

Total reliance on JTPA/MSYP funds has its drawbacks. Work commitments are difficult to make because MCC cannot guarantee adequate youth referrals to fill out work crews. Also, Minnesota's 17 autonomous JTPA Service Delivery Area offices must be negotiated with for youth referrals. JTPA/MSYP funds are targeted to income disadvantaged/handicapped youth. Research has shown that a socio-economic mix of youth makes for the best experience, both for the individual's personal growth and the work accomplished.

Funding sources for the MCC young adult program and the positions created by each in 1985-86 follows: Forest Management (11); Non-game Wildlife (3); Snowmobile (8); Water Recreation (4); Wildlife Acquisition (18); and General Fund (16).

<u>EFFECTIVENESS MEASURES:</u>	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Value of work accomplished	\$957.4	\$960.8	\$960.8	\$960.8
Value of work accomplished/\$1.00 of program cost	\$1.25	\$1.25	\$1.25	\$1.25
MCC funded youth employed	32	-0-	-0-	-0-
Non-MCC funded youth employed	63	55	55	55
MCC funded summer staff (college-age)	29	21	21	21
MCC funded young adults employed	60	60	60	60
<u>CHANGE REQUESTS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>	
Extension of Youth Employment Opportunities Will allow greater participation in this program by a more diverse representation of the state's youth population. Intended to better serve all areas of the state and to provide equal employment opportunities. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 114.5	\$ 114.5	Activity Specific	
Conservation Corps - LCMR County Forest and Recreation Lands crews will demonstrate the feasibility of utilizing program's cost-effective services to accelerate county forest and recreation lands management. Will employ local young adults, providing them with meaningful work and job skills development. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 150.0	\$ 150.0	Activity Specific	
Budget Reduction Reduction in funding from the Wildlife Acquisition License Surcharge Account to align budget with estimated dedicated receipts. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ (19.8)	\$ (19.3)	Activity Specific	
Equipment Replacement and Fleet Management Will provide funding in this program for equipment use based on mileage and hourly rates. The initial use rates will include only the cost of insurance, repairs and maintenance, and that portion of the installment purchase payments applicable to the fiscal year. See the CHANGE request sheet following the agency fiscal page.	\$ 12.2	\$ 19.2	Agency-wide	

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: YOUTH PROGRAMS

PROGRAM: SPECIAL SERVICES & PROGRAMS

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	789.0	763.4	774.1	799.3	256.9	1,056.2	788.7	798.2	264.4	1,062.6	792.4
LOCAL ASSISTANCE	5.0										
AIDS TO INDS.											
TOTAL EXPENDITURES	794.0	763.4	774.1	799.3	256.9	1,056.2	788.7	798.2	264.4	1,062.6	792.4
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	649.4	669.9	702.1	725.7	244.7	970.4	705.9	723.7	245.2	968.9	704.4
EXPENSES & CONTRAC. SERV	103.2	47.4	49.6	51.2	12.2	63.4	60.4	52.1	19.2	71.3	65.6
SUPPLIES & MATERIALS	36.4	41.0	22.4	22.4		22.4	22.4	22.4		22.4	22.4
EQUIPMENT		5.0									
OTHER EXPENSE ITEMS		.1									
TOTAL STATE OPERATIONS	789.0	763.4	774.1	799.3	256.9	1,056.2	788.7	798.2	264.4	1,062.6	792.4
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	509.3	414.7	433.3	453.0	126.7	579.7	462.2	452.5	133.7	586.2	466.0
MN RESOURCES					150.0	150.0			150.0	150.0	
WATER RECREATION		26.6	27.6	27.7		27.7	27.7	27.6		27.6	27.6
SPECIAL REVENUE	137.8	165.8	173.8	173.8		173.8	151.3	173.8		173.8	151.3
GAME AND FISH	136.9	135.2	139.4	144.8	19.8-	125.0	125.0	144.3	19.3-	125.0	125.0
DEDICATED APPROPRIATIONS:											
GIFTS AND DEPOSITS	5.0						22.5				22.5
FEDERAL	5.0	21.1									
TOTAL FINANCING	794.0	763.4	774.1	799.3	256.9	1,056.2	788.7	798.2	264.4	1,062.6	792.4
POSITIONS BY FUND											
GENERAL	8.0	7.0	7.0	7.0		7.0	7.0	7.0		7.0	7.0
FEDERAL			5.0								
TOTAL POSITIONS	8.0	7.0	12.0	7.0		7.0	7.0	7.0		7.0	7.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: YOUTH PROGRAMS

PROGRAM: SPECIAL SERVICES AND PROGRAMS

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: EXTENSION OF YOUTH EMPLOYMENT OPPORTUNITIES				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 114.5	-0-	\$ 114.5	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds to augment the Minnesota Conservation Corps (MCC) summer component. The objective is to increase summer youth employment opportunities and accelerate workload accomplishments on public lands.

DESCRIPTION/BACKGROUND:

Nationally, the conservation corps concept is being recognized and expanded, while the Minnesota program has diminished in size and scope due to unanticipated budget cuts.

In 1984, MCC enrolled 145 summer youth participants; in 1985 there were 95. In 1986 only 55 youth participated and none were funded through MCC. Only the successful leveraging and matching of federal Job Training Partnership Act (JTPA) and Minnesota Summer Youth Program (MSYP) funds made continuation of the program possible.

The proposed budget would employ an additional 55 youth and 11 college-age supervisory staff in the summer program. This activity includes 2 residential multi-crew camps (Tettegouche and St. Croix State Parks) and single crew/single park placements (1 crew leader, 5 corps members per park). Participants work a 35-hour week at \$3.35 per hour and receive 5 additional hours of environmental awareness instruction.

MINNESOTA UNEMPLOYMENT PROJECTIONS/1986-87:

	<u>% of Workforce</u>	<u>Individuals</u>
General Population	6.0%	135,000
16 to 18 age group	12.3%	20,600
20 to 24 age group	8.8%	26,200

WORK ACCOMPLISHMENT:

1985 Summer Component

<u>Park</u>	<u>Corps Member</u>	<u>*Appraised Value of Labor</u>
Buffalo River	5	\$ 11,556
Tettegouche	20	45,655
Jay Cooke	5	7,654
Savanna Portage	5	3,938
St. Croix	20	56,376
Wild River	5	9,478
Metro	20	53,363
MN Valley	5	4,734
Sakatah Valley	5	6,322
Kilen Woods	5	11,678
Total	95	\$210,754

*As calculated by park managers in consultation with MCC summer staff.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
MCC funded youth participating	32	-0-	55	55
Non-MCC funded youth participating	63	55	55	55
MCC funded summer staff (college age)	29	21	32	32

RATIONALE:

This funding request would both provide a needed extension of a successful program and widen the circle of youth who could benefit from the experience. Recent research indicates that the best results, in terms of both the personal growth of participants and workload accomplishment, are realized with a socio-economic mix of youth.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: YOUTH PROGRAMS
 PROGRAM: SPECIAL SERVICES AND PROGRAMS
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: CONSERVATION CORPS - LCMR				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
Minnesota Resources Fund	\$ 150.0	-0-	\$ 150.0	-0-
Governor's Recommendation				
Minnesota Resources Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds to demonstrate the value of utilizing the Minnesota Conservation Corps (MCC) for county land management. The objective is to accelerate workload accomplishments on county forest and recreation lands while affording unemployed young adults work opportunities. Members of the Minnesota Association of County Land Commissioners and Hennepin Parks have endorsed the proposal with counties pledging from 10-50% in matching funds.

DESCRIPTION/BACKGROUND:

Minnesota counties manage 17% of the forest lands in the state and 32% of the commercial forest lands under the jurisdiction of public agencies. From these lands the counties supply 20% of all the wood harvested in Minnesota.

In addition to retaining 2.7 million acres of land, most of which is forested and nearly all of which is open for public entry, counties also make substantial provisions for recreation and other public services. The challenge of managing these resources places stress on limited county budgets.

This interagency proposal will extend the MCC program to include work projects on county forest and recreation lands. The MCC will accomplish priority conservation work utilizing a well-supervised crew of otherwise unemployed young adults (18-26 years old) from local communities. The crews will be able to address the resource needs within a 50-mile radius of their base of operation.

Because MCC corps members receive \$3.35 per hour and are ineligible for benefits other than workers' compensation, the program offers a cost-effective approach to county land management.

In exchange for their services, and in addition to a pay check, corps members will learn basic job skills, develop a strong work ethic and receive career development support to enhance their future employability.

The proposed allocation can fund the wages of 3 six-person crews. Vehicle, tool, supply and administrative costs are additional expense factors.

EFFECTIVENESS MEASURES:

	F.Y. 1988	F.Y. 1989
Legislative Commission on Minnesota Resources (LCMR) funded young adult positions	18.0	18.0
LCMR funded work hours (thousands)	40.2	40.2
County funding match (% of total)	10-50	10-50

RATIONALE:

This proposal will, in keeping with the mandate of the LCMR, assist local units of government in the development, management and funding of a resource management program. It will demonstrate a quality and cost-effective means of accelerating and improving county-based resource management that can be adapted to other resource agencies.

The proposal will enhance future county revenues through timber sales and increased recreational and hunter expenditures. Further, it will provide a meaningful work experience for unemployed young adults.

GOVERNOR'S RECOMMENDATION:

The Governor has recommended that LCMR funding be discontinued beginning July 1, 1987. As a result, there is no funding recommended for the LCMR project contained within this activity.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: YOUTH PROGRAMS
 PROGRAM: SPECIAL SERVICES AND PROGRAMS
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Request Title: BUDGET REDUCTION-WILDLIFE ACQUISITION LICENSE SURCHARGE				
Agency Request				
Game and Fish Fund	\$(19.8)	-0-	\$(19.3)	-0-
Governor's Recommendation				
Game and Fish Fund	\$(19.8)	-0-	\$(19.3)	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This CHANGE request in Wildlife Acquisition License Surcharge funding is necessary in order to maintain a balance between the operating budget and the estimated receipts for the 1987-89 biennium.

DESCRIPTION:

The Wildlife Acquisition License Surcharge account provides supplemental funding in this activity and is used to provide work experience for unemployed youth on development projects. The proposed budget reduction will result in a reduction of 5.2 young adult positions for the biennium.

RATIONALE:

To balance the Wildlife Acquisition License Surcharge account.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

ACTIVITY: OTHER SUPPORT SERVICES
 Program: SPECIAL SERVICES AND PROGRAMS
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

DESCRIPTION:

The Other Support Services activity includes 5 separate, unique, statewide service units which assist major Department of Natural Resources (DNR) divisions and bureaus. Though internal units, these support services also perform vital outreach activities for the agency. Included are the following functions:

- 1) DNR Library - A decade ago the department's central library function was discontinued, primarily due to space limitations in the Centennial Office Building. With the recent move to new headquarters, there was renewed interest in restoring an efficient system for the acquisition, organization and dissemination of information resources needed to successfully perform the agency's mission. Rather than approve independent, discipline-specific libraries, management determined the need for one central office center for library services. By doing so long-term rental and materials acquisition cost-savings will be realized.
- 2) Volunteer Management - Funded for 2 biennia by the Legislative Commission on Minnesota Resources (LCMR), Volunteer Management has greatly intensified the use of volunteers in expanding and improving DNR services to the public. Over 30,000 hours of volunteer time have been devoted to natural resource-related projects which would not have been possible with existing funds and personnel during the past 3 years. A Volunteer Advisory Committee has been established to help identify potential volunteer projects, recruit participants, train department staff in the use of volunteers and determine appropriate recognition of volunteer efforts.
- 3) Affirmative Action - Recruitment of qualified protected class applicants for DNR positions is only one facet of the Affirmative Action unit. Sensitizing the existing work force to the special needs of protected class employees and job applicants by providing ongoing programs dealing with human relations skills, job interviewing techniques and special training, such as sexual harassment information sessions, are other important components. During F.Y. 1986 the department's Affirmative Action Plan was updated and approved. An active department-wide Affirmative Action Committee meets 6 times annually to monitor these activities and make recommendations for improved efforts to the Commissioner.
- 4) Community Liaison - This one person unit is responsible for incorporating public involvement and participation into department programs, policy development and decision-making. In the role of DNR ombudsman, the citizen participation coordinator is able to assure quick responses to public concerns and controversies.
- 5) Training - The training function is responsible for directing staff enhancement and employee training through the DNR's central office and field operations. The training office formulates department-wide training and development plans and policies, assesses training needs and prepares, conducts and evaluates training programs. The training director is assisted in this effort by discipline and regional training boards, established to identify discipline and area-specific training needs. In the past year special emphasis has been on meeting supervisory training needs and spon-

soring informational/educational/inspirational brown bag lunch training breaks on a variety of subjects ranging from women's health issues to bluebirds.

<u>ACTIVITY STATISTICS:</u>	<u>F.Y. 1984</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>
Library staff responses to research questions	-0-	710	3,092	4,500
Library items loaned	-0-	341	1,452	4,200
Volunteer hours contributed	N/A	8,000	12,000	18,000
Cost-free noon training breaks	-0-	10	24	24
Supervisory training hours completed	900	1,150	4,800	5,824

<u>CHANGE REQUESTS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Volunteer Management LCMR conversion to continue to increase the use of volunteers by the department. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 97.5	\$ 97.5	Activity Specific
Management Information Systems Training Provide funds to conduct ongoing, in-house Management Information Systems training. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 52.6	\$ 54.0	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: OTHER SUPPORT SERVICES

PROGRAM: SPECIAL SERVICES & PROGRAMS

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	241.6	312.2	334.2	256.2	150.1	406.3	308.2	257.0	151.5	408.5	309.0
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	241.6	312.2	334.2	256.2	150.1	406.3	308.2	257.0	151.5	408.5	309.0
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	122.5	246.7	251.9	197.6	102.7	300.3	234.2	197.1	102.7	299.8	233.7
EXPENSES & CONTRAC. SERV	47.5	52.1	61.6	43.2	31.9	75.1	54.1	44.5	32.8	77.3	55.9
SUPPLIES & MATERIALS	42.1	13.4	16.7	11.4	5.0	16.4	15.4	11.4	6.0	17.4	15.4
EQUIPMENT	29.5		4.0	4.0	10.5	14.5	4.5	4.0	10.0	14.0	4.0
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	241.6	312.2	334.2	256.2	150.1	406.3	308.2	257.0	151.5	408.5	309.0
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	90.3	225.0	246.4	256.2	150.1	406.3	308.2	257.0	151.5	408.5	309.0
GENERAL FUND - LCMR	151.3										
MN RESOURCES		87.2	87.8								
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	241.6	312.2	334.2	256.2	150.1	406.3	308.2	257.0	151.5	408.5	309.0
POSITIONS BY FUND											
GENERAL	1.0	3.0	3.0	3.0	4.0	7.0	4.0	3.0	4.0	7.0	4.0
GENERAL FUND - LCMR	2.0										
MN RESOURCES		2.0	2.0								
TOTAL POSITIONS	3.0	5.0	5.0	3.0	4.0	7.0	4.0	3.0	4.0	7.0	4.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: OTHER SUPPORT SERVICES
 PROGRAM: SPECIAL SERVICES AND PROGRAMS
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: VOLUNTEER MANAGEMENT SERVICES (LCMR CONVERSION)				
Agency Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
General Fund	\$ 97.5	2.0	\$ 97.5	2.0
Governor's Recommendation				
General Fund	\$ 52.0	1.0	\$ 52.0	1.0
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE: This request is to continue to increase the use of volunteers by the Department of Natural Resources (DNR). Objectives for managing volunteers and involving volunteers in DNR activities are:

- 1) To expand and improve DNR services at the state, regional and local levels.
- 2) To implement special resource projects which would not otherwise be possible.
- 3) To identify and implement new and unique ways for responding to requests from Minnesota citizens to participate directly in the management and utilization of their state's natural resources.

DESCRIPTION/BACKGROUND: Historically, volunteers have worked sporadically with DNR on specific projects and activities. They remained a largely untapped resource until F.Y. 1984 when the Legislative Commission on Minnesota Resources funded a volunteer management intensification program.

The program must be converted to the General Fund if it is to continue serving DNR and the citizens of the state.

RATIONALE: During its first 3 years of existence, the DNR Volunteer Management Program:

- 1) Developed and computerized a volunteer jobs bank and a volunteer skills bank.
- 2) Established systems for recruiting, orienting, screening, placing, supervising, evaluating, and recognizing volunteers.
- 3) Worked with DNR managers and supervisors to identify over 350 new uses for volunteers.

- 4) Provided training and technical assistance to DNR managers and supervisors in the effective and efficient supervision, management and utilization of volunteers.
- 5) Established a department-wide volunteer program advisory committee.
- 6) Founded and sponsored Youth Volunteers for Minnesota--an organization composed of program directors, leaders and youth from Boy Scouts, Girl Scouts, Camp Fire, 4-H, YMCA, YWCA and other youth organizations throughout the state aimed at involving youth in environmental activities and service projects.
- 7) Co-sponsored and supported (with the Office of Environmental Resource Development, State Planning Agency) the Minnesota Beautiful program to provide educational information and materials to persons interested in environmental beautification and clean-up, and to promote and recognize individual and group efforts to beautify Minnesota.
- 8) Worked jointly with the Department of Corrections to plan, develop and implement the Sentencing to Service restitution program which sentences non-violent offenders throughout the state to work on natural resource projects in lieu of paying a fine or going to jail. (A grant of \$85.0 was secured from a private foundation to pilot this program in the Grand Rapids region.)

Volunteers have assisted DNR, and thus Minnesota residents, by serving as campground hosts; building wood duck houses; assisting with beaver dam control; working in the DNR Library, Information Center and License Bureau; constructing bulletin boards; taking pictures; creating brochures; programming computers; and collecting prairie flower seed.

STATISTICS:

	F.Y. 1984-85	F.Y. 1986-87	F.Y. 1988-89
New volunteer applicants	149	1,000	1,200
Identified uses for volunteers	263	400	500
Requests from DNR staff for volunteers	N/A	180	300
Volunteer referrals to DNR staff	141	600	1,000
Volunteer hours reported	8,000	30,000	60,000
Dollar value of volunteer work (@ \$7 per hour)	\$56.0	\$210.0	\$420.0

GOVERNOR'S RECOMMENDATION: The Governor recommends conversion of this LCMR initiative but provides funding for only one professional position. Clerical assistance may be available through reorganization of clerical support in the administrative offices.

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: OTHER SUPPORT SERVICES
 PROGRAM: SPECIAL SERVICES AND PROGRAMS
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

major cost savings.

While this request will not meet all the MIS training needs at the DNR, it will make considerable strides in meeting ongoing needs of staff at all levels to be trained and apprised of changing equipment, uses and technologies.

With an experienced trainer and existing equipment, it would be possible to train 4 persons (4 hours each) per day on the displaywriter. The charge for this training outside the agency is \$25 per hour per person. Similarly, Training could accommodate 2 persons for 4 hours of personal computer training available elsewhere for \$15 per hour. This represents a cost of up to \$520 per day or \$10.4 per month/\$124.8 per year. At maximum usage, the new MIS training opportunity requested in the CHANGE level could save up to \$70.0 a year.

As equipment changes, training needs will change, but savings and demand for service will increase. For example, as the displaywriter is phased out, the demand for System 36 training will increase.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding.

	F.Y. 1988		F.Y. 1989	
	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Request Title: MANAGEMENT INFORMATION SYSTEMS TRAINING				
Agency Request				
General Fund	\$ 52.6	2.0	\$ 54.0	2.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The requested funds will provide staff and equipment necessary to conduct ongoing, in-house Management Information System (MIS) training at the Department of Natural Resources (DNR), so staff may keep abreast of innovative additions to systems, equipment, and software.

DESCRIPTION/BACKGROUND:

Last biennium funding from the Legislative Commission on Minnesota Resources made possible the upgrading of computer and information processing systems throughout the DNR. The effort provided necessary equipment, as well as programs, to familiarize staff with the system and techniques for ensuring its optimum use. Most personnel were trained outside the agency at a substantial cost. Training expertise was not available within the department. However, the DNR's Training Center now has the equipment necessary to provide for much-needed training. This request will fund one staff training position, upgrade an existing part-time clerical position to full-time, and provide for additional needed equipment, repair, and program development.

RATIONALE:

MIS training in an agency as large and diverse as the DNR will be an increasing need for years to come. As quickly as clerical personnel attain needed skills, technical and professional staff are seeking ways to more effectively perform their jobs and access information. On-site training opportunities will provide better service and represent

ACTIVITY: MINNESOTA ENVIRONMENTAL EDUCATION BOARD
 Program: SPECIAL SERVICES AND PROGRAMS
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

DESCRIPTION:

The Minnesota Environmental Education Board (MEEB) has 2 major program objectives: 1) fostering the constructive use of natural resources and 2) promoting coalition building to educate through the development and distribution of environmental education materials (M.S. 116E.01).

MEEB provides a network of citizen volunteers which no state in the nation can match. Members include businesspersons, farmers, elected officials, laborers, representatives of voluntary organizations, teachers, and regional development commission representatives.

MEEB is composed of 12 regional councils made up of 12 members each. In the 7 county metro area, 35 volunteers carry out the programs. The board employs an Executive Director, a full-time coordinator, a full-time secretary, 4 three-quarter time coordinators, and 4 half-time secretaries.

Workplans are developed annually by each regional council to address local environmental issues. Each workplan is reviewed by the state board--an advisory and policy-making body composed of representatives from each of the 13 regions, 3 members appointed by the Commissioner of the Department of Natural Resources and 3 members appointed by the Commissioner of the Department of Education.

ACTIVITY STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Programs completed	240	259	265	329
Citizens reached	46,000	114,593	115,000	140,000
Project WILD leaders trained	100	125	200	220
Project WILD teachers trained	750	1,000	1,839	1,950

EXPLANATION OF BUDGET REQUEST:

During the 1979-81 biennium, MEEB volunteers accomplished more than 1,000 programs reaching 65,000 individuals directly and 500,000 more via radio and television programs. With a subsequent 50% cut in funding, program numbers and citizens reached fell dramatically during 1981-83 biennium to 466 programs serving 38,713 people. During F.Y. 1983, volunteers and staff paid their own expenses in order to retain staff and maintain minimal program funding. With partial restoration in F.Y. 1984 and F.Y. 1985, program activity increased and seasonal coordinators were again employed in Morris and Grand Rapids. However, the gain was short-lived because of additional budget reductions in F.Y. 1986.

The MEEB CHANGE request will enable the board to increase program services needed by teachers and administrators in implementing the environmental education requirements of the Department of Education's new Elementary Education Rule which took effect in September, 1986. In addition, 4 seasonal regional coordinator positions can be increased from 9-month to 11-month positions.

CHANGE REQUESTS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Increased Environmental Education Services to Elementary Schools	\$ 70.0	\$ 70.0	Activity Specific
To provide increased services for implementation of the Elementary Education Rule which took effect in September, 1986. See the CHANGE request sheet following the fiscal sheet for this activity.			

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

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BUDGET ACTIVITY: MN ENVIRONMENTAL EDUC BOARD

PROGRAM: SPECIAL SERVICES & PROGRAMS

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	246.3	274.8	276.1	279.6	70.0	349.6	279.6	279.6	70.0	349.6	279.6
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	246.3	274.8	276.1	279.6	70.0	349.6	279.6	279.6	70.0	349.6	279.6
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	183.0	207.9	194.8	218.6	30.0	248.6	218.6	217.8	30.0	247.8	217.8
EXPENSES & CONTRAC. SERV	51.7	58.8	68.3	52.0	40.0	92.0	52.0	52.8	40.0	92.8	52.8
SUPPLIES & MATERIALS	6.3	7.6	13.0	9.0		9.0	9.0	9.0		9.0	9.0
EQUIPMENT	5.3										
OTHER EXPENSE ITEMS		.5									
TOTAL STATE OPERATIONS	246.3	274.8	276.1	279.6	70.0	349.6	279.6	279.6	70.0	349.6	279.6
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	240.9	272.2	268.5	279.6	70.0	349.6	279.6	279.6	70.0	349.6	279.6
DEDICATED APPROPRIATIONS:											
GIFTS AND DEPOSITS	5.4	2.6	7.6								
TOTAL FINANCING	246.3	274.8	276.1	279.6	70.0	349.6	279.6	279.6	70.0	349.6	279.6
POSITIONS BY FUND											
GENERAL	3.0	5.0	3.0	3.0		3.0	3.0	3.0		3.0	3.0
TOTAL POSITIONS	3.0	5.0	3.0	3.0		3.0	3.0	3.0		3.0	3.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

DESCRIPTION/BACKGROUND:

Teachers and administrators throughout Minnesota are requesting information about environmental education resources and strategies needed to improve the environmental components of their curriculum. The Environmental Education Board is working with the Department of Education and other state agencies to meet the new need generated by the implementation of the 1986 Elementary Education Rule.

RATIONALE:

This CHANGE level will enable the board to respond to increasing requests for environmental education program and curriculum development assistance. Because of current budget limitations, more than 90 requests for such assistance could not be accommodated in 1985-86 in the metro area alone. This increase will enable the board to:

- 1) Provide 1 environmental curriculum development planning session for teachers and administrators in each of the 13 regions during the next biennium.
- 2) Provide 2 additional environmental education curriculum in-service workshops for teachers in each of the 13 regions for the next 2 years.
- 3) Provide 2 additional environmental programs for K-12 students in each of the 13 regions for the next 2 years.
- 4) Increase seasonal coordinator's employment from 9 to 11 months for the next 2 years to accomplish objectives 1-3.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding.

ACTIVITY: MINNESOTA ENVIRONMENTAL EDUCATION BOARD
 PROGRAM: SPECIAL SERVICES AND PROGRAMS
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: INCREASED ENVIRONMENTAL EDUCATION SERVICES TO ELEMENTARY SCHOOLS				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 70.0	-0-	\$ 70.0	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The board requests funds to increase program services needed by teachers and administrators who must implement the environmental education requirements of the Department of Education's new Elementary Education Rule which took effect in September, 1986.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Environmental education in-service workshops for teachers	25	19	45	47
Environmental education curriculum development/planning seminars for teachers and administrators	5	2	18	20
Environmental education programs for K-12 students	71	96	122	122
Total Served:				
Teachers	729	689	1,575	1,675
Students	15,265	20,640	26,230	26,230

PROGRAM PURPOSE:

The primary purpose of the Administrative Management Program is to provide the overall management and administrative service functions necessary for the effective and efficient operation of the Department of Natural Resources (DNR). It is the focal point for formulating and establishing policy directions for natural resources programs, integrating the various programs, and providing the administrative systems required for program implementation. The program is composed of the Administrative Management, Licensing, and Information and Data Systems activities.

OPERATION:

This program encompasses the following operations:

- 1) Commissioner's Office: Manages the department, formulates and establishes priorities and policies for implementation of natural resources management, and integrates the operations of the department into a cohesive management direction.
- 2) Financial Management: Conducts DNR financial management functions including the establishment of internal financial management policies and procedures, providing financial management reports to operating units of the department, providing financial transaction services to department units, and developing and monitoring of biennial budgets and annual spending plans.
- 3) Personnel Management: Directing personnel management in the department; providing services to DNR units (personnel transactions and records, payroll administration, employee recruitment, classification, employee evaluation, etc.); advising management and supervisors on contract administration and other labor relations matters; and developing internal policies and procedures for personnel management.
- 4) License Center: Administration of licensing (hunting, fishing, trapping, snowmobiles, watercraft) including license development, printing, distribution and sales.
- 5) Internal Audit: Conducts both internal and external audits of various activities including state park sales, boat and water safety grants, and snowmobile trail grants.
- 6) Information and Data Systems: Provides for the administration and coordination of DNR data/word processing systems in support of natural resources management.
- 7) Office Services: Provides general office services to DNR units including mail services, forms handling and distribution, records management and photocopying services.

Bureaus in this program are under the supervision of the Assistant Commissioner for Administration, except for Internal Audit, which is directly under the supervision of the Commissioner. Bureaus establish internal policies and procedures for the effective conduct of administrative functions by the various DNR operating units and provide a variety of specialized services in their particular area of expertise to the operating units. Failure to adequately provide these specialized services would require each operational unit in the department to either employ specialists on their staff (accountants, personnel officers, labor relations specialists, engineers, architects, appraisers, realty specialists, surveyors, licensing personnel, etc.) or contract for services, resulting in inefficiencies and increased costs.

EXPLANATION OF BUDGET REQUEST:

The major portion of CHANGE requests in this program is for payments made to other agencies (\$2,030.0 for F.Y. 1988 and \$2,090.0 for F.Y. 1989). Approval of this CHANGE request, or exemption from payment requirements, would allow dedicated programs to continue at the current level and reduce the administrative workload now required to process the numerous transactions required to make the payments.

Data processing capabilities are presently being implemented in 2 of the 6 DNR regions. A CHANGE request is included to add 2 more regions to the network during the 1987-89 biennium. Included in the request are computerized enhancements to the personnel system and development of a department-wide budget management/cost accounting system. The total request is for \$1,224.5.

Two CHANGE requests are for enhancement of the department's personnel service capabilities (\$240.3 and \$82.5); equipment replacement and fleet management totals \$94.7 for this program; conversion of professional services for legal services and financial management is \$220.0.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following changes in the Administrative Management Program:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Positions</u>
Payments to Other Agencies	\$ -0-	\$ -0-	-0-
Regional Computer and Budget Management Systems	359.0	347.0	3.0
Improved Personnel Service Capabilities	-0-	-0-	-0-
Employee/Organizational Effectiveness	-0-	-0-	-0-
Equipment Replacement/Fleet Management	35.5	35.8	-0-
Professional Services Conversion	25.0	25.0	1.0

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: ADMINISTRATIVE MANAGEMENT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
ADMINISTRATIVE MANAGEMENT	3,159.1	2,934.0	3,123.8	3,236.6	2,447.8	5,684.4	3,387.0	3,245.1	2,371.6	5,616.7	3,383.2
LICENSING	1,231.4	1,207.6	1,446.3	1,471.6		1,471.6	1,471.6	1,475.8		1,475.8	1,475.8
INFORMATION & DATA SYSTEMS	534.2	974.3	848.6	871.7	513.1	1,384.8	1,115.8	873.8	429.5	1,303.3	1,118.5
TOTAL	4,924.7	5,115.9	5,418.7	5,579.9	2,960.9	8,540.8	5,974.4	5,594.7	2,801.1	8,395.8	5,977.5
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	4,924.7	5,115.9	5,418.7	5,579.9	2,960.9	8,540.8	5,974.4	5,594.7	2,801.1	8,395.8	5,977.5
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	4,924.7	5,115.9	5,418.7	5,579.9	2,960.9	8,540.8	5,974.4	5,594.7	2,801.1	8,395.8	5,977.5
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	2,749.1	3,071.6	2,742.5	2,857.8	3,667.3	6,525.1	3,273.7	2,864.0	3,505.8	6,369.8	3,266.5
GENERAL FUND - LCMR	261.8										
WATER RECREATION		201.1	503.8	511.6		511.6	511.6	512.2		512.2	512.2
SPECIAL REVENUE	216.4	188.9	202.4	206.8		206.8	206.8	211.5		211.5	211.5
GAME AND FISH	1,475.2	1,522.1	1,827.7	1,853.1	596.4-	1,256.7	1,856.7	1,856.4	594.7-	1,261.7	1,861.7
DEDICATED APPROPRIATIONS:											
BUILDING	105.0	106.2	110.0	110.0	110.0-		85.0	110.0	110.0-		85.0
GIFTS AND DEPOSITS	106.3	2.0									
FEDERAL	10.9	24.0	32.3	40.6		40.6	40.6	40.6		40.6	40.6
TOTAL FINANCING	4,924.7	5,115.9	5,418.7	5,579.9	2,960.9	8,540.8	5,974.4	5,594.7	2,801.1	8,395.8	5,977.5
POSITIONS BY FUND:											
GENERAL	49.0	55.0	54.0	54.0	11.0	65.0	58.0	54.0	11.0	65.0	58.0
GENERAL FUND - LCMR	5.0										
WATER RECREATION		7.0	7.0	7.0		7.0	7.0	7.0		7.0	7.0
SPECIAL REVENUE	1.0	2.0	2.0	2.0		2.0	2.0	2.0		2.0	2.0
GAME AND FISH	14.0	13.0	13.0	13.0		13.0	13.0	13.0		13.0	13.0
BUILDING	1.0	1.0	1.0	1.0	1.0-			1.0	1.0-		1.0
FEDERAL	1.0	1.0	1.0	1.0		1.0	1.0	1.0		1.0	1.0
TOTAL POSITIONS	71.0	79.0	78.0	78.0	10.0	88.0	81.0	78.0	10.0	88.0	81.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: ADMINISTRATIVE MANAGEMENT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: REGIONAL COMPUTER SYSTEM INSTALLATION, BUDGET MANAGEMENT, PERSONNEL SYSTEM, AND RELATED MANAGEMENT INFORMATION SYSTEMS EXPENSES				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 703.2	4.0	\$ 521.3	4.0
Governor's Recommendation				
General Fund	\$ 359.0	3.0	\$ 347.0	3.0
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE: This program CHANGE request provides for 1) the acquisition and installation of computers in 2 regional headquarters offices in a network environment; 2) computerized enhancements to the personnel system; 3) development of a department-wide budget management/cost accounting system; and 4) additional staff support necessary to implement and maintain these functions. The expansion of service capability will decentralize immediate access of database information so regional and field personnel can be more responsive to the public.

The basic equipment configuration for each regional headquarters office includes the IBM System/36 Central Processing Unit, 2 terminals, 1 line printer, 1 letter quality printer, and communication equipment. Software to accomplish these functions and perform office automation functions are included in the CHANGE request.

The detail of this CHANGE request by budget activity is as follows:

	<u>Positions</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Administrative Management:			
Budget Management and Cost Accounting System	1.0	\$227.2	\$127.2
Information and Data Systems:			
Personnel System and S/36 Regional Installations	3.0	476.0	394.1
TOTAL	4.0	\$703.2	\$521.3

DESCRIPTION/BACKGROUND: In 1984, the department Statewide Strategic Planning Report for Management Information Systems set forth the need, goals and objectives for distributive data processing capabilities required for:

- Word Processing - text creation, capture, revision
- Document Handling - distribution, indexing, filing, retrieval
- Data Processing (limited) - list processing, data amangement, data base inquiry
- Electronic Mail - file and image transfer, calendars, and meetings.

Pursuant to the recommendations of this study, data processing capabilities are currently being installed in the 6 regions (Rochester and Bemidji). This request will allow the installation of systems in 2 more regions.

In addition to computer equipment purchase and maintenance costs, 3 positions are requested to support the System/36 network facilities in the regional offices and 1 position to develop and maintain an automated fiscal and budget management system. The benefits derived from these positions include ability to 1) immediately inquire, in an on-line environment, the databases that are maintained at the central office for snowmobile, boats and off-road vehicles; 2) send mail electronically to any other region or the central office; 3) access the extensive personal serives of the automated office products for the System/36 or the central office System/38; and 4) to provide department-wide cost accounting information for management use and federal aid reimbursements.

STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Systems Development	\$10.0	\$10.0	\$11.0	\$11.0
Avg. cost/system				
System Maintenance	\$ 2.0	\$2.0	\$2.1	\$2.1
Avg. cost/system				
User Training	\$.1	\$.1	\$.2	\$.2
Avg. cost/student				
Data Entry	\$7.5	\$7.6	\$7.7	\$7.7
Keystrokes/hour				

RATIONALE: It is mandated that procurement of new computing hardware meet guidelines for computibility and integration. The equipment in this CHANGE request not only meets this requirement but further enhances the integration capabilities of existing hardware which would not otherwise be compatible. Immediate access to information encourages more responsiveness to persons served by each region, area or district. Electronic mail handling will create a faster, more dependable and less costly intra/interdepartmental information exchange system, increase efficiency in handling and assimilating information and meeting critical deadlines, reduce paper transactions.

GOVERNOR'S RECOMMENDATION: The Governor recommends funding for this request but at a reduced level. An amount of \$270.0 for the biennium and 1 position are recommended to develop a cost accounting and budget management system; \$436.0 for the biennium and 2 positions are recommended for the regional computer and central office systems.

ACTIVITY: ADMINISTRATIVE MANAGEMENT
 Program: ADMINISTRATIVE MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$ 29.4	\$ 38.9	\$ 20.0	\$ 20.0	\$ 20.0

DESCRIPTION: Administrative Management provides overall management direction to allow the department to fulfill its mission. Management and support services are also provided for the department line functions in the areas of financial, personnel and other administrative services. There is a broad spectrum of clientele to consider in directing the mission of the department, establishing goals and priorities for natural resources management, responding to issues and concerns, and providing support for operating functions scattered throughout the state. This includes citizens, the executive and legislative branches of state government, local units of government, natural resources users, environmental and sports groups, the media, and other department personnel. Included in this activity are 1) Commissioner's Office, 2) Financial Management, 3) Personnel Management, 4) Internal Audit, and 5) Office Services.

The department is organized into 6 regions, 6 divisions, 1 special unit (Trails and Waterways) and 11 bureaus. Each processes its own financial, personnel and other administrative documents based on policies and procedures developed by the Administrative Management Activity. This activity also provides the control and coordination necessary for efficient and effective management and performs functions that cannot be decentralized.

WORKLOAD MEASURES:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
County grant and internal audits performed	99	111	135	134
Personnel transactions processed	16,000	16,000	16,000	16,000
Classifications reviewed	310	500	500	325
Grievances processed	31	40	35	40
Employment examinations developed	41	42	40	35
Pieces of mail processed	1,450,000	1,500,000	1,525,000	1,550,000
Accounting transactions processed	208,000	215,000	222,000	230,000
Contracts managed through bid process	13	30	40	40

EXPLANATION OF CHANGE REQUEST: It is becoming increasingly difficult to perform the administrative functions. As budgets shrink, staff agencies (i.e., Departments of Administration, Finance, and Employee Relations) delegate more and provide less support to line agencies. Reporting and regulation requirements are greater and changes in legislation requiring payments for various services have contributed to this problem. CHANGE requests for payments to other agencies and employee/personnel services partially address this concern.

CHANGE REQUESTS:	F.Y. 1988	F.Y. 1989	Type
Equipment Replacement and Fleet Management To provide funding in this activity for equipment use based on mileage or hourly rates. See the CHANGE request sheet following the agency fiscal page.	\$ 8.9	\$ 13.3	Agency-wide

	F.Y. 1988	F.Y. 1989	Type
Professional Services Conversion Needed to convert 1 position and \$110.0 annually from bonding to General Fund for legal and financial management services which are ongoing in nature. See the CHANGE request sheet following the agency fiscal page.	\$ 110.0	\$ 110.0	Agency-wide
Payments to Other Agencies Needed to maintain dedicated programs at current level and reduce administrative workload. Includes 1 position, Attorney General costs, indirect costs, Minnesota Department of Transportation signs, vehicle licensing, workers' compensation administrative costs, workers' compensation reinsurance and North Star network. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 2,030.0	\$ 2,090.0	*Activity Specific
* In reality, this CHANGE request is an agency-wide CHANGE request but is included here because payment would be made from this activity.			
Improved Personnel Service Capabilities Includes 5 positions needed to meet the increasing needs of personnel management. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 133.7	\$ 106.6	Activity Specific
Employee/Organization Effectiveness Needed to develop and implement a non-monetary department reward system to recognize individual and group work accomplishments. See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 48.0	\$ 34.5	Activity Specific
Budget Management and Cost Accounting System To provide funding for development and implementation of an automated fiscal and budget management system. See the CHANGE request sheet following the Administrative Management Program fiscal page.	\$ 227.2	\$ 127.2	Program-wide

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: ADMINISTRATIVE MANAGEMENT

PROGRAM: ADMINISTRATIVE MANAGEMENT

AGENCY: NATURAL RESRCS,DPT OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	3,159.1	2,934.0	3,123.8	3,236.6	2,447.8	5,684.4	3,387.0	3,245.1	2,371.6	5,616.7	3,383.2
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	3,159.1	2,934.0	3,123.8	3,236.6	2,447.8	5,684.4	3,387.0	3,245.1	2,371.6	5,616.7	3,383.2
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	1,565.9	1,595.2	1,695.2	1,769.7	195.4	1,965.1	1,789.7	1,763.8	195.4	1,959.2	1,791.0
EXPENSES & CONTRAC. SERV	983.6	921.8	974.7	1,000.1	479.0	1,479.1	1,130.5	1,014.5	411.3	1,425.8	1,125.4
SUPPLIES & MATERIALS	97.6	38.2	39.4	44.4	98.4	142.8	44.4	44.4	89.9	134.3	44.4
EQUIPMENT	102.5	5.1									
OTHER EXPENSE ITEMS	409.5	373.7	414.5	422.4	1,675.0	2,097.4	422.4	422.4	1,675.0	2,097.4	422.4
TOTAL STATE OPERATIONS	3,159.1	2,934.0	3,123.8	3,236.6	2,447.8	5,684.4	3,387.0	3,245.1	2,371.6	5,616.7	3,383.2
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	2,057.9	1,992.7	2,057.5	2,150.0	3,154.2	5,304.2	2,321.8	2,154.1	3,076.3	5,230.4	2,311.9
WATER RECREATION		42.5									
SPECIAL REVENUE		12.5									
GAME AND FISH	879.0	754.1	924.0	936.0	596.4-	339.6	939.6	940.4	594.7-	345.7	945.7
DEDICATED APPROPRIATIONS:											
BUILDING	105.0	106.2	110.0	110.0	110.0-		85.0	110.0	110.0-		85.0
GIFTS AND DEPOSITS	106.3	2.0									
FEDERAL	10.9	24.0	32.3	40.6		40.6	40.6	40.6		40.6	40.6
TOTAL FINANCING	3,159.1	2,934.0	3,123.8	3,236.6	2,447.8	5,684.4	3,387.0	3,245.1	2,371.6	5,616.7	3,383.2
POSITIONS BY FUND											
GENERAL	43.0	44.0	43.0	43.0	8.0	51.0	45.0	43.0	8.0	51.0	45.0
GAME AND FISH	2.0	1.0	1.0	1.0		1.0	1.0	1.0		1.0	1.0
BUILDING	1.0	1.0	1.0	1.0	1.0-			1.0	1.0-		
FEDERAL	1.0	1.0	1.0	1.0		1.0	1.0	1.0		1.0	1.0
TOTAL POSITIONS	47.0	47.0	46.0	46.0	7.0	53.0	47.0	46.0	7.0	53.0	47.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: ADMINISTRATIVE MANAGEMENT
 PROGRAM: ADMINISTRATIVE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: PAYMENTS TO OTHER AGENCIES				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
General Fund	\$2,630.0	1.0	\$2,690.0	1.0
Game and Fish Fund	(600.0)		(600.0)	
TOTAL	\$2,030.0	1.0	\$2,090.0	1.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Game and Fish Fund	-0-	-0-	-0-	-0-
Request requires statutory change: <input checked="" type="checkbox"/> Yes* <input type="checkbox"/> No *If requirement for payment is eliminated.				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

This request is for \$5,320.0 and 1 position from the General Fund for making payments to other agencies for services provided. Approving this request will eliminate some of the discrepancies between receipts and expenditures of dedicated fund sources, as well as reduce some of the workload now necessary to process the payments. (Elimination of the payment requirements would serve the same purpose.)

DESCRIPTION/BACKGROUND:

Efforts have been made to make certain that each dedicated fund pay for every related expense with which that dedicated fund is associated. This has been done without the same regard for the receipt side of the dedicated fund. For example, through indirect costs and billings from other agencies, dedicated funds are paying for a portion of the general cost of government, while the sales tax generated by the existence of the dedicated fund activity and the income tax paid by employees funded from the dedicated fund also goes towards a portion of the general cost of government. Almost as significant is the fact that appropriations were never provided to cover these costs or the increased workload necessary to process payment of billings.

Following is a brief description of each interagency payment for which an appropriation (or exemption) is requested:

1) Administrative Support - \$50.0 and 1 Position

Two of the 6 items below consume enormous amounts of staff time to process: vehicle licensing and Attorney General costs. This position would partially offset the workload added by requiring payments to other agencies.

2) Attorney General Costs - \$665.0

Beginning in F.Y. 1986, the Attorney General was required to assess state agencies for legal services. Payment required is 25% of the cost to General Fund activities (fee-generating activities are exempt) and 100% of the cost for all other funded activities. Besides the financial burden to activities of the department, the actual billing process is extremely complicated due to the large number of special revenue accounts funding a broad range of activities. Attorney General costs of \$85.0 each year are not included in this CHANGE request but have been included in the agency-wide CHANGE request for professional services conversion.

3) Indirect Costs - \$4,100.0

M.S. 16A.127 and Department of Finance (DOF) policy and procedure 06:03:22 require that special revenue accounts pay statewide and agency indirect costs. DOF has exempted the Department of Natural Resources (DNR) from paying most of these costs for the 1985-87 biennium because no appropriations were made for this purpose. However, these costs will not be exempted in the 1987-89 biennium. DNR requests funding for indirect costs for assessments that will be made to the dedicated funding sources supported by special fees, licenses and taxes estimated as follows:

Snowmobile Account	- \$ 360.0	Cross-country Ski	- \$ 15.0
State Forest Development	- 30.0	Consolidated Conservation	- 90.0
Park Development	- 1,030.0	Game and Fish Fund	- 750.0
All-terrain Vehicles	- 15.0	Water Recreation Fund	- 1,100.0
Forest Management Fund	- 710.0		

Nongame Wildlife (\$193.3) has been excluded because DOF will authorize an exemption.

4) Minnesota Department of Transportation (MnDOT) Signs - \$120.0

MnDOT has established a policy which requires that all "public and private informational service signs located within state trunk highway and interstate rights-of-way will be paid for by the public or private sector interests requesting the signs."

5) Vehicle Licensing - \$75.0

M.S. 168.012 established an annual registration fee (payable every 2 years) which was revised during the 1986 session requiring the registration of tax-exempt vehicles to be submitted to a deputy registrar's office in the county where the vehicle is domiciled. In addition to the unfunded financial burden, this requirement creates an administrative nightmare. The vehicles, approximately 2,600 widely scattered over the state in remote locations, have their titles maintained centrally for control purposes.

CHANGE REQUEST

Agency Program Activity
(Continuation)

1987-89 Biennial Budget

GOVERNOR'S RECOMMENDATION:

ACTIVITY: ADMINISTRATIVE MANAGEMENT
PROGRAM: ADMINISTRATIVE MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

The Governor does not recommend additional funding for any of the above requests, although the department raises legitimate concerns over certain costs which it and other agencies must absorb within current appropriations. The agency's request for an appropriation for indirect costs is inconsistent with current law and legislative intent and should not be approved. Administrative and indirect costs are distributed across all funds on an equitable basis so that total costs are reflected whether the program is in the General Fund or in a dedicated fund. These costs are included as part of the total cost reimbursement calculation to ensure that they are recovered when fees are set or when applying for federal funds. An appropriation for indirect costs would, in effect, be a General Fund subsidy to the dedicated funds.

DESCRIPTION/BACKGROUND: (Contd.)

6) Workers' Compensation Administrative Costs - \$96.0

Beginning 7-1-86 an 8% administrative assessment was added to total claim costs of each billing.

7) Workers' Compensation Reinsurance - \$64.0

M.S. 79.34 requires the state to be a member of the Workers' Compensation Reinsurance Association which will pay workers' compensation claims when the amount of loss arising from a single compensable event exceeds \$360.0. The law provides that federal and other dedicated funds pay their portion of the premium costs. Payment is being made from over 75 appropriation accounts, which creates administrative problems. This request is for a single appropriation of \$32.0 per year in order to make a single payment.

8) North Star Network - \$150.0

A decision was made to reduce the budget paying for this service in the Department of Administration and to bill agencies for use of the network. Billings began on 10-1-86 and are estimated to cost the Department of Natural Resources (DNR) \$75.0 annually. There are approximately 15,000 phones which can access the network, of which DNR has slightly more than 900. The monthly cost of the network is approximately \$100.0.

RATIONALE:

Most of these items represent new and unfunded costs to the DNR. The exceptions are the indirect cost (\$375.0) and Attorney General services (\$225.0) payments from the Game and Fish Fund. Without this exemption and a significant license fee increase, major program reductions will be required to balance the fund. If the agency must absorb these costs without equal consideration to the receipts of dedicated funds, programs directly benefiting natural resources will obviously be reduced. In addition to the funding concerns, there are the administrative problems. In order to maintain programs and reduce administrative costs, consideration should be given to exempting DNR from paying the above items.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: ADMINISTRATIVE MANAGEMENT
 PROGRAM: ADMINISTRATIVE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

Request Title: IMPROVED PERSONNEL SERVICE CAPABILITIES	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$ 133.7	5.0	\$ 106.6	5.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

Funds and positions are being requested to improve and increase the capability of the Department of Natural Resources (DNR) to provide quality and timely personnel services to its managers, supervisors, and employees. The objective is to increase the department's ability to manage the state's natural resources through a more effective system of selecting, managing, and maintaining its workforce.

DESCRIPTION/BACKGROUND:

Currently the DNR is not providing a level of personnel service necessary for department managers, supervisors, and employees to function effectively. The DNR Bureau of Personnel has attempted to conduct personnel management functions within a complex and dynamic organization with a "bare bones" complement and operating budget.

There is a critical need to meet increasing personnel service demands of DNR managers, supervisors, employees, and other clientele. The Bureau of Personnel must provide more direct and timely personnel management assistance to DNR managers and supervisors in the areas of recruitment, classification, and examining. New program development needs include completion of the career path study recommended by the Department of Administration and employee orientation and career services programs.

Additionally, the Minnesota Department of Employee Relations (DOER) has increased delegation of authority to the DNR personnel function in the areas of recruitment, examining, classification/compensation, and payroll/personnel transactions over the last several years. Further delegation is anticipated as a result of the Department of Administration's recent "Hire/Fire Study". The DNR will be unable to meet these demands with existing personnel staff and funding. The DNR's workforce consists of approximately 350 job classification options. Many are unique to the DNR, making further delegation of workload now performed by the DOER eminent. This increased workload will further compound existing funding and staffing deficiencies.

Moreover, the personnel services function has become increasingly complex due to the advent of expanded collective bargaining activities, the growing focus on employment-related litigation, the specialization of the workforce, and the volume and complexity of demands presented by an increasingly sophisticated pool of job applicants, as well as agency employees.

RATIONALE:

In addition to the need for improving traditional, ongoing personnel functions, the DNR has developed initiatives to address current and future personnel management needs. This CHANGE level would allow the Personnel Office to hire additional staff to complete and improve ongoing personnel functions and to develop critically needed new programs. It is recommended that 2 full-time professional positions and 1 full-time clerical position be added to the personnel staff; 2 existing part-time professional positions be converted to full-time, complement status; and sufficient funding be appropriated to support the additional staff (i.e., supplies, expenses, etc.) and for consultant services in new program development efforts. Such additional resources will improve the timeliness, quantity, and quality of the ongoing personnel management efforts and enable the DNR to initiate new program development efforts.

IMPACT ON OTHER PROGRAMS:

The personnel office provides personnel services to all DNR programs. Thus, all programs will be positively impacted by these improved efforts. All efforts identified in this request are critical to improving DNR's ability to respond to management needs to secure and maintain a qualified and highly motivated workforce.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity

ACTIVITY: ADMINISTRATIVE MANAGEMENT
 PROGRAM: ADMINISTRATIVE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

RATIONALE:

A system of rewarding and recognizing its employees is vital to the effectiveness of any organization. The issue is becoming increasingly critical due to the lessening of opportunities for promotions, coupled with the diminishing effectiveness of in-place reward systems such as yearly progression increases and length of service awards. With a plateauing workforce dominated by a "baby-boom" era age group the department is committed to reinforcing and rewarding its dedicated workforce.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

	F.Y. 1988		F.Y. 1989	
	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Request Title: EMPLOYEE/ORGANIZATIONAL EFFECTIVENESS				
Agency Request				
General Fund	\$ 48.0	-0-	\$ 34.5	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

To develop and implement a department employee reward and recognition program for the purpose of maintaining a motivated, productive, and creative workforce committed to meeting the department's natural resource management and organizational goals.

DESCRIPTION/BACKGROUND:

It is the department's intent to develop and implement a non-monetary department reward system to recognize individual and group work accomplishments that are highly beneficial and substantially above normal requirements. This activity would require a part-time staff person, preferably a student interested in pursuing a master's degree in a field such as Industrial Relations. This individual would gather preliminary information on reward systems, provide technical and staff support to a departmental task force and prepare a draft plan for a department reward system. Funds are necessary to provide staff training in this area. Consultant services would be needed to aid in the overall design of the reward system, its implementation and to provide related training to managers and supervisors.

ACTIVITY: LICENSING
 Program: ADMINISTRATIVE MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

DESCRIPTION:

The License Bureau administers the issuance of all cross-country skiing, hunting, fishing and trapping licenses, both recreational and commercial, as authorized by law. It also administers the selection, by lottery, of successful applicants for antlerless deer, bear, turkey and moose hunting licenses. County auditors are agents of the Commissioner in the sale of these licenses and may appoint subagents, such as sports shops and resorts, in order to make licenses readily available to the public.

The License Bureau also administers the issuance of watercraft, snowmobile and 3-wheel/off-road vehicle registrations. Authorized deputy registrars of motor vehicles serve as agents of the Commissioner in the sale of these registrations.

STATISTICS:

F.Y. 1986 F.Y. 1987 F.Y. 1988 F.Y. 1989

Registrations:

Watercraft	246,400	193,941	229,000	266,400
Snowmobiles	59,506	57,542	55,643	53,807
Off-road vehicles	9,783	9,275	12,750	9,500

Lotteries:

Moose - applicants	20,553	N/A	21,580*	N/A
Moose - licenses	1,068	N/A	1,121*	N/A
Bear - applicants	20,694	21,728*	22,814*	22,814*
Bear - licenses	4,730	4,966*	5,214*	5,214*
Turkey - applicants	5,715	6,000*	6,300*	6,300*
Turkey - licenses	2,500	2,625*	2,756*	2,756*
Antlerless deer - applicants	264,990	264,990	278,239*	278,239*
Antlerless deer - licenses	167,725	128,825	135,266*	135,266*

* These figures indicate a 5% increase assuming that species survival and habitat maintains the same progression level as in past years.

Licenses:

Commercials	6,335	6,651	6,983	6,983
Hunting	667,971	701,369	736,437	736,437
Fishing	1,054,411	1,107,163	1,162,521	1,162,521
Sportsmen	100,201	105,211	110,471	110,471
Cross-country skiing	44,440	33,500	33,500	33,500

Stamps:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Waterfowl	127,950	131,788	135,741	135,741
Pheasant	85,488	88,907	92,463	92,463
Trout	83,201	87,361	91,729	91,729

Number of Subagents:

County auditors	87	87	87	87
Deputy registrars	164	164	164	164
Subagents	3,078	3,078	3,078	3,078

CHANGE REQUESTS:

No changes are requested for this activity.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: LICENSING

PROGRAM: ADMINISTRATIVE MANAGEMENT

AGENCY: NATURAL RESRCS,DPT OF

* * * DOLLARS IN THOUSANDS (137,522 = 137.5) * * *

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	1,231.4	1,207.6	1,446.3	1,471.6		1,471.6	1,471.6	1,475.8		1,475.8	1,475.8
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	1,231.4	1,207.6	1,446.3	1,471.6		1,471.6	1,471.6	1,475.8		1,475.8	1,475.8
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	561.8	671.4	747.6	765.0		765.0	765.0	763.9		763.9	763.9
EXPENSES & CONTRAC. SERV	524.7	486.1	653.7	661.4		661.4	661.4	666.7		666.7	666.7
SUPPLIES & MATERIALS	81.9	40.2	45.0	45.2		45.2	45.2	45.2		45.2	45.2
EQUIPMENT	63.0	9.9									
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	1,231.4	1,207.6	1,446.3	1,471.6		1,471.6	1,471.6	1,475.8		1,475.8	1,475.8
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	418.8	327.0	114.4	114.4		114.4	114.4	114.4		114.4	114.4
WATER RECREATION		112.0	448.1	455.6		455.6	455.6	456.2		456.2	456.2
SPECIAL REVENUE	216.4	152.8	178.8	183.2		183.2	183.2	187.9		187.9	187.9
GAME AND FISH	596.2	615.8	705.0	718.4		718.4	718.4	717.3		717.3	717.3
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	1,231.4	1,207.6	1,446.3	1,471.6		1,471.6	1,471.6	1,475.8		1,475.8	1,475.8
POSITIONS BY FUND											
GENERAL	1.0										
WATER RECREATION		5.0	5.0	5.0		5.0	5.0	5.0		5.0	5.0
SPECIAL REVENUE	1.0	1.0	1.0	1.0		1.0	1.0	1.0		1.0	1.0
GAME AND FISH	12.0	12.0	12.0	12.0		12.0	12.0	12.0		12.0	12.0
TOTAL POSITIONS	14.0	18.0	18.0	18.0		18.0	18.0	18.0		18.0	18.0

ACTIVITY: INFORMATION AND DATA SYSTEMS
 Program: ADMINISTRATIVE MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

DESCRIPTION:

The Information and Data Systems is responsible for 1) managing and supervising the department data entry center and computer center; 2) monitoring the department budget and expenditure processes relative to computer services and equipment purchases; 3) providing liaison to computer processing centers at the Information Services Bureau of the Department of Administration, the University of Minnesota Computer Center and others as needed; and 4) coordinating interdepartmental data processing activities. The unit also provides technical advice and assistance to department units in the development, implementation and operation of information systems for administrative activities including 1) systems design, programming support, data entry and operations; 2) liaison and direction with consultants; 3) coordinating interdepartmental data exchange needs; 4) periodic reports for internal management; 5) lottery distribution of hunting permits; 6) operating systems for departmental self-propelled inventory and building inventory systems; and 7) miscellaneous special projects. Information and Data Systems manages the department's office automation effort including 1) training to end users, 2) maintaining existing administrative systems, and 3) implementing new administrative systems.

ACTIVITY STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
System Development:				
Avg. cost/system	\$9.6	\$9.6	\$10.0	\$10.0
System Maintenance:				
Avg. cost/system	\$1.8	\$1.8	\$ 2.0	\$ 2.0
User Training:				
Avg. cost/student	\$100	\$ 75	-0-	-0-
Data Entry:				
Keystrokes/hour	7,220	7,200	7,500	7,600

CHANGE REQUESTS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Management Information Systems Decentralization of on-line access of database information to regional and field personnel. See the CHANGE request sheet following the Administrative Management Program fiscal page.	\$ 476.0	\$ 394.1	Program- wide
Equipment Replacement/Fleet Management Computer Equipment - installment purchase payments. See the CHANGE request sheet following the agency fiscal page.	\$ 37.1	\$ 394.1	Agency- wide

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: INFORMATION & DATA SYSTEMS

PROGRAM: ADMINISTRATIVE MANAGEMENT

AGENCY: NATURAL RESRCS,DPT OF.

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	534.2	974.3	848.6	871.7	513.1	1,384.8	1,115.8	873.8	429.5	1,303.3	1,118.5
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	534.2	974.3	848.6	871.7	513.1	1,384.8	1,115.8	873.8	429.5	1,303.3	1,118.5
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	311.7	396.5	502.9	522.5	105.3	627.8	552.5	520.9	130.3	651.2	550.9
EXPENSES & CONTRAC. SERV	181.9	158.6	286.5	290.0	184.3	474.3	484.1	293.7	186.2	479.9	488.4
SUPPLIES & MATERIALS	19.3	47.3	30.3	30.3	30.0	60.3	50.3	30.3	30.0	60.3	50.3
EQUIPMENT	21.3	371.9	28.9	28.9	193.5	222.4	28.9	28.9	83.0	111.9	28.9
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	534.2	974.3	848.6	871.7	513.1	1,384.8	1,115.8	873.8	429.5	1,303.3	1,118.5
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	272.4	751.9	570.6	593.4	513.1	1,106.5	837.5	595.5	429.5	1,025.0	840.2
GENERAL FUND - LCMR	261.8										
WATER RECREATION		46.6	55.7	56.0		56.0	56.0	56.0		56.0	56.0
SPECIAL REVENUE		23.6	23.6	23.6		23.6	23.6	23.6		23.6	23.6
GAME AND FISH		152.2	198.7	198.7		198.7	198.7	198.7		198.7	198.7
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	534.2	974.3	848.6	871.7	513.1	1,384.8	1,115.8	873.8	429.5	1,303.3	1,118.5
POSITIONS BY FUND											
GENERAL	5.0	11.0	11.0	11.0	3.0	14.0	13.0	11.0	3.0	14.0	13.0
GENERAL FUND - LCMR	5.0										
WATER RECREATION		2.0	2.0	2.0		2.0	2.0	2.0		2.0	2.0
SPECIAL REVENUE		1.0	1.0	1.0		1.0	1.0	1.0		1.0	1.0
TOTAL POSITIONS	10.0	14.0	14.0	14.0	3.0	17.0	16.0	14.0	3.0	17.0	16.0