Jobs and Commerce

Minnesota 1994-95 Biennial Budget

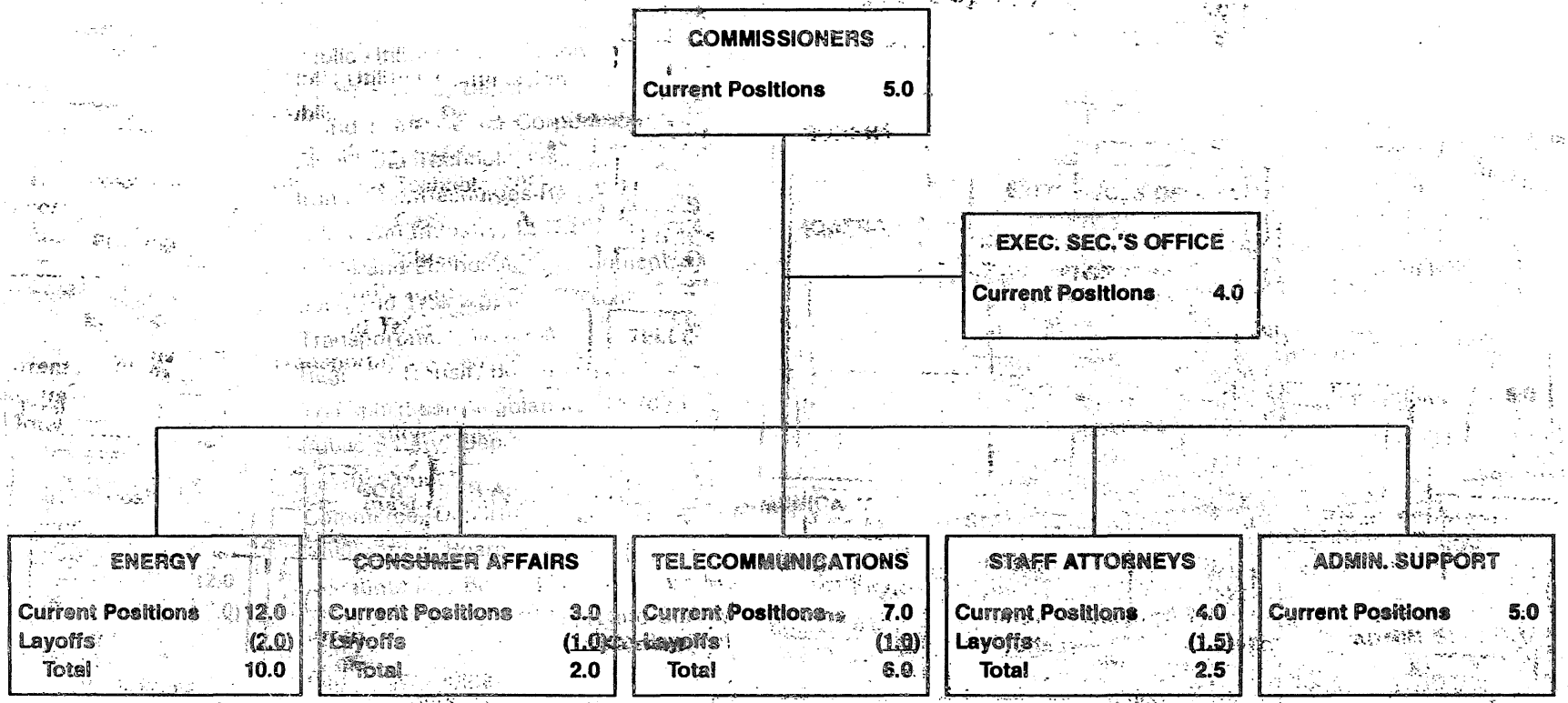
Presented by
Governor Arne H. Carlson
to the
78th Legislature

1994-95 BIENNIAL BUDGET

-INDEX-

JOBS AND COMMERCE

Public Utilities Commission
Organizational Chart 10/26/92



Public Utilities Commission

Position and Employee Status Information

Position Reconciliation:

Authority	Current F.Y. 1993	Requested for 6/30/95
Legislative Complement:		
General Fund	40.0	36.5
Total Permanent Positions	40.0	36.5
Other Complement (TAP)	.5	.5
TOTAL Positions	40.5	37.0
Employees on 6/30/92	43.0	

Employees by Employment Status:

	6/30/92
Full-Time Unlimited	39.0
Full-Time Temporary	2.0
Part-Time Unlimited	2.0
TOTAL	43.0

1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Public Utilities Commission **Fund:** General

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$2,629	$2,635	$5,264
Forecast Adjustments	-0-	-0-	-0-
AGENCY BASE	$2,629	$2,635	$5,264
Inflation Cost Increases	92	188	280
Agency Management Decisions			
Agency Operations:			
Miscellaneous Filings	$(102)	$(168)	$(270)
Policy Rulemaking	(58)	(80)	(138)
Customer Assistance	(63)	(72)	(135)
Reduce EAS Base	(30)	-0-	(30)
EAS Transfer to Special Revenue	30	-0-	30
Subtotal	$(223)	$(320)	$(543)
TOTAL AGENCY PLAN	$2,498	$2,503	$5,001
Governor's Initiatives			
Restore Agency Reduction	$131	$132	$263
Stray Voltage & Electric Service Standards	345	305	650
Electronic Storage and Retrieval System	282	35	317
Standardized Procedures	181	162	343
Salary Planning Estimates	(66)	(66)	(132)
Subtotal	$873	$568	$1,441
GOVERNOR'S RECOMMENDATION	$3,371	$3,071	$6,442

Brief Explanation of Agency's Overall Actions:

The commission's highest priority activities include acting on major rate cases that have the largest impact on the consumer, acting on major service issues that are required to be completed by a statutory deadline, and adopting rules that are specifically required by law.

In order to maintain these high priority activities, cover unfunded inflationary cost increases, and reduce base level funding by 5% or $131,000 in F.Y. 1994 and $132,000 in F.Y. 1995, the following areas will be reduced:

Miscellaneous Filings, not subject to statutory deadlines: Much of the commission's work, such as utility requests for rate increases, must be completed within statutory deadlines. The commission will continue to focus on rate filings, but action on miscellaneous filings that are not subject to statutory deadlines will either be allowed to take effect without commission review, or would be delayed until the commission can work on them. The commission will screen all filings and those that appear to have a minimal impact on the consumer would be allowed to go into effect without commission review, but those that could have a significant impact on consumers would be reviewed when the commission had time.

Policy Rulemaking: By law, the commission must promulgate rules in order to adopt a policy that is general in its effect. The commission would only undertake rulemakings that were specifically required by law, such as the call tracer rulemaking. Current rulemakings, such as the one on environmental externalities probably would be dropped, and few if any additional rulemakings would be started.

Consumer Assistance: The commission responded to 5,446 requests from the general public for information or assistance in F.Y. 1992. The commission will need to develop strict guidelines for screening customer assistance calls. The commission will continue to respond to high priority calls for assistance, such as shutting off gas or electric service. However, the commission will not be able to respond to lower priority requests for information or assistance.

Extended Area Service Balloting: M.S. 237.161 requires the commission to ballot telephone exchanges that petition for extended area service (EAS) and meet adjacency and traffic criteria. The commission currently has before it petitions that would result in $144,000 in balloting expenses. For the current biennium, the commission had budgeted $31,000 annually, based on the number of petitions before it at the time the F.Y. 1992-93 biennial budget was prepared.

The commission would prefer not to budget for $144,000 annually to conduct EAS balloting, since that number could grow or shrink from year to year and is substantially outside of the commission's control. Instead, the commission proposes to establish a Special Revenue Fund for that purpose, with a $30,000 transfer from the General Fund. The fund would be replenished from the fees the commission already is required to assess the telephone companies involved. A statutory change would be required to redirect the fees from the General Fund to a Special Revenue Fund.

	F.Y. 1994	F.Y. 1995	
2. Impact on Staffing:			
Layoffs	5.0	6.5	

3. Impact on Revenue Generation:	F.Y. 1994	F.Y. 1995	F.Y. 95-96
Agency Plan	$(131)	$(132)	$(263)
Governor's Initiatives			
Restore Agency Reduction	131	132	263
Stray Voltage & Electric Service	345	305	650
Electronic Storage and Retrieval System	282	35	317
Standardized Procedures	181	162	343
Salary Planning Estimates	(66)	(66)	(132)
Subtotal	$873	$568	$1,441
GOVERNOR'S RECOMMENDATION	$742	$436	$1,178

4. Affected Statutes: M.S. Ch. 216, 216A, 216B, 237

5. Governor's Recommendation:

The Governor recommends funding levels as requested in the agency budget plan except for the following adjustments: the Governor recommends restoring reductions proposed in the agency plan in the amount of $263,000 for the biennium; and the Governor recommends salary planning estimate savings in the amount of $132,000 for the biennium.

In addition, the Governor recommends the following initiatives: a biennial increase of $650,000 and 5.0 positions to investigate and resolve stray voltage and other electric service quality and safety complaints; a biennial increase of $317,000 and 1.0 position for an electronic storage and retrieval system; and a biennial increase of $343,000 and 4.0 positions to standardize procedures and improve communications with regulated industries and interested parties.

1994-1995 B I E N N I A L B U D G E T
INVESTMENT INITIATIVES
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC UTIL COMMISSION

ITEM DESCRIPTION:	FUND	EXPENDITURES FY 1994	EXPENDITURES FY 1995	EXPENDITURES BIENNIUM	REVENUES FY 1994	REVENUES FY 1995	REVENUES BIENNIUM
(A) RESTORE AGENCY REDUCTION	GEN	131	132	263	131	132	263
(A) SALARY PLANNING ESTIMATES	GEN	<66>	<66>	<132>			
(A) SALARY PLANNING ESTIMATES	GEN				<66>	<66>	<132>
(P) ELECTRONIC STORAGE AND RETRIEVAL SYSTEM	GEN	282	35	317	282	35	317
(P) STANDARDIZED PROCEDURES INITIATIVE	GEN	181	162	343	181	162	343
(P) STRAY VOLTAGE INITIATIVE	GEN	345	305	650	345	305	650
TOTAL BY FUND	GEN	873	568	1,441	873	568	1,441
TOTAL INVESTMENT INITIATIVES		873	568	1,441	873	568	1,441

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AGENCY: Public Utilities Commission

MISSION:

The mission of the Minnesota Public Utilities Commission is to create and maintain a regulatory environment that ensures safe, efficient and reliable utility services at fair and reasonable rates.

MINNESOTA MILESTONES:

The Minnesota Milestones report suggests we should periodically assess our leadership role in using new and emerging technology. On the energy side, Milestones establishes an energy conservation goal of a 22% reduction in average annual energy use per person by 2020.

Minnesota Milestones recognizes that advancements in technology must be balanced with reasonable rates. This is the commission's mission. The commission wishes to implement telecommunications advances in an orderly fashion, and in a way that will continue to make Minnesota one of the leading states in the country in terms of telecommunications accessibility. Currently, Minnesota leads the nation in telephone access - 97.6% of households have access to telephone service.

The commission's strategic vision for telecommunications is to continue to upgrade telecommunications infrastructure, while maintaining rates at essentially the level they are at now. This vision is reflected in the U.S. West incentive plan, approved by the commission, which requires U.S. West to upgrade 88 exchanges to digital service, while at the same time maintain rate stability and creating opportunities for the sharing of earnings with customers.

Similarly for energy policy. The commission encourages energy conservation, a Milestones goal, but must balance the cost of energy conservation with the need for rate stability. In many instances, energy efficiency is a way of realizing economies in households, businesses and industries. The commission has incentive mechanisms in place to reward utilities that invest in energy conservation.

The commission's strategic vision for energy is to encourage energy conservation programs without sacrificing the twin goals of fair, reasonable rates and adequate, reliable service.

CLIMATE:

The commission directly regulates 3 industries that together collect over $5 billion in annual revenue. Each of these industries plays a vital role not only in consumer spending and lifestyles, but also in commercial activity and industrial production. Commission regulation is necessary because local distribution companies in each industry - electric, natural gas and telecommunications - monopolize major portions of service distribution.

The commission regulates numerous companies that range in size and sophistication from small businesses with a few employees to large corporations with thousands of employees. It is essential that the commission have an adequate complement of well-trained professionals, support personnel and equipment.

OUTCOMES:

One of the commission's primary responsibilities is price regulation of the 3 industries it regulates. Prices in the electric, natural gas, and telecommunications industries have in recent years risen more slowly than the rate of inflation.

In the 10 years from 1980 to 1990, the national Consumer Price Index (CPI) rose 59%, and Minnesota household income rose 69%. During that same 10-year period, Minnesota natural gas prices rose 43% and Minnesota electricity prices rose 30%. The rate of increase in natural gas and electricity prices were substantially exceeded by both the rate of inflation in prices and the rate of growth in income. Since 1989, the commission has ordered rates that were $140 million less than those proposed by electric and natural gas utilities. This is more than 58 times the commission's annual operating budget.

In recent years, telephone company prices have not kept up with inflation as technological advances have decreased unit costs. The Consumer Price Index (CPI) has increased 36 percentage points since 1985. Food costs have increased 41.9 points, housing costs (rent and mortgage payments) have risen 68.9 points, clothing costs have escalated 22.7 points. Telephone costs have increased by only 7.2% since 1985.

The commission has required refunds to U.S. West customers of $10.5 million in 2 years to residential customers and $6.4 million in 2 years to business customers. At the same time, U.S. West's rates have remained the same, and the company has adopted a program to convert 88 exchanges to digital technology. Investigations by the Department of Public Service have resulted in an additional $7 million in savings to customers.

In F.Y. 1991 and 1992, the commission issued over 1,200 orders. Only 6 of these orders were appealed to the Minnesota Court of Appeals. None of the appeals were successful. Over the past 2 years, the commission's effectiveness has been outstanding - only 0.5% of its orders were appealed, and none of those appeals were successful. The parties and the courts have a great deal of confidence in the commission's decisions.

The commission is efficient. The regulatory cost per capita in Minnesota is $1.38 annually - less than 12 cents per month. Only 3 states have a lower regulatory cost per capita. Another measure of the commission's efficiency is staff size per capita compared with commissions in other states. Minnesota, which ranks 20th in population, ranks 32nd in utility regulatory staff size. Putting it differently, Minnesota is 45th out of 50 states in staff size relative to state population. The Minnesota Public Utilities Commission (with its sister agency, the Department of Public Service) is one of the most efficient utility regulatory agencies in the country.

OBJECTIVES:

Energy. The commission's overall strategic vision for electric and natural gas utilities is to maximize efficiency in the use of resources, while holding rate increases below the rates of growth in prices and income.

The commission has, on its own initiative, begun a resource planning process for the rate-regulated electric utilities. This process requires utilities to think strategically about their resources needs. It also places demand-side management on a level playing field with more traditional resources such as power plants. The commission examines the utilities' resource needs and their abilities to meet those needs on a regular schedule determined by the commission.

The commission's objective is to keep electric and natural gas prices increases below the increases in the consumer price index and household income. At the same time, the commission must assure that electric and natural gas service remains safe, efficient and reliable. The downward pressure on prices must not result in a deterioration in service quality. Issues like stray voltage, the Clean Air Act, service quality and environmental cost quantification must continue to be addressed assertively. Addressing those issues requires a commitment of staff resources over and above the resources that are assigned to process rate increase requests.

Telecommunications. The commission has established a Telefutures Study Group to make recommendations about the proper development of the state's telecommunications infrastructure. Although Minnesota's telecommunications infrastructure is generally quite modern, especially in urban areas, tremendous opportunities exist for further modernization.

Replacement of analog switches with digital switches has already been required of U.S. West. The Telefutures Study Group is expected to make recommendations about a date by which all analog switches in the state should be converted to digital.

Similarly, fiber-optic technology already exists in parts of the state where conversion or new construction has been economically justified. However, blanketing the state with expensive technology that is either not needed or not economically justified would result in unnecessarily high prices for telephone service. The commission's goal is to keep telecommunications price increases below the increases in the consumer price index and household income.

The commission's Telefutures Study Group is attempting to determine a proper balance between technological advancement and increases in the cost of telephone service. The study group may recommend that modernization take place rapidly, but without resulting in an increase in telecommunications prices. The commission is using outside resources to the extent possible to analyze these issues, but some commitment of its own resources is also necessary.

REVENUES:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$2,327	$2,315	$2,689	$2,858	$2,864
Dedicated - Special	3,473	3,148	2,954	3,075	3,117

AGENCY BUDGET PLAN:

The commission's budget is 90% salary and rent. In order to cover inflationary increases without any additional funding and reduce its base level funding by 5%, the commission must reduce its budget by $223,000 in F.Y. 1994 and $319,000 in F.Y. 1995. Reductions of this magnitude would result in the layoff of employees equivalent to 5.0 positions in F.Y. 1994 and an additional 1.5 positions in F.Y. 1995, for a total of 6.5 layoffs.

The commission's highest priority activities include acting on major rate cases that have the largest impact on the consumer, acting on major service issues that are required to be completed by a statutory deadline, and adopting rules that are specifically required by law.

In order to maintain these high priority activities, cover unfunded inflationary cost increases, and reduce base level funding by 5%, the following activities will be reduced:

Miscellaneous filings, not subject to statutory deadlines: Much of the commission's work, such as utility requests for rate increases, must be completed within statutory deadlines. Utility requests for price increases go into effect within 30 to 60 days of filing, unless the commission takes action to investigate the increases and stop them from taking effect. Under this budget proposal, the commission will continue to focus on rate filings, but action on miscellaneous filings that are not subject to statutory deadlines will either be allowed to take effect without commission review, or would be delayed until the commission can work on them. The commission will screen all filings and those that appear to have a minimal impact on the consumer would be allowed to go into effect without commission review, but those that could have a significiant impact on consumers would be reviewed when the commission had time.

Policy Rulemaking: By law, the commission must promulgate rules in order to adopt a policy that is general in its effect. The commission would only undertake rulemakings that were specifically required by law, such as the call tracer rulemaking. Current rulemakings, such as the one on environmental externalities probably would be dropped, and few if any additional rulemakings would be started.

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Extended Service Balloting: M.S. 237.161 requires the commission to ballot telephone exchanges that petition for extended area service (EAS) and meet adjacency and traffic criteria. The commission currently has before it petitions that would result in $144,000 in balloting expenses. For the current biennium, the commission has budgeted $31,000 annually, based on the number of petitions before it at the time the F.Y. 1992-93 biennial budget was prepared.

The commission would prefer not to budget for $144,000 annually to conduct EAS balloting, since that number could grow or shrink from year to year and is substantially outside of the commission's control. Instead, the commission proposes to establish a Special Revenue Fund for that purpose, with a $30,000 transfer from the General Fund. The fund would be replenished from the fees the commission already is required to assess the telephone companies involved. A statutory change would be required to redirect the fees from the General Fund to a Special Revenue Fund.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the agency budget plan except for the following adjustments: the Governor recommends restoring reductions proposed in the agency plan in the amount of $263,000 for the biennium; and the Governor recommends salary planning estimate savings in the amount of $132,000 for the biennium.

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1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC UTIL COMMISSION
PROGRAM: PUBLIC UTILITIES COMM
ACTIVITY: PUBLIC UTILITIES COMM

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,721	1,918	2,107	2,115	1,984	2,415	2,115	1,983	2,426
EXPENSES/CONTRACTUAL SRVCS	419	399	490	651	801	890	657	807	899
MISC OPERATING EXPENSES	118	121	126	126	126	144	126	126	146
SUPPLIES/MATERIALS/PARTS	53	193	29	29	29	92	29	29	42
CAPITAL EQUIPMENT	6	13				272			
OTHER	1								
SUBTOTAL STATE OPERATIONS	2,318	2,644	2,752	2,921	2,940	3,813	2,927	2,945	3,513
LOCAL ASSISTANCE	2,483	2,379	3,140	3,140	3,140	3,140	3,140	3,140	3,140
TOTAL EXPENDITURES	4,801	5,023	5,892	6,061	6,080	6,953	6,067	6,085	6,653
GOV'S INITIATIVES:		FUND							
(A) RESTORE AGENCY REDUCTION		GEN				131			132
(A) SALARY PLANNING ESTIMATES		GEN				<66>			<66>
(P) ELECTRONIC STORAGE AND RETRIEVAL SYSTEM		GEN				282			35
(P) STANDARDIZED PROCEDURES INITIATIVE		GEN				181			162
(P) STRAY VOLTAGE INITIATIVE		GEN				345			305
TOTAL GOV'S INITIATIVES						873			568
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,126	2,408	2,460	2,629	2,498	3,371	2,635	2,503	3,071
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	2,675	2,615	3,432	3,432	3,582	3,582	3,432	3,582	3,582
TOTAL FINANCING	4,801	5,023	5,892	6,061	6,080	6,953	6,067	6,085	6,653

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC UTIL COMMISSION
PROGRAM: PUBLIC UTILITIES COMM
ACTIVITY: PUBLIC UTILITIES COMM

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	39.0	40.0	40.0	40.0	37.0	50.0	40.0	37.0	50.0
TOTAL POSITIONS	39.0	40.0	40.0	40.0	37.0	50.0	40.0	37.0	50.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: PUBLIC UTIL COMMISSION

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	5,892	5,892	2,460	2,460	3,432	3,432		
TECHNICAL ADJUSTMENTS								
DOCUMENTED RENT/LEASE INC/DEC	161	167	161	167				
INSURANCE PREMIUM HOLIDAY	8	8	8	8				
SUBTOTAL TECH. ADJ.	169	175	169	175				
CURRENT SPENDING	6,061	6,067	2,629	2,635	3,432	3,432		
AGENCY BASE	6,061	6,067	2,629	2,635	3,432	3,432		

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Public Utilities Commission
PROGRAM:
ACTIVITY:

ITEM TITLE: Stray Voltage and Electric Service Standards

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$345	$305	$305	$305
- Grants				
Revenues: ($000s)				
General Fund	$345	$305	$305	$305

Statutory Change? Yes ____ No _X_
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends $650,000 and 5.0 positions to investigate and resolve stray voltage and other electric service quality and safety complaints.

The Commission is charged with ensuring that utilities provide safe, adequate, and reliable service to their customers. This initiative will streamline and expedite the complaint review process and allow stray voltage standards to be developed to minimize disputes in the future.

Stray voltage impacts on dairy animals have only been measured and recognized within the last 10 years. The Commission has begun receiving a significant number of complaints in the last 2 years. As a relatively new phenomenon, standards and expertise have not yet been adequately developed by utilities, the Commission, or other agencies.

The Commission also needs to develop general service quality and customer service standards for electric service. Quality electric service is necessary to retain and attract business in the state and provide service to customers who have disputes with utilities.

The Commission does not have the staff or expertise to deal with stray voltage complaints, which results in delays in investigating and resolving disputes. They also lack the resources and expertise to develop standards for measuring quality and adequacy of service.

To support these efforts, the Commission needs: 1.0 electrical engineer to help develop service standards and evaluate and investigate technical aspects of consumer complaints, 1.0 consumer mediator to process and resolve customer complaints, 1.0 rules attorney to draft rules and coordinate the rulemaking process, 1.0 Attorney General (funding only, complement from AG's office) to advise the Commission and defend its orders, and 1.0 clerk-typist to provide administrative support for the additional professional positions. The Commission also needs funds for consulting services for a stray voltage investigator to conduct testing and evaluation on individual farms and for joint investigations/research with other agencies and states.

PROGRAM OUTCOMES:

This initiative will improve accountability by establishing service standards against which to measure outcomes. It will improve the adequacy, reliability, and safety of electric utility service in Minnesota which the Commission is charged with protecting.

LONG-TERM IMPACT:

This initiative will reduce the costs to utilities and consumers which could otherwise result from costly litigation before the Commission and the Courts by developing standards which provide more certainty for all parties and allow measurement of results. Having standards in place will allow more complaints to be settled informally.

It will also improve the delivery of agency services by expediting the review and investigation of complaints and related issues by the Commission.

The improvements in resolution of stray voltage complaints will help ensure the financial well-being of the state's dairy industry, as well as other farm operations that are affected by stray voltage.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Public Utilities Commission (PUC)
PROGRAM:
ACTIVITY:

ITEM TITLE: Electronic Storage and Retrieval System

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$282	$35	$36	$37
Revenues: ($000s)				
General Fund	$282	$35	$36	$37

Statutory Change? Yes ____ No _X_
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends 1.0 position and the purchase and installation of optical scanning equipment, software, and related computer upgrades necessary to provide an electronic storage and retrieval system available to all users of the Public Utilities Commission's Local Area Network. The Commission and the Department of Public Service will jointly purchase and operate the imaging system.

This investment will significantly improve program management by increasing the efficiency with which the commission processes information. It will increase staff productivity by providing a faster means of researching the information necessary to respond timely to the many filings received each year.

The number of filings before the commission has grown from 654 in 1982 to over 1000 expected this year. The filings are also more complex which has caused the number and length of documents being processed and stored to be even larger in proportion to the growth in numbers of filings.

An optical scanning system would allow the commission to scan all filings and related documents received by the commission into electronic format. These stored electronic images would be an instant resource available to all users of the Commissions Local Area Network. Documents would be immediately available and information could be searched by key words, phrases or combinations of words.

Procedures could be established for outside parties to access the system. They could search and view the information for a fee that would cover the cost of the service.

The Information Policy Office has received and supports this project, if funding is available, consistent with any requirement identified in its analysis.

PROGRAM OUTCOMES:

With an optical scanning system, each piece of incoming mail becomes an electronic record that can be filed, categorized and transmitted to anyone in the agency. Having all case related information available to commissioners and staff electronically would increase their productivity and efficiency by drastically cutting down the time it currently takes to research through individual pieces of paper for a particular issue.

Information would be available to all commissioners and staff on a given case almost immediately when it is received in the PUC offices. There would no longer be a need to wait for a sufficient number of copies to be made and distributed. A savings in staff time would also be possible if this step were eliminated.

Currently several copies of incoming mail items need to be made because a sufficient number of copies were not provided. Our new Rules of Practice and Procedures will require that the utilities submit an original and 15 copies of all filings and any related documentation. If material could be scanned and available electronically, it would no longer be necessary for the commission to make additional copies or require that parties submit so many copies. This would not only reduce the commission's copying costs but also the copying, postage and delivery costs of the regulated industries; and, ultimately a possible savings to their customers.

A scanning system would also minimize the number of file cabinets needed and the staff time it takes to file paper copies of items, search for and pull the item(s) when they come before the commission, refile them again after the meeting, and eventually recycle or submit to the records center at the end of the case.

LONG-TERM IMPACT:

Nearly all filings before the commission have a statutory deadline for commission action. An electronic storage and retrieval system would improve customer and client services by providing a better and faster means of researching information and ultimately allow for more timely, confident and informed decisions.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Public Utilities Commission (PUC)
PROGRAM:
ACTIVITY:

ITEM TITLE: Standardized Procedures Initiative

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$181	$162	$168	$174
Revenues: ($000s)				
General Fund	$181	$162	$168	$174

Statutory Change? Yes _____ No X
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding for 3 clerical positions and 1 information officer to allow the commission to improve communication with the industries it regulates and interested parties.

The commission is promulgating new Rules of Practice and Procedure, which will require additional duties to be performed by commission staff. These new rules will establish a system of docketing, case file maintenance, and scheduling to replace the largely informal, unwritten procedures currently used.

The current blend of formal and informal procedures was created when the commission was separated from the Department of Public Service in 1980. The nature of the commission's business has changed since then. In the early 1980s, the commission focused most of its time and attention on general rate proceedings, which had well-established, formal procedures. Other, miscellaneous proceedings were smaller in number than they are today and were handled informally.

The divestiture of AT&T, the federal deregulation of the natural gas supply market, and increasing competitive pressures in the electricity market have strained the informal procedures that were adequate prior to the mid 1980s. The amount of proprietary (trade secret) information, which requires special handling to protect confidentiality, has increased dramatically. The number and complexity of filings has grown, the number of regulated companies has grown (due mainly to the introduction of competition in the long distance market), and monitoring the status of commission proceedings has become a larger task.

The commission, a fully fee-funded agency that regulates the retail provision of gas, telephone, and electric service, now receives over 1,000 filings each year. Nearly every filing has a statutory deadline for commission action. The most common is 60 days from the date of filing, but statutory deadlines range from 10 days to 10 months.

The new rules incorporate these statutory deadlines by implementing formal, uniform procedures instead of the less formal, flexible arrangements that have been used in the past. The new rules recognize that to keep filings steadily moving toward resolution within statutory time frames, there must be standard procedures at critical junctures such as establishing comment periods, compiling service lists, and notifying parties of hearing dates. In fact, meeting 60-day deadlines on over 1,000 filings basically requires that filings be assigned tentative hearing dates when they are received. The commission needs a docketing staff to monitor filings and ensure they are processed within statutory time frames.

PROGRAM OUTCOMES:

Funding for docketing staff will enable the commission to implement its new Rules of Practice and Procedure. This new initiative will improve communication with the industries the commission regulates, and standardize the wide variety of formal and informal procedures currently in place. The new rules will enable the commission to take better control of its filings and its calendar. The rules explicitly recognize, incorporate, and strictly adhere to statutory time frames.

The regulatory community sees the rules as a new initiative toward a more sound, systematic, efficient, communicative and responsive approach to handling commission filings. The commission, a fee-funded agency, has made a commitment to implement this new approach. Without docketing staff, the commission will be unable to deliver on this commitment.

LONG-TERM IMPACT:

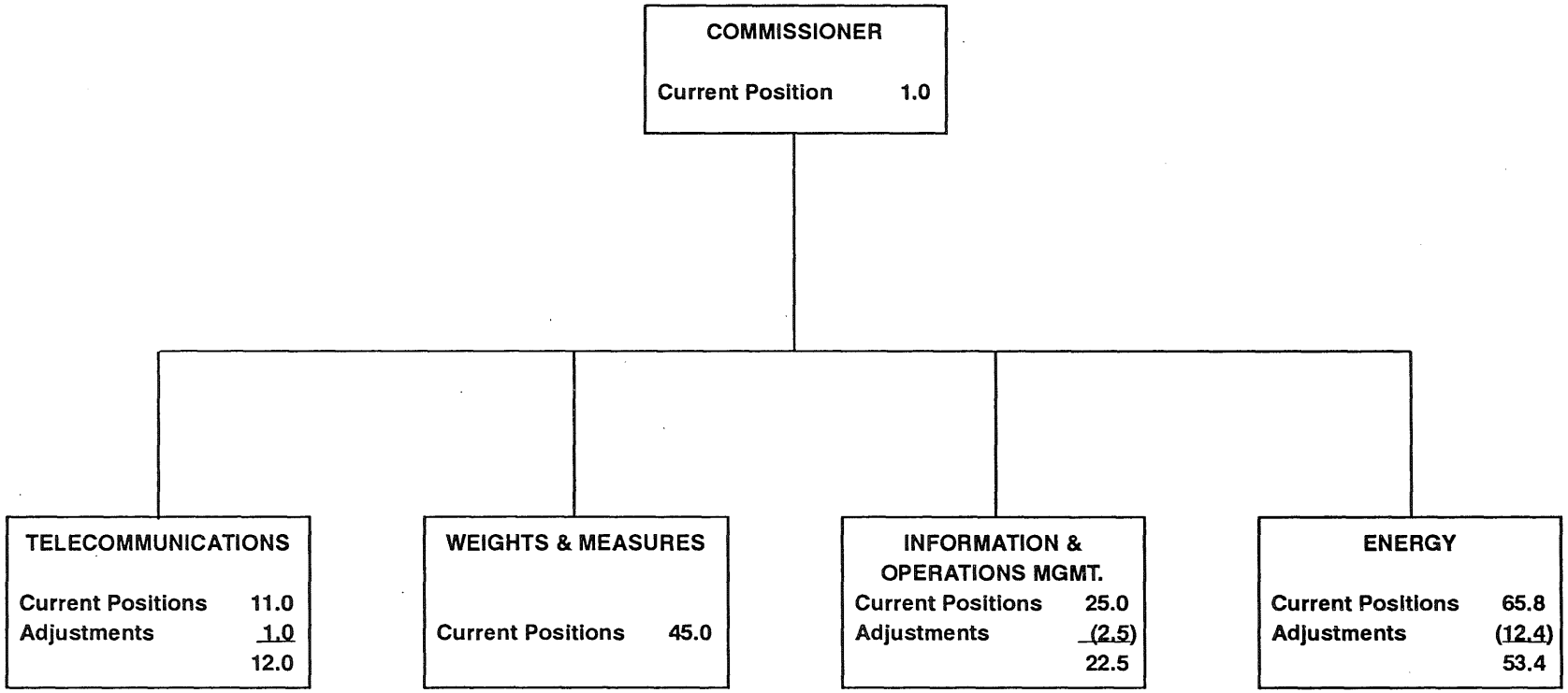
The long-term impact of this new initiative will provide for better communication and improved, more efficient service to the regulatory industry and its customers.

1994-95 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: PUBLIC SERVICE, DEPARTMENT OF

Department of Public Service
Organization Chart as of 7/1/92



Department of Public Service

Position and Employee Status Information

Position Reconciliation:

Authority	Current F.Y. 1993	Requested for 6/30/95
Legislative Complement:		
General Fund	133.8	119.9
Special Revenue	6.0	6.0
Federal	8.0	8.0
Total Permanent Positions	147.8	133.9
TOTAL Positions	147.8	133.9
Employees on 6/30/92	133	

Employees by Employment Status:

	6/30/92
Full-Time Unlimited	127
Full-Time Temporary	3
Part-Time Temporary	3
TOTAL	133

1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Public Service, Department of **Fund:** General

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$8,013	$8,010	$16,023
Forecast Adjustments	30	30	60
AGENCY BASE	$8,043	$8,040	$16,083
Inflation Cost Increases	262	534	796
Agency Management Decisions			
Agency Operations:			
Telecommunications:			
Telecommunications Analyst	$55	$55	$110
Information and Operations Management			
Reduce Public Information*	(63)	(63)	(126)
Reduce Library and Computer Support*	(34)	(91)	(125)
Accelerated Assessment Billing	38	35	73
Weights and Measures			
Reduce Weights and Measures*	-0-	(90)	(90)
100% W & M Cost Recovery	-0-	-0-	-0-
Energy			
Consolidated Clerical*	(16)	(16)	(32)
Restructure Loan and Grant	(114)	(114)	(228)
Eliminate Community Energy	(80)	(119)	(199)
Reduce Alternative Engineering	(284)	(326)	(610)
Reduce Electric and Gas Regulation*	(74)	(117)	(191)
Grants:			
Transfer to Jobs and Training:			
Oil Burner Retrofit Program	588	588	1,176
Liquid Petroleum Retrofit Program	220	220	440
Subtotal	$236	$(38)	$198
TOTAL AGENCY PLAN:	$8,541	$8,536	$17,077
Governor's Initiatives			
Metrology Laboratory	$237	$237	$474
Petroleum Quality Assurance	137	45	182
Optical System Equipment	84	-0-	84
Salary Planning Estimates	(193)	(194)	(387)
Subtotal	$265	$88	$353
GOVERNOR'S RECOMMENDATION	$8,806	$8,624	$17,430

* Note: 80% or more fee funded

Brief Explanation of Agency's Overall Actions: The department's highest priorities are those activities which yield the highest documented savings to Minnesota consumers. (For example, the department's energy utility regulation has saved consumers $140 million in electric and gas rates since 1989; DPS has saved NSP customers $1.2 million annually in overcharges; Minnesota Power customers received a $6.5 million refund due to the DPS role in the ARMCO settlement; and telephone rates around the state have been reduced by $7 million during the past year. The Weights and Measures inspections of gas pumps, grocery, hardware, railroad, agricultural and other scales prevent overcharges to consumers, and the division's octane inspection program will save Minnesota consumers an estimated $7 million annually.)

We also addressed future privatization of any of our functions by sending a survey to 200 of our customers. To date, major utility clients, including NSP, Otter Tail Power, United and Dakota Electric saw no opportunities for, and indeed advised against privatizing any current DPS functions. We considered recommending some areas of Weights and Measures be privatized. But, after further study, determined that private fees would increase costs for our customers.

Therefore, the following options have been selected for increases for decreases based on the documented level of savings to consumers.

1. Telecommunications Analyst: Declining costs have created a growing potential for telephone companies to increase earnings. A statistical analyst with expertise in rate analysis is needed to assure that a reasonable share of these earnings increases are passed on to consumers. Cost of salary and support: $55,000 per year.

2. Reduce Public Information Function: DPS will: 1) eliminate its internal newsletter; 2) eliminate its own monitoring efforts and rely instead on the Department of Administration's monitoring of the $15,000,000 Energy and Environmental Program designed to save energy in state buildings; 3) reduce its efforts to educate state employees on the need to conserve fuel; 4) reduce the number of energy conservation publications developed for public use; 5) reduce resources committed to the Governor's Office initiative process and the legislative process, which will impact the department's ability to effect legislative outcomes. **This action will result in a 80 cents on the dollar reduction in General Fund non-dedicated revenue from utility assessments.**

3. Reduce Library and Computer Support: A Library Technician and Computer Systems Analyst position will be eliminated. Professional staff will locate their own reference materials and future computer applications and hardware purchases will be accomplished by shifting these responsibilities to the manager in charge of administrative services. **This action will result in a 80 cents on the dollar reduction in General Fund non-dedicated revenue from utility assessments.**

4. Accelerated Assessment Billing Schedule: One additional position is needed to increase frequency of billings to regulated utilities from semi-annual to quarterly. Restructured billing

schedule will improve program management and productivity and earn the state an additional $57,000/yr. in interest at a cost of $35,000/yr for staff, which is recoverable. This request is based on the Legislative Auditor's recommendation. The accelerated billing schedule will also produce a one-time windfall shift in revenue of $600,000 in F.Y. 1994.

5. Reduce Weights & Measures Regulation: The Weights and Measures Division must hold 2 positions vacant in order to cover the normal annual cost of workers compensation. these positions will be eliminated. If claims develop in F.Y. 1995, additional inspectors will be laid off to pay for the claims. Reduced inspections mean that faulty devices will remain in service longer, resulting in dollar losses to consumers and/or businesses. **This action will result in a 93 cents on the dollar reduction in General Fund non-dedicated revenue from Weights and Measures fees.**

6. 100% Weights and Measures Cost Recovery: Allows Weights and Measures Division to recover 100% of costs (now recovers 93%) from customers who benefit from actual service. Reduces ongoing costs to General Fund and improves program accountability.

7. Consolidate Clerical: The Energy Assistant Commissioner's secretarial position will be eliminated. Clerical support from other activities will be reallocated to provide services for the Assistant Commissioner's office. **This will result in a 80 cents on the dollar reduction in General Fund non-dedicated revenue from utility assessments.**

8. Restructure Loan & Grant Program: Schools that participate in the loan and grant program use approximately 7% less heating and electrical energy in their buildings than schools that do not participate in the program. Therefore, energy conservation loans and grants will continue to be provided to schools, hospitals and municipal buildings, but the department's energy use monitoring and reporting services to these groups will be eliminated.

9. Eliminate Community Energy Program: The Exxon funding for community energy grants to assist communities in establishing Community Energy Councils will be nearly exhausted in F.Y. 1993. Since Exxon grant funds for this program will be depleted, it is not cost effective to maintain a state-funded administrative structure to support the existing Community Energy Councils.

10. Shift Focus on Advancing Alternative Energy Sources: The department will continue to provide information on wind energy and biomass energy (including ethanol) as well as efficiency improvements in the areas of lighting, heating, air conditioning and building codes, but will not longer continue its useful but limited research in these areas. The department has shifted efforts to ensure implementation, construction and operation of renewable energy generation sources (through the Integrated Resource Plan (IRP) process), which benefits private sector advocacy groups and entrepreneurial companies who have developed their own research capabilities. The department will also continue implementation of efficiency improvements through the Conservation Improvement Program (CIP) process.

11. Reduce Gas and Electric Regulation: The department will focus its efforts on major rate and quality of service filings which have the greatest dollar savings potential for consumers; and it will reduce participation in discretionary matters (such as stray voltage, cogeneration complaints, certain service territory disputes, DSM and evaluation research), that have a lower consumer savings return. **This action will also result in a dollar for dollar reduction in General Fund non-dedicated revenue from assessments to utility companies.**

12. Transfer to Department of Jobs and Training: This represents the transfer of $588,000 per fiscal year of General Fund appropriation for the Oil Burner retrofit Program and $220,000 for the Liquid Petroleum Retrofit Program to the Department of Jobs and Training.

2. **Impact on Staffing:**

	F.Y. 1994	F.Y. 1995
Positions left Vacant or Eliminated		
Telecommunications	1.0	1.0
Weights and Measures	0.0	(2.0)
Information and Operations Management	(1.5)	(2.5)
Energy	(9.4)	(12.4)
Total Agency Impact	(9.9)	(15.9)

3. **Impact on Revenue Generation:**

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
Agency Plan			
Telecom Analyst	$55	$55	$110
100% W&M Cost Recovery	160	160	320
Accelerated Assessment Billing	638	35	673
Energy Program - 5% Plan	(67)	(85)	(152)
Weights & Measures - 5% Plan	83	75	158
Telecommunications - 5% Plan	24	47	71
Info & Oper - 5% Plan	(38)	(48)	(86)
Subtotal	$855	$239	$1,094
Governor's Initiatives:			
Metrology Laboratory	$237	$237	$474
Petroleum Quality Assurance	120	62	182
Optical System Equipment	84	-0-	84
Subtotal	$441	$299	$740
Governor's Recommendation	$1,296	$538	$1,834

4. **Affected Statutes:**

Item #6: Weights & Measures 100% Recovery
The Weights & Measures Fee Recovery Statutes, M.S. 239.52 needs to be amended to recover the costs of exempt services by charging an overhead fee.

Item #12: Transfer to Department of Jobs & Training.
The Minnesota Laws of 1992, Chapter 259, Sections 20 and 21, appropriated Oil Burner Retrofit and Liquid Petroleum Retrofit program funds to the Department of Public Service Energy and Conservation Account. These funds are subsequently transferred to and administered by the Department of Jobs & Training. The appropriation was for the period ending 6-30-93.

5. **Governor's Recommendation:** The Governor recommends funding levels as requested in the agency budget plan, except for the following adjustments: the Governor recommends that proposed funding be reduced due to revised salary planning estimates. The Governor also recommends an increase of 4.0 positions and $474,000 for the biennium to upgrade the State Measurement Laboratory to European Economic Community (EEC) standards; 1.0 position and $182,000 for the biennium to provide a low-cost petroleum quality testing service to petroleum distributors licensed in Minnesota; and $84,000 in F.Y. 1994 to implement an electronic imaging system which will be shared with the Public Utilities Commission.

1994-1995 B I E N N I A L B U D G E T
INVESTMENT INITIATIVES
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SERVICE,DPT OF

ITEM DESCRIPTION:	FUND	EXPENDITURES FY 1994	EXPENDITURES FY 1995	EXPENDITURES BIENNIUM	REVENUES FY 1994	REVENUES FY 1995	REVENUES BIENNIUM
(A) SALARY PLANNING ESTIMATES	GEN	<193>	<194>	<387>			
(B) METROLOGY LABORATORY	GEN	237	237	474	237	237	474
(B) PETROLEUM QUALITY ASSURANCE-FEE FOR SERVICE	GEN	137	45	182	120	62	182
(B) OPTICAL SYSTEM EQUIPMENT PURCHASE	GEN	84		84	84		84
TOTAL BY FUND	GEN	265	88	353	441	299	740
TOTAL INVESTMENT INITIATIVES		265	88	353	441	299	740

AGENCY: Public Service, Department of

MISSION STATEMENT:

The mission of the Minnesota Department of Public Service (DPS) is to provide leadership for Minnesota consistent with the goals of enhancing the environment and quality of life. As a consumer protections agency, we accomplish this goal through developing, advocating and implementing equitable policies regarding energy, telecommunications, and standards for weights and measures, and providing education, information and programs to the public.

The DPS has diverse responsibilities relating to energy and telecommunications regulation, energy policy and commercial weighing and measuring transactions. It is the lead agency in developing, advocating and implementing policies affecting these areas. DPS strives to accomplish its mission by intervening before the Minnesota Public Utilities Commission (PUC), the Federal Energy Regulatory Commission (FERC), the Federal Communications Commission (FCC), the U.S. Department of Energy (DOE), and the Nuclear Regulatory Commission (NRC). The Department is also responsible for enforcing PUC orders, testing and inspecting commercial weights and measures, testing the quality of petroleum products, analyzing and authorizing energy conservation programs, and promoting efficient development and use of energy and telecommunications resources through public information, education, and technical assistance programs.

By assuming the roles identified above, the agency is placed in a rather unique position. On the one hand, it must serve the consumer by engaging in advocacy, education and protection activities. On the other hand, to ensure adequate telecommunications and energy supplies to the consumer, it must also serve the providers of these services. To carry out this mission of protecting the public interest, the Department:

- investigates, analyzes and advocates in all telephone, natural gas and electric utility rate, tariff, Integrated Resource Plans (IRP), and certificate-of-need proceedings.
- enforces all Minnesota Public Utilities Commission (PUC) orders.
- investigates, analyzes and advocates in all Conservation Improvement Program (CIP) filings.
- provides assistance to resolve complaints between utilities and customers.
- intervenes and advocates in telephone and energy utility service-territory disputes.
- provides forums for telephone and energy policy discussions.
- conducts research and evaluation on demand-side management efforts and potential.
- operates, maintains, updates and enforces the state's energy code.
- operates and manages the Energy Information Center.
- operates and manages loan and grant programs to further energy conservation and the use of alternative energy sources.
- collects data and provides analysis of state and national energy use, inventories and trends.
- provides the state with technical expertise in conservation and alternative energy resources.
- analyzes and advocates implementation of renewable energy sources through the regulatory process.
- conducts the state Petroleum Quality Assurance testing program.
- investigates the accuracy of all commercial weighing and measuring equipment, such as grocery store scales, grain elevator scales, gasoline pumps, etc.
- operates the Metrology Laboratory which provides Minnesota business and industry access to standards required in international markets.

MINNESOTA MILESTONES:

There are a number of areas within Minnesota Milestones which directly relate to the DPS mission. Our ability to successfully implement each portion of our mission directly impacts Minnesota's citizens, businesses, its marketplace and economy.

Goal: Minnesotans will act to protect and enhance their environment.

Indicator: Average annual energy use per person. The DPS contributes to the attainment of this milestone by:

- providing analysis, advocacy, decision making and enforcement of all Conservation Improvement Programs (CIP). The Legislature mandates investment in conservation and energy efficiency by all regulated natural gas and electric utilities. The Department fulfills this mandate through implementation of CIP.
- providing analysis and advocacy on all Integrated Resource Plans (IRP), which set goals for utility investment in renewable energy and demand-side management.
- providing information and assistance to alternative-energy providers and cogenerators. The DPS reviews and investigates the rate and contract terms utilities offer to alternative-energy providers and provides recommendations to the PUC. In addition, the DPS provides information on rates and contract conditions to interested providers of alternative energy and intervenes in disputes between utilities and operators of proposed alternative-energy and cogeneration projects.
- developing and implementing energy conservation building codes to reduce industrial, commercial and residential energy consumption.
- providing energy-conservation information to the public.
- providing loans and grants to promote cost-effective energy use. The Department operates the Municipal Energy Conservation Loan Program (M.S. 216C.37), the Exxon Revolving Loan Fund (M.S. 216C.10), the Maxi-Audit Grant Program (M.S. 216C.10), and the federal Schools and Hospitals Grant Program (42 USC 6371), all of which encourage and financially assist schools, hospitals, cities and counties to become more energy-efficient.

Goal: We will improve the quality of the air, water and earth.

Indicator: Air pollutants emitted from stationary sources.

The Department contributes to the achievement of this indicator in 3 ways.

- The demand-side management programs listed above reduce energy use, which in turn reduces pollutant emissions created when electric power is generated.
- Through IRP and technical support programs, DPS works to establish electric generation sources based on renewable energy sources. Such renewable sources, once in operation, provide electric power with few or none of the emissions associated with traditional fossil fuels.
- The Weights and Measures Division will perform compliance testing for the Oxygenated Fuels program which began 11-1-92. Higher levels of oxygen in gasoline will significantly cut the amount of carbon dioxide released in the atmosphere from cars and trucks.

Indicator: Quantity of hazardous waste generated (million pounds per year). As we improve conservation and electric generation from renewables, we will position Minnesota to reduce our heavy reliance of nuclear power. DPS has and will continue to pressure the Federal government to fulfill its responsibility to remove spent nuclear fuel currently stored in Minnesota. Likewise, reduced future reliance on coal and garbage fired generation will decrease problems associated with emissions and ash disposal.

Goal: Rural areas, small cities and urban neighborhoods throughout the State will be economically viable places for people to live and work.

The DPS contributes significantly to economic development in non-metropolitan Minnesota.

- By working to ensure equitable distribution and fair pricing of high quality energy and telephone service throughout all 87 counties, businesses and industries have access to the basic tools required to begin and maintain a competitive operation. Likewise employees of those enterprises benefit from this access to service.
- Testing of all commercial weighing and measuring devices by our Weights and Measures Division protects the reliability of the marketplace in both business-to-business transactions and the businesses-to-consumer transactions. A healthy and thriving economy in metro and non-metro Minnesota must have a high degree of public confidence in the accuracy of transactions to remain sustainable.
- The Weights and Measures Division's Metrology Laboratory provides Minnesota business and industry access to standards which are directly traceable to official National and International Master Standards. Access to these standards is essential for Minnesota firms competing in national and international marketplaces, especially in precision technologies.

Indicator: Minnesota's rank in telecommunications technology. Our telecommunications unit furthers the goal of reliable, high-quality communication systems, consistent with the public interest and consumers' wants and needs.

Goal: People who need help providing for themselves will receive the help they need.

DPS plays an important, although indirect, role in achieving this goal. By keeping energy and telephone rates fair and affordable, we contribute in a significant fashion.

CLIMATE:

The Department expects the following issues to influence Energy, Telecommunications and Weights and Measures policy decisions in the next biennium.

Energy

- Environmental consequences of using energy, particularly fossil fuels, will continue to drive energy decisions for Minnesota and the world. Energy and regulatory policy must continue to respond to and account for environmental issues in decision-making.
- New technologies in lighting, heating, cooling, and electric motor operations offer great energy saving potential. Since the Department has authority over utility-sponsored conservation programs, we have the opportunity to implement these technologies through the regulatory process.
- Increased competition, diversification, and structural changes in regulated industries will create new challenges for regulators. While regulation must adapt to competitive pressures, close scrutiny is required to ensure that regulated monopoly customers are not subsidizing competitive services.
- Northern States Power Company's (NSP) license for its Monticello nuclear facility will expire in 2011. NSP may request to recertify the Monticello facility. If so, Minnesota will be the first state to develop and implement a relicensure procedure for nuclear power facilities. We will be the first state with a plant going through the federal process. Ensuring a sufficient state role in the decision-making is our challenge.
- The failure of the Federal government to meet its responsibility to establish a permanent repository for nuclear waste poses a major challenge for Minnesota, given that 28% of our current electricity supply is generated from nuclear power.
- Minnesota's increasing vulnerability to petroleum and price disruptions calls for constant monitoring of the petroleum refining, distribution and storage infrastructure to ensure appropriate distribution of the state's petroleum supply.
- Reduced federal funding for low-income energy users creates significant problems for Minnesota's low-income community.

Telecommunications

- With the introduction of competition into some areas of telecommunication services, regulatory

changes have occurred. An increase in the number of companies, each requiring different levels of regulatory oversight, has increased the demand on department resources.

- Since telephone companies are allowed greater flexibility in adjusting rates, the Department must carefully monitor regulated telephone monopolies to make sure they do not use their established market position to thwart development of effective competition or to disadvantage customers through rate design or terms and conditions of service.

- Rapid technological changes in the telecommunications industry has a great impact on Minnesota's ability to compete in an increasingly global economy. The effective implementation of technology required can only be accomplished with appropriate regulatory policies.

- Increased diversification by telephone companies requires careful monitoring to ensure that regulated monopoly customers are not subsidizing unregulated services and that costs between state and federal jurisdiction have been properly determined.

- Technological advances producing declining telecommunications costs challenge regulators to capture a portion of the cost savings for consumers without destroying incentive to implement cost-saving changes.

Weights and Measures

- Increasingly sophisticated weighing systems have not proved to be more reliable in maintaining accuracy; consequently, there is greater need for enforcement services, training and new computer-aided calibration equipment to ensure accurate commercial transactions for Minnesota's citizens.

- Increased concern over the environment and petroleum supply issues calls for careful monitoring of gasoline quality, the sales practices of gasoline retailers, and the storage, handling and sale of alternative fuels, such as ethanol-blended fuels. These concerns, along with more stringent federal air-pollution standards, increase the need to monitor alternative fuels. The division is currently evaluating and testing sophisticated mass-flow measurement systems for the sale of compressed natural gas for automotive use.

- Federal air-quality standards which require gasoline oxygenation to reduce carbon monoxide emissions require close monitoring to ensure compliance with federal standards thus avoiding sanctions on Federal highway funds.

AGENCY BUDGET PLAN:

The Department's highest priorities are those activities which yield the highest documented savings to Minnesota consumers. These savings are generated primarily by the Department's regulatory activities. For example:

- the Department's energy utility regulation has saved consumers $140 million in electric and gas rates since 1989;

- DPS has saved NSP customers $1.2 million annually in overcharges;

- Minnesota Power customer received a $6.5 million refund due to the DPS role in the ARMCO settlement;

- telephone rates around the state have been reduced by $7 million during F.Y. 1991.

- Weights and Measures' inspections of gas pumps, grocery, hardware, railroad, agricultural and other scales prevent overcharges to consumers; and,

- the division's octane inspection program will save Minnesota consumers an estimated $7 million annually.

The DPS also explored the potential for privatization of any of our functions by sending a survey to 200 of our customers. To date, major utilities including NSP, Otter Tail Power, United Telephone and Dakota Electric, saw no opportunities for, and indeed advised against privatizing any current DPS functions. We considered recommending some areas of privatization of Weights and Measures, but determined that private fees would increase costs for consumers, business and industry.

Therefore, the following options have been selected for increases or decreases based on the level of documented savings to consumers.

1. Telecommunications Analyst: Declining costs have created a growing potential for telephone companies to increase earnings. A statistical analyst with expertise in rate analysis is needed to assure that a reasonable share of these earnings increases are passed on to consumers. Cost of salary and support: $55,000 per year.

2. Reduce Public Information Function: DPS will 1) eliminate its internal newsletter; 2) eliminate its own monitoring efforts and rely instead on Department Of Administration's monitoring of the $15,000,000 Energy/Environmental Program designed to save energy in state buildings; 3) reduce its efforts to educate state employees on the need to conserve fuel; 4) reduce the number of energy conservation publications developed for public use; 5) reduce resources committed to the Governor's Office initiative process and the legislative process, which will impact the Department's ability to effect legislative outcomes. **This action will result in an 80 cents on the dollar reduction in general fund non-dedicated revenue from utility assessments.**

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$57,000/yr. in interest at a cost of $35,000/yr for staff, which is recoverable. This request is based on the Legislative auditor's recommendation. The accelerated billing schedule will also produce a one-time windfall shift in revenue of $600,000 in F.Y. 1994.

5. Reduce Weights and Measures Regulation: The Weights and Measures Division must hold two positions vacant to cover the normal annual cost of workers' compensation. These positions will be eliminated. If claims develop in F.Y. 1995, additional inspectors will be laid off to pay for the claims. Reduced inspections mean that faulty devices will remain in service longer, resulting in dollar losses to consumers and merchants. **This action will result in a 93 cents on the dollar reduction in general fund non-dedicated revenue from Weights and Measures fees.**

6. 100% Weights & Measures Cost Recovery: Allows Weights & Measures Division to recover 100% of costs (now recovers 93%) from customers who benefit from actual service. Reduces ongoing costs to general fund and improves program accountability.

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12. Transfer to Jobs & Training: This represents the transfer of $588,000 per fiscal year of General Fund Appropriation for the Oil Burner Retrofit Program and $220,000 for the Liquid Petroleum Retrofit Program to the Department of Jobs and Training.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the agency budget plan, except for the following adjustments: the Governor recommends that proposed funding be reduced due to revised salary planning estimates. The Governor also recommends an increase of 4.0 positions and $474,000 for the biennium to upgrade the State Measurement Laboratory to European Economic Community (EEC) standards; 1.0 position and $182,000 for the biennium to provide a low-cost petroleum quality testing service to petroleum distributors licensed in Minnesota; and $84,000 in F.Y. 1994 to implement an electronic imaging system which will be shared with the Public Utilities Commission.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SERVICE,DPT OF

PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TELECOMMUNICATIONS	536	737	800	822	901	880	822	924	902
WEIGHTS & MEASURES	1,880	2,122	2,498	2,519	2,638	2,948	2,516	2,627	2,845
INFORMATION & OPERATION MGT	1,458	1,626	1,635	1,678	1,662	1,708	1,678	1,639	1,601
ENERGY	6,233	5,674	6,189	5,391	4,789	4,719	5,391	4,686	4,616
TOTAL EXPENDITURES BY PROGRAM	10,107	10,159	11,122	10,410	9,990	10,255	10,407	9,876	9,964
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	6,529	7,354	8,725	8,013	8,541	8,806	8,010	8,536	8,624
STATUTORY APPROPRIATIONS:									
GENERAL	22	45							
SPECIAL REVENUE	3,256	2,206	1,725	1,725	959	959	1,725	903	903
FEDERAL	300	554	672	672	490	490	672	437	437
TOTAL FINANCING	10,107	10,159	11,122	10,410	9,990	10,255	10,407	9,876	9,964
POSITIONS BY FUND:									
GENERAL	126.0	129.0	133.8	133.8	123.9	128.9	133.8	119.9	124.9
SPECIAL REVENUE	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
FEDERAL	10.0	8.1	8.0	8.0	8.0	8.0	8.0	8.0	8.0
TOTAL POSITIONS	142.0	143.1	147.8	147.8	137.9	142.9	147.8	133.9	138.9

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: PUBLIC SERVICE,DPT OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	11,122	11,122	8,725	8,725	1,725	1,725	672	672
TECHNICAL ADJUSTMENTS								
ONE-TIME APPROPRIATIONS	<827>	<827>	<827>	<827>				
NON-RECURRING EXPENDITURES	<5>	<5>	<5>	<5>				
DOCUMENTED RENT/LEASE INC/DEC	92	89	92	89				
INSURANCE PREMIUM HOLIDAY	28	28	28	28				
SUBTOTAL TECH. ADJ.	<712>	<715>	<712>	<715>				
CURRENT SPENDING	10,410	10,407	8,013	8,010	1,725	1,725	672	672
FORECAST ADJUSTMENTS								
ANNUALIZING NEW PROG COSTS	30	30	30	30				
FEDERAL RECEIPTS	<182>	<235>					<182>	<235>
DED STAT APPROP SPENDING	<766>	<822>			<766>	<822>		
SUBTOTAL FORECAST ADJ.	<918>	<1,027>	30	30	<766>	<822>	<182>	<235>
AGENCY BASE	9,492	9,380	8,043	8,040	959	903	490	437

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PROGRAM: Telecommunications
AGENCY: Public Service, Department of

PROGRAM PURPOSE:

The Department's Telecommunications Unit represents and protects Minnesota's consumers in all aspects of the regulation of the state's telephone industry. The mission of the unit is to administer and advocate policies that provide reliable telephone services at reasonable and fair prices, promote orderly development of the industry, and support the role of telecommunications in the state's economic development. The unit strives to achieve this mission through the following activities:

- reviewing all filings submitted by telephone companies for the approval of the Minnesota Public Utilities Commission (PUC).
- representing the general public interest by testifying in contested cases and making written recommendations to the PUC in all other cases.
- representing the general public interest at the legislature.
- reviewing the annual earnings of telephone companies and filing formal complaints with the PUC whenever earnings become excessive.
- reviewing the books and records of telephone companies to assure that expenses passed on to the public are legitimate and reasonable.
- investigating complaints lodged against telephone companies by consumers or competitors.
- enforcing M.S. Chapter 216(b) and 237.
- enforcing orders of the PUC.

PROSPECTS:

Since the mid-1980s, the telephone industry has moved from a natural monopoly to a more openly competitive market, increasing the number of telephone companies in the state. Currently, Minnesota has 93 local exchange companies, approximately 100 certified long-distance companies, and approximately 750 companies which have been certified to install, maintain and operate coin-telephone and non coin-telephone service. This represents a growth of about 100% over the last five years. Even though the PUC and the legislature have promoted policies to reduce the regulatory burden for many of these companies, most services remain regulated to some degree. In most cases, the companies must comply with registration or certification requirements as well as the filing of tariffs or price lists and annual reports.

During the time for transition, as the telephone industry is moving from an arena of regulated monopolies toward a more competitive environment, most of Minnesota's telephone services still require some level of regulatory oversight. The unit must continue to protect the cost and quality of service available to Minnesota's customers, including the business sector. Priorities can be adjusted to reflect reductions in program resources, so as to achieve the most important mandates.

Information transmission, through such devices as computer modems and FAX machines, is vital to business survival and, therefore, to the state's economic development. It is imperative that the unit be able to review the increasingly complex filings related to technology changes within a condensed period of time.

The explosion of new technologies, such as fiber optics, digital switching, high speed data transmission and telecommuting, has been a driving force in changing the market structure as well as changing the complexity of filings. Understandably, as technology becomes more complex, so does the nature of the work for staff analysts. Many filings are now based on engineering issues which are beyond the expertise of the unit staff. In order to assure reasonable rates and quality telephone service for Minnesota's customers, the unit has had to hire engineering consultants to review filings. However, because of the cost of such services, we have done so only on the most complex and highest priority cases.

In addition, during this time of rapid technological advances, the goal of providing valuable new technologies to Minnesota's customers has become increasingly important. The unit has increased its efforts to administer new statutory provisions (of M.S. Ch. 237) that allow telephone companies to engage in higher risk investment and marketing programs which, if successful, will increase their opportunities for growth while enabling Minnesota to become more globally competitive. One example is the development of an incentive plan, scheduled to sunset in January 1994, implemented by U S WEST, which requires the company to share excess earnings with customers while reducing risk and possible expense for the company and its shareholders.

Another effect of new technology is reduced maintenance and labor costs for the industry, leading to an increase in non-competitive (monopolistic) areas of company operation at consumer expense. This raises rate of return issues and the potential for cross-subsidization, thus increasing the need for investigations. The Department currently is addressing these issues through audits conducted by outside consultants and Department staff. Settlements have been reached with several local telephone companies in the past two years, resulting in rate reductions worth more than $7 million annually.

Local exchange services remain non-competitive and, therefore, companies providing these services require the greatest regulatory scrutiny. The Telecommunications Unit must closely monitor the profits of all local service companies to ensure fair business practice and that monopoly ratepayers are not over-charged or subsidize competitive services.

- The Federal Communications Commission (FCC) recently allowed telephone companies to carry cable television service over telephone wires.
- The FCC also recently opened up competition for local telephone services such as private line and special access.
- Privacy issues are becoming increasingly complex as sophisticated telephone services, such as caller ID, are introduced in Minnesota.
- Access to 911 service, hospitals, schools and other community centers without paying toll charges remains a causal factor in the rising number of petitions filed by consumers.

PROGRAM: Telecommunications
AGENCY: Public Service, Department of
(Continuation)

OUTCOMES:

Overall, this unit has been successful in its goal to expedite the processing of filings, as required by recent statutory changes. The unit has also been successful in its efforts to respond to a changing marketplace for telecommunications services. Indications of the program's achievements include:

- **Annual earnings reviews of local exchange companies.** Monitoring of financial conditions of the 93 local exchange companies in Minnesota has led to settlements of over-earnings complaints filed by the Department of Public Service. The price reductions associated with these settlements have reduced aggregate telephone expenses by more than $7,000,000 annually, while eliminating expensive formal hearings;

- **Annual administration of US West's incentive regulation plan.** Monitoring of the plan has lead to one time credits to the company's Minnesota customers exceeding $13,000,000 during fiscal years 1992 and 1993;

- **Settlement of access charge complaint by ATT.** The Department has reached a settlement in principle with ATT and US West that will reduce ATT's expenses by about $14,000,000 annually. This cost reduction will be passed on to ATT's customers so that aggregate long-distance bills for Minnesotans will decline by at least $17,000,000 annually. This settlement must be approved by the Public Utilities Commission before it becomes effective;

- **Investigation of affiliated interests.** The Department of Public Service has conducted two financial investigations of transactions among regulated and unregulated affiliates of Minnesota telephone companies.

  The first investigation pertained to holding companies which operate several mid-sized independent local exchange companies. The investigation uncovered numerous irregularities, worth more than $3,000,000 annually in expenses borne by Minnesotans. Financial settlement discussions are now underway with several of these holding companies. If settlements are not reached, formal hearings will be requested before the Public Utilities Commission;

  The second investigation is underway. It concerns US West Communications. A final report is expected in the Spring of 1993;

- **Completion of miscellaneous rate filings.** The Telecommunications Unit has analyzed more than 700 miscellaneous filings annually by telephone companies. Most of these filings have led to price reductions, approval of market entry for new competitors or service improvements for Minnesota customers;

- **Testifying before the Public Utilities Commission in the Local Resale case.** This proceeding will determine whether competitors will be allowed to sell local telephone service in competition with US West in the Twin Cities. The Department of Public Service advocated that competition be allowed only if existing US West customers were not affected adversely as a result;

Telephone Work Load Projections	Actual FY 91	Actual FY 92	Est. FY 93	Est. FY 94	Est. FY 95
Coin Tel. Auth. Applications	69	84	100	110	110
Coin Tel. Auth. Revocations	83	54	180	90	100
Long Distance Co. Rate Changes	74	124	140	150	160
New Telephone Authority	29	36	35	35	35
Election of Modified Regulation	2	8	25	10	10
Depreciation*	51	42	50	50	50
Technical Complaints	32	30	30	30	30
Rule Making	1	1	3	2	2
Service Area Changes	15	10	15	15	15
Miscellaneous Rate Changes	323	280	300	330	360
Sale and Transfers of Property	8	12	15	15	15
Citizen Petitions	22	15	20	20	20
New Service Tariffs	5	13	40	40	40
Emergency Service - 911	3	1	0	0	0
Rate Cases	0	0	2	2	2
Totals	717	710	955	899	949

*Depreciation items filed by calendar year.

OBJECTIVES:

- Continuation of annual earnings monitoring of monopoly telephone companies. This activity should reduce telephone expenses in Minnesota by at least $1,000,000 annually.

- Representation of the general public before the Public Utilities Commission in at least two general rate cases for independent telephone companies as well as two litigated cases involving US West during the coming biennium. These cases are expected to involve services worth more than $150,000,000 annually;

- Additional investigations of affiliated interest transactions among holding company subsidiaries of independent local exchange companies. This activity should lead to settlements or complaint litigation worth more than $1,000,000 annually;

- Continued administration of US West's incentive regulation plan, scheduled to sunset in 1994, and review of incentive plans prepared by other local exchange companies;

- Analysis of approximately 900 telephone filings made to the Public Utilities Commission each year during the next biennium.

PROGRAM: Telecommunications
AGENCY: Public Service, Department of
(Continuation)

PROGRAM PLAN:

This is a high priority activity. No reductions were made to the base budget and supplemental funding of $24,000 in F. Y. 1994 and $47,000 in F. Y. 1995 to fund inflation were provided by reducing lower priority programs.

Additionally one telecommunications analyst has been added to this program. Declining costs in the telephone industry have created a growing potential for telephone companies to increase earnings. A statistical analyst with expertise in rate analysis is needed to assure that a reasonable share of these earnings increases are passed on to consumers. Cost of salary and support: $55,000 per year.

REVENUE:

This program generates dedicated revenue. The unexpended balance cancels to the General Fund on June 30 of each year.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Special	$573	$847	$1,046	$1,092	$1,115
Total Revenue	$573	$847	$1,046	$1,092	$1,115

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SERVICE,DPT OF
PROGRAM: TELECOMMUNICATIONS
ACTIVITY: TELECOMMUNICATIONS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	475	505	535	537	616	595	537	639	617
EXPENSES/CONTRACTUAL SRVCS	37	139	196	216	216	216	216	216	216
MISC OPERATING EXPENSES	20	18	39	39	39	39	39	39	39
SUPPLIES/MATERIALS/PARTS	4	49	10	10	10	10	10	10	10
CAPITAL EQUIPMENT		26	20	20	20	20	20	20	20
SUBTOTAL STATE OPERATIONS	536	737	800	822	901	880	822	924	902
TOTAL EXPENDITURES	536	737	800	822	901	880	822	924	902
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<21>			<22>
TOTAL GOV'S INITIATIVES						<21>			<22>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	533	626	650	672	751	730	672	774	752
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	3	111	150	150	150	150	150	150	150
TOTAL FINANCING	536	737	800	822	901	880	822	924	902
POSITIONS BY FUND:									
GENERAL	10.0	11.0	11.0	11.0	12.0	12.0	11.0	12.0	12.0
TOTAL POSITIONS	10.0	11.0	11.0	11.0	12.0	12.0	11.0	12.0	12.0

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PROGRAM: Weights and Measures
AGENCY: Public Service, Department of

PROGRAM PURPOSE:

The division's mission is to promote and ensure quality and accuracy in Minnesota free enterprise markets, and to provide precision physical measurement services. The division fulfills its statutorily mandated mission by:

- Providing ultra-precise calibration services, traceable to the National Institute of Standard and Technology, for gas, length, volume and temperature standards used by industries, businesses and educational institutions within and outside of Minnesota;
- Inspecting to ensure the accuracy of commercial weighing and measuring equipment in gas stations, grocery stores, grain elevators, agricultural fertilizer and chemical plants, petroleum refineries and terminals, and a wide variety of other businesses;
- Check-weighing packages to ensure the accuracy of prepackaged consumer, agricultural and industrial commodities that are bought and sold by weight, count or measure;
- Inspecting and testing petroleum products to ensure consistent quality for transportation, heating and industry; and by enforcing federally mandated gasoline oxygenation requirements to reduce carbon monoxide emissions from automobiles and improve air quality;
- Posting notices to inform the public about statutory requirements, and to promote public recycling of used motor oil and lead-acid batteries.

PROSPECTS:

Outside factors that will affect the division's mission during the coming years include the following regulatory, economic, quality control, service improvement and environmental influences:

- Commercial businesses and industries will increasingly rely on weighing and measuring equipment, and the division's inspection and accuracy verification services, as part of their overall cost control and quality assurance programs;
- Gasoline stations, and other petroleum sales operations, will have an increasing need for accurate measurement capabilities to maintain extremely accurate inventories to demonstrate that storage tanks are not leaking;
- Minnesota businesses have demonstrated an increasing reliance on the division's measurement laboratory for precision calibration services. This is a result of the division's greatly improved capabilities and services. Use of the laboratory services will continue to increase approximately 15% each year.
- The Federal Clean Air Act, EPA Regulations and state laws will become increasingly important driving factors for the division's petroleum quality inspection program.
- The need for clean soil and water and the Minnesota Statutes written to address soil and water problems will increase the need for the division's recycling information distribution programs.

OUTCOMES:

Weights and Measures Division programs have remained extremely successful. Division inspectors test all commercial weighing and measuring equipment in use in Minnesota. Compliance rates for commercial weighing and measuring equipment are indicators of the success of the division's programs. Frequent inspections, which serve to uncover accuracy problems before they become serious, yield high compliance rates. High compliance rates mean that Minnesota businesses and consumers do not suffer financial losses caused by inaccurate measurement in commercial transactions.

		Compliance Rate (Actual & Projected)			
Equipment Tested	No. of Devices	1990	92-93	94-95	2000
Gas Pumps	30,000	92%	94%	95%	96%
Other Petr. Meters	4,000	85%	87%	90%	90%
LPG Meters	2,300	65%	70%	75%	75%
Retail Scales	12,000	93%	95%	96%	97%
Vehicle Scales	3,200	85%	90%	90%	90%
Railroad Scales	94	40%	90%	95%	95%
Livestock Scales	215	80%	90%	92%	92%

OBJECTIVES:

The objective of the division is to improve compliance rates, even though there are increasing numbers of devices to test, while maintaining the current staff level. This improvement will be accomplished by increasing the efficiency of our staff and our inspection methods. The chart above illustrates the projected future compliance rate goals.

One measure of program workload is illustrated by the enormous quantities of key commodities weighed or measured across large numbers of scales, meters and other equipment regulated by the division. The division's inspection programs have a very positive and substantial impact on every business regulated.

Data relating to increased workload is presented below in two categories. The first group illustrates examples of several products bought or sold across regulated weighing or measuring devices, and the numbers of devices in use. The second category illustrates the level of activity in several areas of calibration and inspection.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SERVICE,DPT OF
PROGRAM: WEIGHTS & MEASURES
ACTIVITY: WEIGHTS & MEASURES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,399	1,540	1,766	1,774	1,893	2,054	1,774	1,885	2,046
EXPENSES/CONTRACTUAL SRVCS	153	173	264	277	277	277	274	274	274
MISC OPERATING EXPENSES	89	98	107	107	107	107	107	107	107
SUPPLIES/MATERIALS/PARTS	102	158	126	126	126	126	126	126	126
CAPITAL EQUIPMENT	137	153	235	235	235	384	235	235	292
SUBTOTAL STATE OPERATIONS	1,880	2,122	2,498	2,519	2,638	2,948	2,516	2,627	2,845
TOTAL EXPENDITURES	1,880	2,122	2,498	2,519	2,638	2,948	2,516	2,627	2,845
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<64>			<64>
(B) METROLOGY LABORATORY		GEN				237			237
(B) PETROLEUM QUALITY ASSURANCE-FEE FOR SERVICE		GEN				137			45
TOTAL GOV'S INITIATIVES						310			218
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,858	2,103	2,498	2,519	2,638	2,948	2,516	2,627	2,845
STATUTORY APPROPRIATIONS:									
GENERAL	22	19							
TOTAL FINANCING	1,880	2,122	2,498	2,519	2,638	2,948	2,516	2,627	2,845
POSITIONS BY FUND:									
GENERAL	40.0	40.0	45.0	45.0	45.0	50.0	45.0	45.0	50.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SERVICE,DPT OF
PROGRAM: WEIGHTS & MEASURES
ACTIVITY: WEIGHTS & MEASURES

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TOTAL POSITIONS	40.0	40.0	45.0	45.0	45.0	50.0	45.0	45.0	50.0

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Public Service, Department of
PROGRAM: Weights and Measures Division
ACTIVITY: State Measurement (Metrology) Laboratory

ITEM TITLE: Metrology Laboratory

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$237	$237	$237	$237
Revenues: ($000s)				
General Fund	$237	$237	$237	$237

Statutory Change? Yes X **No** ____
If yes, statute affected: M.S. 239

GOVERNOR'S RECOMMENDATION:

The Governor recommends 4.0 positions and $474,000 for the biennium to upgrade equipment for the State Measurement (Metrology) Laboratory within the Weights and Measures Division. The equipment will be purchased on a 5 year lease purchase agreement.

Member nations of the European Economic Community (EEC) have agreed, effective 1-1-93 to adopt rigorous measurement criteria contained in ISO 9000 Standards as a means of guaranteeing a high level of quality control and to increase accuracy in manufactured products. This will significantly restrict trade between EEC nations and non-EEC companies who do not, or cannot, meet these standards. Only the largest businesses will have the resources to create, operate and maintain qualified measurement capabilities. Most businesses, in order to remain competitive, will need to rely on the services of a public metrology laboratory.

At the present time in the United States, there are no publicly available metrology laboratories offering qualified ISO 9000 mass measurement services. The state of North Carolina and Los Angeles County, California, may eventually have the only other publicly accessible ISO 9000 laboratories if they are able to meet qualifications.

PROGRAM OUTCOMES:

This initiative will give the State Measurement (Metrology) Laboratory the capability to meet ISO 9000 standards set by the EEC and become an EEC registered provider of precision mass measurement and calibration services. Among the companies selling products in the EEC which will be affected by ISO 9000 standards are 3M, Honeywell, IBM, Control Data, Unisys, Paramax, Alliant Techsystems, Medtronic, FMC and Cardiac Pacemakers. These companies, as well as many others in the region and the country, are potential clients for metrology services and would be billed at an hourly rate for the service. Those fees will pay for the cost of establishing and operating the laboratory, provide a critical service to firms engaged in manufacture and export to the EEC and ultimately improve the state's economy and employment prospects. After the 5 year payback period for equipment, this will be a government "profit center."

LONG-TERM IMPACT:

These are the same as the program outcomes.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Public Service, Department of
PROGRAM: Weights and Measures Division
ACTIVITY: Petroleum Inspection

ITEM TITLE: Petroleum Quality Assurance-Fee for Service

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$137	$45	$45	$45
Revenues: ($000s)				
General Fund	$137	$45	$45	$45

Statutory Change? Yes X **No** ____
If yes, statute affected: M.S. 239

GOVERNOR'S RECOMMENDATION:

The Governor recommends 1.0 position and $182,000 for the biennium to improve the quality and availability of a statutorily required testing service. These costs are recoverable through fees.

Petroleum distributors are required by the Environmental Protection Agency (EPA) to have a quality control program to ensure fuels they market are in compliance with EPA volatility requirements. While the requirement and program have existed for a number of years, the service has been little used to this point. Increased use of ethanol and its higher volatility, as part of the federally mandated state oxygenated gasoline program, will increase the need for, and use of, a valid quality control program available to the 942 licensed distributors in Minnesota.

PROGRAM OUTCOMES:

An improved Petroleum Quality Assurance service will provide licensed distributors with a quality control program they must have to meet requirements of the EPA. Offering this service through a state government agency is important because the service will be impartial, unbiased and test results will be more readily accepted by the EPA. The service will be less costly to distributors because there will be a single service based in Minnesota as opposed to several duplicating private services, some of which may be based out of state. Fee funding will allow the department to purchase and maintain modern test equipment, offer the highest quality testing services possible, help petroleum distributors meet mandatory EPA requirements, reduce evaporation of fuels into the environment, and recover the costs of operation from customers who must use the service.

LONG-TERM IMPACT:

These are the same as the program outcomes.

PROGRAM: Information and Operations Management
AGENCY: Public Service, Department of

PROGRAM PURPOSE:

The purpose of the Information and Operations Management Division is to provide for the efficient operation of the department, facilitate the smooth flow of information among divisions and to the public, and coordinate department activities with other governmental agencies and the private sector. Programs and services in the division are designed to:

- Educate and inform the public regarding energy, weights and measures and telecommunications.
- Work with the Governor's Office, legislators and other government entities to produce and advance legislative initiatives regarding energy conservation, energy and telephone regulation and such Weights and Measures issues as petroleum testing, scale inspections, etc.
- Deliver general support services to the entire department by providing management, accounting, personnel, word processing, docket control, central files and computer support services. In general, centralized support services improve government efficiency by providing department-wide services that would require duplication of effort if performed individually by each division.

OUTCOMES:

There are a number of indicators that can be used to evaluate performance of the Information and Operations Management Program.

Indicators:

Publications: The unit reviews, edits, updates and produces over 90 publications on an annual basis. These publications have had an average distribution of over 180,000 annually for the past three years.

Earned Media: Regarding media (newspapers, television, radio, magazines, specialized newsletters, etc.) exposure, we have reached approximately 12 million Minnesotans (in other words, we have reached each adult in the state approximately 6 times through print media alone) in the past year through news conferences, news releases and media advisories.

Legislation: The department uses 2 primary indicators to measure performance regarding legislation; legislation proposed vs. legislation passed, and legislative reliance on testimony from department experts when considering energy and telecommunications bills. Of the eight major bills proposed by the department in the 1992 session, 6 were passed and signed by the Governor. Another was withdrawn and successfully addressed through Building Code Rules. Department experts were requested to testify on approximately 60 occasions before House and Senate Committees during the 1992 (short) legislative session. This role has grown significantly for the department over the last 2 years.

General Support: The administrative support activity exists to serve the other divisions of the department. These centralized services are more efficient, as duplication of effort would result if these services were performed individually by each division. These services include management, accounting, personnel, word processing, computer support and central filing services. These services are provided for 134 employees.

Management: This service includes overall policy development, coordination and development of annual and long-range objectives, overall resource allocation and program evaluation.

Accounting: The accounting services include payroll, procurement, inventory, contracts, leases, an assessment system for the billing of gas, electric and telephone utilities, and the preparation of annual operating budgets and biennial budget requests. The accounting unit successfully paid over 98% of invoices within 30 days and recovered approximately 70% of the general fund costs incurred by the department. These costs are recovered through the assessment of regulated gas, electric and telephone utilities, and through Weights and Measures Division fees and petroleum inspection fees. The total amount recovered for F.Y. 1992 is $4,303,000.

Personnel: The Personnel activity handles the department's personnel and labor relations functions. Personnel services include recruiting, scoring decentralized tests, providing certification lists, representing the department in union grievance procedures and supplemental contract negotiations, supervising contract administration and the employee performance appraisal program, disseminating information through employee meetings, supervising the department's training program and providing support for the affirmative action program. In calendar year 1991, out of a total of 41 opportunities, the DPS hired 20 women, 3 minorities and 2 disabled persons.

Word Processing: Word processing functions to provide a centralized document-processing center to assure accuracy, uniformity and format compliance in the preparation of documents filed with the PUC and the public. Through its expanded desktop publishing capability, Word Processing prepares many of the public information brochures and other documents internally. In F.Y. 1992, this unit prepared 9,958 documents and made over 2,337,000 copies.

Computer Support: Computer support services maintain the department's computer network, program the specialized data bases used by the department, and train department personnel to efficiently use the department's computerized capabilities. The overall goals of this activity are to use electronic processing to improve staff efficiency, shorten work completion time, enhance communication within the department and between government agencies and the public, and to reduce system maintenance costs. During November 1992, the department will replace its current multi-platform network with a single network, and standardize the software used by the department. In F.Y. 1990 and F.Y. 1992, this unit provided daily maintenance of four LAN networks and 102 microcomputers, and trained staff in software and hardware operations and completed the department's Strategic Information Plan. This unit also completed the development and programming of four large specialized data bases for recording energy, loan grant, inventory and conference data; and commenced another large data base for tracking statewide energy conservation programs.

Central Files: This unit is responsible for maintaining a central filing facility for all regulatory documents filed with the Minnesota Public Utilities Commission and the department. These files are used by the department, the public and businesses to examine regulatory precedents, and policies and procedures defined by the legislature and the PUC. This facility is the primary source for processing petitions filed by regulated companies, and for maintaining control of these petitions to assure that statutory deadlines and filing requirements are met. This unit successfully processed 1,090 petitions in F.Y. 1992.

PROGRAM: Information and Operations Management
AGENCY: Public Service, Department
(Continuation)

OBJECTIVES:

Publications: The objective of the Publications unit will be to review, edit and update 90 publications per year and maintain the average distribution of 180,000 pieces of literature per year.

Earned Media: The earned media objective is to maintain the exposure level of 6 contacts per Minnesotan per year.

Legislation: The objective of the legislative function is to inform and educate members of the legislative bodies regarding energy, telecommunications and weights and measures issues, coordinate staff for required committee testimony and secure passage of the department's legislative agenda.

General Support: The goal of the general support activity is to maintain the same level of service with two less positions.

PROGRAM PLAN:

The following options have been selected for increases or decreases based on the level of documented savings to consumers.

Reduce Public Information function by one position: This will 1) eliminate its internal newsletter; 2) eliminate DPS monitoring of the $15,000,000 Energy/Environmental Resource Program designed to save energy in state buildings and rely instead on DOA's monitoring of this program; 3) reduce its efforts to educate state employees on the need to conserve fuel; 4) reduce the number of energy conservation publications developed for public use; 5) reduce resources committed to the Governor's Office initiative process, which will impact the department's ability to effect legislative outcomes. **This action will result in an 80 cents on the dollar reduction in general fund non-dedicated revenue from utility assessments.**

Reduce Library and Computer Support Functions: A Library Technician and a Computer Systems Analyst position will be eliminated. Professional staff will locate their own reference materials and future computer applications and hardware purchases will be accomplished by shifting these responsibilities to the manager in charge of administrative services.

Accelerated Assessment Billing Schedule: One additional position is needed to increase frequency of billings to regulated utilities from semi-annual to quarterly. Restructured billing schedule will improve program management and productivity and earn the state an additional $57,000/yr. in interest at a cost of $35,000/yr for staff, which is recoverable. This request is based on the Legislative Auditor's recommendation. The accelerated billing schedule will also produce a one-time windfall in revenue of $600,000 in F.Y. 1994.

REVENUE:

This program generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$748	$783	$784	$764	$754
Dedicated - Special	341	382	424	401	398
Dedicated - Agency			75		
Total Revenue	$1,089	$1,165	$1,283	$1,165	$1,152

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the agency's budget plan except for the following adjustments: the Governor recommends that proposed funding be reduced due to revised salary planning estimates and the Governor recommends $84,000 in F.Y. 1994 to implement an electronic imaging system which will be shared with the Public Utilities Commission.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SERVICE,DPT OF
PROGRAM: INFORMATION & OPERATION MGT
ACTIVITY: INFORMATION & OPERATION MGT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,221	1,223	1,253	1,260	1,246	1,208	1,260	1,233	1,195
EXPENSES/CONTRACTUAL SRVCS	135	144	199	235	232	232	235	228	228
MISC OPERATING EXPENSES	32	37	66	66	65	65	66	63	63
SUPPLIES/MATERIALS/PARTS	33	103	52	52	52	52	52	51	51
CAPITAL EQUIPMENT	18	101	49	49	52	136	49	49	49
OTHER	19	18	16	16	15	15	16	15	15
SUBTOTAL STATE OPERATIONS	1,458	1,626	1,635	1,678	1,662	1,708	1,678	1,639	1,601
TOTAL EXPENDITURES	1,458	1,626	1,635	1,678	1,662	1,708	1,678	1,639	1,601
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<38>			<38>
(B) OPTICAL SYSTEM EQUIPMENT PURCHASE		GEN				84			
TOTAL GOV'S INITIATIVES						46			<38>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,278	1,418	1,460	1,503	1,494	1,540	1,503	1,478	1,440
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	57	51	62	62	64	64	62	61	61
FEDERAL	123	157	113	113	104	104	113	100	100
TOTAL FINANCING	1,458	1,626	1,635	1,678	1,662	1,708	1,678	1,639	1,601

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SERVICE,DPT OF
PROGRAM: INFORMATION & OPERATION MGT
ACTIVITY: INFORMATION & OPERATION MGT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	26.0	26.0	26.0	26.0	24.5	24.5	26.0	23.5	23.5
SPECIAL REVENUE	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
FEDERAL	3.0	2.8	2.0	2.0	2.0	2.0	2.0	2.0	2.0
TOTAL POSITIONS	31.0	30.8	30.0	30.0	28.5	28.5	30.0	27.5	27.5

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Public Service, Department of
PROGRAM: Information and Operations Management
ACTIVITY: Information and Operations Management

ITEM TITLE: Optical System Equipment Purchase

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$84	$-0-	$-0-	$-0-
Revenues: ($000s)				
General Fund	$84	$-0-	$-0-	$-0-

Statutory Change? Yes _____ **No** X
If yes, statute affected:

RECOMMENDATION:

The Governor recommends $84,000 in F.Y. 1994 to implement an electronic imaging system. This includes a storage and retrieval system for optical disks, scanning equipment, software and some enhancements to current hardware to improve the operation of the optical system. This project is funded through non-dedicated General Fund fees paid by the regulated utilities.

Both the Public Utilities Commission (PUC) and the Department of Public Service (DPS) need imaging systems. They do not envision, however, a need for duplicate systems. DPS will own and manage the system; PUC will have appropriate access. Funding for the imaging hardware and software will be split evenly between DPS and the PUC. Each agency will purchase a scanner. DPS will establish agency-wide data practices and records management policies and procedures for computerized information.

The number and complexity of filings addressed by the department has increased. As a result, there is increased concern over the costs associated with processing this volume of paper and also the implications regarding percent of staff time spent handling paper versus analysis.

An optical scanning system will allow the department to convert documents to an electronic format for distribution to staff on the network. Documents will be available for review immediately and information could be searched using key words or phrases. One 5" optical disk can store as many as 130,000 pages.

It is also possible to establish procedures to allow outside parties to have dial in access to the system to conduct searches and complete research. A subscription charge for this service can be established, or it is also possible to monitor the length of connection for billing purposes.

The Information Policy Office has reviewed and supports this project, if funding is available, consistent with any requirements identified in its analysis.

PROGRAM OUTCOMES:

With the optical scanning system, each piece of incoming and outgoing mail becomes an electronic record that can be filed, indexed and electronically distributed to all staff. This instant access to current information will dramatically increase efficiency of staff by allowing more time for analysis and research. Ultimately, this also means more timely handling of cases. This is an important issue given the statutory timelines required for numerous types of filings.

Intervenors in utility cases are currently required to file numerous copies to both the Department of Public Service and Public Utilities Commission. The optical system would eliminate the need for these copies, thus providing a savings to parties who wish to participate in cases before the commission. The system could also be available to these parties, providing them with a complete and speedy access to information.

Scanning these agency records would eventually eliminate the need for dozens of staff file cabinets, as well as reduce clerical staff needed to file and retrieve records for staff, parties and the general public.

LONG-TERM IMPACT:

An optical scanning, storage and retrieval system will ultimately make the department more efficient by reducing time and money spent making, distributing and storing copies of records and will instead allow staff instant access to electronic copies of records. The savings in time will allow the department staff to process documents promptly, while still having the appropriate amount of time necessary for research and analysis.

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PROGRAM: Energy
AGENCY: Public Service, Department of

PROGRAM PURPOSE:

The program's purpose is to ensure reliable, affordable and environmentally sound energy supplies for Minnesotans now and into the future. The department strives to achieve this mission through programs that:

- protect consumers from unreasonable or unfair utility rates and practices through intervention and advocacy before the Minnesota Public Utilities Commission (PUC) on matters affecting utility rates, jurisdiction, quality of service, and the need for new energy facilities.
- avoid unnecessary power plant construction with its high cost and adverse environmental effects by investigating and intervening in electric supply plans, focusing on such topics as: the achievable amounts of conservation and load management; the implementation of renewable resources; the accuracy of forecasted customer demand; and the reliability and cost-effectiveness of proposed supply-side resources, such as new power plants and life-extension of existing plants.
- mandate appropriate utility investment in Conservation Improvement Programs (CIP).
- assure the state's ability to cope with supply/price issues by actively monitoring and maintaining statewide data on energy supplies, demand, price, forecasts, trends and technologies.
- enable consumers to use energy economically by providing unbiased, accurate information on energy use and by providing guidance and technical assistance to local governments, community organizations, utilities and others in designing conservation and other energy programs.
- ensure that Minnesota consumers receive the benefits of new technologies improving the efficient use of energy, including renewable sources, and ensure that Minnesotans benefit from efficient and safe building construction by training the professionals who implement these technologies and by designing and enforcing energy codes, lighting standards, and insulation product standards.
- provide financial assistance through state and federal programs to encourage schools, hospitals, cities and counties to become more energy-efficient.
- intervene on the state's behalf in energy matters at the federal level with Congress and agencies such as the U.S. Department of Energy, the Federal Energy Regulatory Commission and the Nuclear Regulatory Commission. This advocacy role is carried out in coordination with the Public Utilities Commission (PUC), the Minnesota Attorney General's Office, the Environmental Quality Board (EQB), and other state agencies both within and outside Minnesota.

PROSPECTS:

How energy is used and managed is creating major state, national and worldwide issues. The importance of these issues requires even more effective leadership to assure Minnesotans reliable, affordable and environmentally sound energy supplies. The impact of these issues on the division's major energy program areas is discussed below.

Energy regulation and planning. Despite improvements in energy efficiency, energy consumption continues to grow in Minnesota. Of particular concern is the rapid growth in demand for electricity and petroleum products. Electricity sales in 1991 were up 32% from 1980 and petroleum consumption has grown by 12% since 1981. Given the environmental costs of these resources and the high cost of obtaining them from foreign sources, implementing available conservation and renewable energy technologies is imperative.

These concerns are driving a major revolution in regulation of energy utilities. Minnesotans have called for new regulatory initiatives in response to increased awareness of the environmental consequences of energy use and production. As a result, focus is shifting from traditional rate-of-return regulation to supply-side and demand-side planning, requiring earlier and more active involvement by regulators. The PUC adopted Integrated Resource Planning rules to provide a forum for assessing utilities' resource plans and options. Through intervention in this process, the division expects to direct utilities' investments away from traditional fossil fuel burning supply options toward cost-effective conservation, load management, and renewable energy sources.

Expansion of utility-sponsored conservation programs is an integral part of the move to meet energy supply needs by reducing demand. The Minnesota legislature, in passing the Low-Income Energy and Omnibus Energy Acts, significantly expanded the CIP program, transferred authority for implementing CIP to the division, and gives new standing to non-utility conservation providers. In implementing CIP, the division will lead in establishing a conservation program for state government, develop new programs, and identify potential for expanded conservation efforts.

Likewise, the Minnesota Legislature has enacted new laws that increase utility investments in energy efficiency, provide incentives for investment in renewable energy, and implement pilot projects on energy pricing.

Economic downturns influence utility sales, revenues and expenses, often triggering rate cases. The department must balance the public's need for financially healthy utilities with the need for affordable and reliable energy services. Regulators must be positioned to adequately investigate and advocate on behalf of the public in an increased number of rate cases and other tariff and service filings.

The department must find an innovative method to force the Federal government to honor its responsibility to establish a safe permanent nuclear disposal site by 1998. Minnesota also faces the prospect of being the first state to go through federal relicensing of nuclear facilities when the operating license for the Monticello nuclear facility expires in 2011. The state must be prepared to represent its interests in this proceeding.

Finally, the division must be positioned to respond to the federal government's energy initiatives. The federal government has implemented and proposed new initiatives that deregulate certain natural gas and electric utility services, shifting oversight responsibilities to the states. Minnesota must be prepared to adopt these new responsibilities.

Consumer information services. The need for reliable, unbiased information on conservation is growing along with public awareness of the relation of energy conservation to the environment, the economy and national security. New technologies hold potential for significant energy savings in homes, schools, factories, stores and farms. The challenge for the division is twofold: to reach

businesses and consumers as they are making energy-related investments, and to educate the technicians in charge of operation and maintenance to maximize the potential of energy efficiency.

Energy supply/demand monitoring and analysis. The division collects, analyzes and distributes energy data and statistics on a statewide basis. Changes occuring in the utility regulatory process, coupled with trends showing Minnesota's increasing vulnerability to petroleum supply disruptions, will require increased attention through the biennium. Focus must expand to include regional power supply plans and petroleum distribution networks. This level of effort will be necessary to ensure appropriate contingency planning for the state and to provide accurate data for our evaluation of utility power supply planning.

Energy technologies. Many renewable technologies have progressed to where they are commercially viable. Utility-sponsored renewable resource pilot projects offer the best opportunity to advance commercialization. During the biennium, the energy technologies program will assist these projects and also evaluate the technical aspects of utility conservation programs.

OUTCOMES:

- We advocated for new regulatory approaches to energy planning and incentives for utility investment in demand-side management, and were successful in persuading the PUC to adopt new policies. For example, the PUC adopted IRP rules and are implementing financial incentives, which reward utilities for investing in cost-effective demand-side management. These initiatives are crucial to obtaining the Milestones discussed in the agency budget level narrative.

- Our oversight of the Conservation Improvement Program (CIP) has expanded utility investment in energy efficiency from $ 23.8 million in 1991 to $46.2 million in 1993, an increase of over 90%.

- Our advocacy in IRP proceedings has been successful in increasing utility investment in energy efficiency and renewable energy. For example, in NSP's recent IRP, the division was successful in increasing the company's goals for energy savings by over 50 percent, and increasing the company's plans for investment in wind energy from 10 megawatts to 100 megawatts. The division expects to achieve similar results in the IRPs for other Minnesota utilities.

- Our operation of the Energy Conservation Loan Program has loaned over $24 million to Minnesota public institutions and generated over $26 million in energy savings to date. Energy savings from these investments will continue to accrue at a projected annual rate of $4.7 million. Similar savings will accrue from the division's implementation of a federal energy grant program for schools and hospitals.

- The division is consistently successful in achieving rate savings for consumers, as authorized rate increases are often significantly below the utilities request and the division has sought to have certain cost savings refunded to consumers. For example, during the period of 1989-1991, the division's advocacy resulted in reduced rate increases amounting to over $140 million. Likewise, the division assisted in obtaining a refund amounting to $6.5 million for Minnesota Power's customers, and in obtaining $20 million in disaster assistance for Minnesota consumers harmed by tornados and flooding.

- Our advocacy in NSP's requested Certificate of Need for additional storage of nuclear waste at its Prairie Island plant resulted in significant limits on temporary storage. Our advocacy provided a solid record for the PUC to decide the case, and carefully balanced the consumers' need for affordable and reliable electricity service, environmental concerns, and the state's need to demand action by the federal government for permanent nuclear waste storage.

- Due to aggressive efforts by the unit and the department, Minnesota is recognized as a national leader in the effort to pressure the U.S. Department of Energy to fulfill its responsibility to build both long-term and short-term storage for spent nuclear fuel. Resolution of this matter will have a tremendous impact on Minnesota's electric generation capacity, consumers and environment.

- Due to the Department of Public Service's lead role in a multi-agency effort, the Southern Minnesota Municipal Power Agency recently withdrew its proposal to build a pumped-hydroelectric storage facility on the bluffs above Lake Pepin along the Mississippi River. Had this project proceeded, there are serious potential problems regarding river navigation, recreation, wildlife, water quality and safety. Consumers were also likely to face serious economic consequences.

- The unit has been actively involved in on-going Nuclear Regulatory Commission proceedings to establish the framework for nuclear power plant relicensing. NSP's Monticello plant is tentatively scheduled to be the first nuclear power plant in the country to go through the relicensing process. To this point, Minnesota has won a series of key concessions from the NRC that will allow greater state participation and oversight in this process.

- Responding to action initiated by the division, the Federal Energy Regulatory Commission this year granted Minnesota concessions in the areas of pricing, access and reliability of service in the recent restructuring of the American natural gas industry. Cost impacts on Minnesota consumers regarding these issues were enormous, as were safety concerns for reliability of service during the winter heating season.

Outcome Measures:*

	Actual F.Y. 1990	Actual F.Y. 1991	Partial F.Y. 1992
1) % of DPS recommended $ reductions sustained by PUC order	100%	100%	100%
2) $ reductions ordered	135.1 MM	1.1 MM	48.5 MM

Statutory References: M.S. Chapters 216, 216B, 216C and 237

PROGRAM: Energy
AGENCY: Public Service, Department of
(Continuation)

Program Statistics:

Fiscal Year	Number of Rate Cases	Increase Requested	Department Recommendations	Amount Allowed
90	1	135,085,000	39,725,000	0
91	1	3,198,044	2,316,352	1,101,760
92	3	110,180,104	76,027,526	45,884,380
93	6 cases in process and 1 more expected			

Gas and Electric Work Load Projections

	Actual FY 91	Actual FY 92	Est. FY 93	Est. FY 94	Est. FY 95
Conservation Improvement Programs (CIP)		47	49	52	54
Integrated Resource Plans (IRP)		3	3	6	6
Depreciation Studies*	10	12	9	9	9
Technical Complaints	4	8	8	8	8
Rule Making	0	4	5	5	5
Affiliated Interest Reviews	4	5	7	7	7
Service Area Changes	28	14	21	21	21
Security Issuance Reviews	7	11	10	9	9
Miscellaneous Filings	97	74	97	97	97
Fuel Adjustments	195	219	200	200	200
Miscellaneous Refunds	5	9	7	7	7
Sale and Transfers of Property	4	5	5	5	5
Totals	354	411	421	426	428

*Depreciation items filed by calendar year

Program Statistics:

The effect of loan programs for institutions is well-documented, especially for schools. They are the largest groups of participants in our loan program, with adequate sample sizes in both the participant and non-participant categories. Our data for the 1991 school year shows:

Indicator	Participant	Non-Participant	Percent Difference
Heat Energy per Sq. Ft.	70.43M BTUs	75.74M BTUs	-7.0%
Electric Energy per Sq. Ft.	16.13M BTUs	17.91M BTUs	-10.0%
Heat Cost per Sq. Ft.	$ .24	$ .29	-17.2%
Electric Cost per Sq. Ft.	$ .30	$ .33	-9.0%

OBJECTIVES:

- We will continue to investigate and advocate in utility rate cases. We currently have four cases pending, with an additional three to five cases expected in F.Y. 1993. The DPS will attempt to sustain an average of 70% of the dollar reduction the DPS recommends to the PUC.
- We will continue our efforts to create a reliable and sound electric energy future in the IRP process and will participate in the new collaborative processes for addressing electricity planning issues.
- We will seek and implement ways to improve energy planning and regulation in Minnesota, focusing on additional forms of incentive regulation, integrated resource planning for gas utilities, and additional streamlining of regulatory processes.
- We anticipate that the Energy Conservation loan program will decline from $2,677,000 to approximately $2,000,000 per year as a result of the proposed reduction of staff for this program.
- We anticipate the awarding of conservation grants to schools and hospitals to remain constant at approximately $900,000 per fiscal year.
- We will continue to provide accurate and timely energy information to the public. We expect to make approximately 45,000 public contacts in each year of the biennium, distributing over 180,000 pieces of literature.
- We will maintain the current level of conservation audit grants to schools and hospitals at approximately $630,000 per year.
- We will maintain enforcement of the energy code, insulation standards, lighting efficiency, gas lamps, cost share conservation energy audits, once-through cooling, appliance standards and fluorescent ballasts will remain at or near the same level for the next biennium.
- We will continue to provide Alternative Engineering technology services on an informational only basis for biomass and forestry products, solar and wind energy, agricultural wastes, peat and hydroelectric power. Research and analysis related to these issues will be discontinued as a result of budget reductions.
- We will continue to pressure the U. S. Department of Energy to fulfill its legal responsibility to create a safe long-term nuclear disposal facility by 1998.

PROGRAM: Energy
AGENCY: Public Service, Department of
(Continuation)

PROGRAM PLAN:

With the exception of the transfer to the Department of Jobs and Training, the following options have been selected for decreases based on the level of documented savings to consumers:

1. Consolidate Clerical -- The Assistant Commissioner's secretarial position will be eliminated. Clerical support from other activities will be reallocated to provide services for the Assistant Commissioner's office. **This will result in an 80 cents on the dollar reduction in general fund non-dedicated revenue from utility assessments.**

2. Restructure Loan & Grant Program -- Schools that participate in the loan and grant program use approximately 7% less heating and electrical energy in their buildings than schools that do not participate in the program. Therefore, energy conservation loans and grants will continue to be provided to schools, hospitals and municipal buildings, but the department's energy use monitoring and reporting services to these groups will be eliminated.

3. Eliminate Community Energy Program -- The Exxon funding for community energy grants to assist communities in establishing Community Energy Councils will be nearly exhausted in F.Y. 1993. Since Exxon grant funds for this program will be depleted, it is not cost effective to maintain a state-funded administrative structure to support the existing Community Energy Councils.

4. Shift Focus on Advancing Alternative Energy Sources -- The department will continue to provide information on wind energy and biomass energy (including ethanol) as well as efficiency improvements in the areas of lighting, heating, air conditioning and building codes, but will no longer continue its useful but limited research in these areas. The department has shifted efforts to ensure implementation, construction and operation of renewable energy generation sources (through the Integrated Resource Plan (IRP) process), which benefits private sector advocacy groups and entrepreneurial companies who have developed their own research capabilities. The department will also continue implementation of efficiency improvements through the Conservation Improvement Program (CIP) process.

5. Reduce Gas & Electric Regulation -- The department will focus its efforts on major rate and quality of service filings which have the greatest dollar savings potential for consumers; and it will reduce participation in discretionary matters (such as stray voltage, cogeneration complaints, wind buyback rate complaints, certain service territory disputes, DSM and evaluation research), that have a lower consumer savings return. **This will also result in a dollar for dollar reduction in general fund non-dedicated revenue from assessments to utility companies.**

6. Transfer to Jobs and Training -- This represents the transfer of $588,000 per fiscal year of General Fund Appropriation for the Oil Burner Retrofit Program and $220,000 for the Liquid Petroleum Retrofit Program to the Department of Jobs and Training.

REVENUE:

This program generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$1,371	$1,559	$2,164	$2,814	$2,193
Dedicated - Gen'l		49			
Dedicated - Special	892	587	394	193	73
Dedicated - State Gov. Special Rev.	8				
Dedicated - Federal	305	545	672	490	437
Total Revenue	$2,576	$2,740	$3,230	$3,497	$2,703

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SERVICE,DPT OF
PROGRAM: ENERGY
ACTIVITY: ENERGY

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,417	2,587	2,846	2,857	2,344	2,274	2,857	2,343	2,273
EXPENSES/CONTRACTUAL SRVCS	399	477	1,644	835	1,418	1,418	835	1,385	1,385
MISC OPERATING EXPENSES	157	159	274	274	225	225	274	218	218
SUPPLIES/MATERIALS/PARTS	132	251	74	74	<72>	<72>	74	<73>	<73>
CAPITAL EQUIPMENT	43	221	52	52	52	52	52	52	52
OTHER	27	104	108	108	84	84	108	66	66
SUBTOTAL STATE OPERATIONS	3,175	3,799	4,998	4,200	4,051	3,981	4,200	3,991	3,921
LOCAL ASSISTANCE	3,058	1,875	1,191	1,191	738	738	1,191	695	695
TOTAL EXPENDITURES	6,233	5,674	6,189	5,391	4,789	4,719	5,391	4,686	4,616
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<70>			<70>
TOTAL GOV'S INITIATIVES						<70>			<70>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,860	3,207	4,117	3,319	3,658	3,588	3,319	3,657	3,587
STATUTORY APPROPRIATIONS:									
GENERAL		26							
SPECIAL REVENUE	3,196	2,044	1,513	1,513	745	745	1,513	692	692
FEDERAL	177	397	559	559	386	386	559	337	337
TOTAL FINANCING	6,233	5,674	6,189	5,391	4,789	4,719	5,391	4,686	4,616

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SERVICE,DPT OF
PROGRAM: ENERGY
ACTIVITY: ENERGY

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	50.0	52.0	51.8	51.8	42.4	42.4	51.8	39.4	39.4
SPECIAL REVENUE	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
FEDERAL	7.0	5.3	6.0	6.0	6.0	6.0	6.0	6.0	6.0
TOTAL POSITIONS	61.0	61.3	61.8	61.8	52.4	52.4	61.8	49.4	49.4

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AGENCY: Minnesota World Trade Center Corporation (MWTC)

INFORMATIONAL ONLY:

The budget for the MWTC includes historical and current year expenditures. No request is being made for the 1994-95 biennium. In 1992, the legislature made a final appropriation of $580,000 to preserve the assets of MWTC and pay for the costs of privatizing all or part of the corporation. From the amount appropriated, $220,000 was made available the day following enactment of the appropriation act. Of this amount $120,000 was budgeted for the preservation of assets and $100,000 was budgeted for a feasibility study. At the beginning of F.Y. 1993, the Commissioner of Administration authorized the release of an additional $240,000 to maintain the operation of the corporation for an additional 6 months while the corporation solicited buyers and negotiated a sale. The remaining $120,000 remains unbudgeted and will be released if the Commissioner of Administration determines that this funding is necessary to preserve the assets for up to an additional 90 days beyond 1-25-93 and the MWTC has made significant progress in completing a sale.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: WORLD TRADE CENTER
PROGRAM: WORLD TRADE CENTER CORP
ACTIVITY: WORLD TRADE CENTER CORP

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	753	401	225						
EXPENSES/CONTRACTUAL SRVCS	1,123	374	316						
MISC OPERATING EXPENSES	128	64	70						
SUPPLIES/MATERIALS/PARTS	57	20	32						
CAPITAL EQUIPMENT	26		2						
OTHER	2								
SUBTOTAL STATE OPERATIONS	2,089	859	645						
TOTAL EXPENDITURES	2,089	859	645						
SOURCES OF FINANCING:									
OPEN APPROPRIATIONS:									
SPECIAL REVENUE	699								
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	1,390	859	645						
TOTAL FINANCING	2,089	859	645						
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

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1994-95 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: MINNESOTA TECHNOLOGY, INC.

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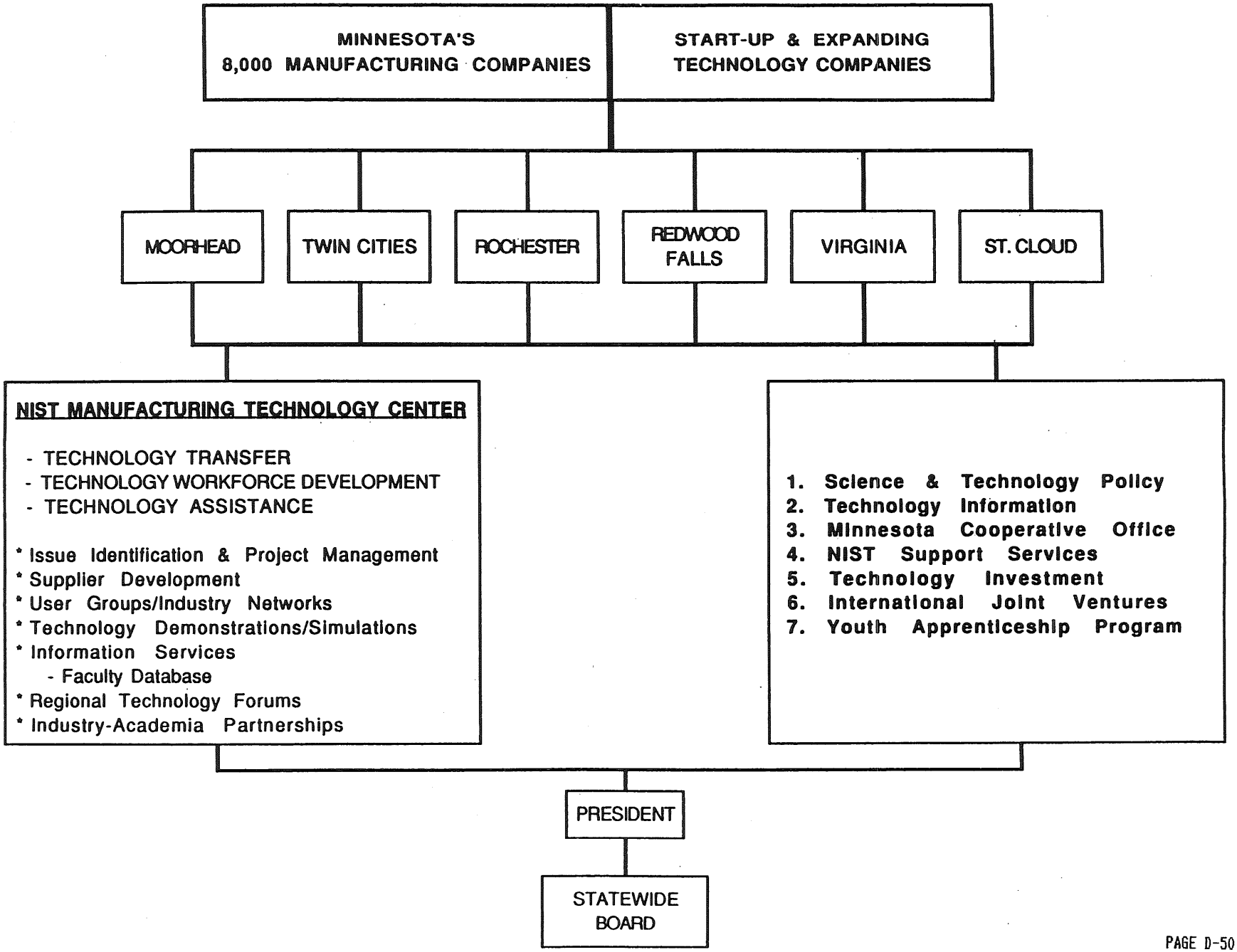
MINNESOTA'S
8,000 MANUFACTURING COMPANIES
START-UP & EXPANDING
TECHNOLOGY COMPANIES
MOORHEAD
TWIN CITIES
ROCHESTER
REDWOOD FALLS
VIRGINIA
ST. CLOUD
NIST MANUFACTURING TECHNOLOGY CENTER
- TECHNOLOGY TRANSFER
- TECHNOLOGY WORKFORCE DEVELOPMENT
- TECHNOLOGY ASSISTANCE
* Issue Identification & Project Management
* Supplier Development
* User Groups/Industry Networks
* Technology Demonstrations/Simulations
* Information Services
- Faculty Database
* Regional Technology Forums
* Industry-Academia Partnerships
1. Science & Technology Policy
2. Technology Information
3. Minnesota Cooperative Office
4. NIST Support Services
5. Technology Investment
6. International Joint Ventures
7. Youth Apprenticeship Program
PRESIDENT
STATEWIDE BOARD

1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Minnesota Technology Inc. **Fund:** General

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$12,068	$12,068	$24,136
Forecast Adjustments	-0-	-0-	-0-
AGENCY BASE	$12,068	$12,068	$24,136
Inflation Cost Increases	200	406	606
Agency Management Decisions			
Minnesota Technology:			
International Joint Ventures	$(100)	$(100)	$(200)
Minnesota Coop. Office (MCO)	(150)	(150)	(300)
Youth Apprenticeship	(80)	(80)	(160)
Database, Post Secondary Faculty	(100)	(100)	(200)
Improved Efficiencies	(43)	(103)	(146)
Internship Program	-0-	(100)	(100)
Magazine Revenue	-0-	(46)	(46)
AURI	(200)	(200)	(400)
MPO	(47)	(47)	(94)
MPI	(25)	(25)	(50)
NRRI	(47)	(47)	(94)
MIC	(4)	(4)	(8)
HTCC	(3)	(3)	(6)
Mn Qual	(4)	(4)	(8)
Subtotal	$(803)	$(1,009)	$(1,812)
TOTAL AGENCY PLAN	$11,465	$11,465	$22,930
Governor's Initiatives			
Restore Agency Reduction	$603	$603	$1,206
Separate AURI	(4,000)	(4,000)	(8,000)
Salary Planning Estimates	(86)	(84)	(170)
Subtotal	$(3,483)	$(3,481)	$(6,964)
GOVERNOR'S RECOMMENDATION	$7,982	$7,984	$15,966

Brief Explanation of Agency's Overall Actions:
In order to accommodate a 5% budget reduction, Minnesota Technology will reduce its expenditures in some areas which, while important, are the least critical in its mission to help Minnesota companies become more competitive. Thus in F.Y. 1994, Minnesota Technology will no longer be able to help Minnesota companies establish joint product development ventures with foreign companies. Nor will Minnesota Technology be able to continue funding the Minnesota Cooperation Office (MCO) and its effort to nurture small and growing technology businesses. Other services which would be deleted from the operating budget include support for youth apprenticeship, which helps older high school students bridge the gap between formal education and the real workplace. Also cut would be Minnesota Technology's plan for assembling a database of post-secondary faculty members available to help small businesses resolve technology and operational issues cost effectively. The remainder of the budget reduction would be accommodated through increased operating efficiencies.

In addition to the cuts from F.Y. 1994, the F.Y. 1995 operating budget would be reduced through further efficiencies and elimination of an internship program which would have helped place college students in Minnesota businesses, thereby providing technology assistance to companies, while providing valuable experience to the students. The remainder of the revenue reduction would be replaced by additional revenues through increased advertising sales in the Minnesota Technology magazine. ($46,000)

2. Impact on Staffing:

	F.Y. 1994	F.Y. 1995
Positions left vacant or eliminated	6.0	1.0

3. Impact on Revenue Generation:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
Agency Plan	$-0-	$-0-	$-0-
Governor's Initiatives	$-0-	$-0-	$-0-

4. Affected Statutes:
None.

5. Governor's Recommendation:

The Governor concurs with the agency's plan, except for the following:

1. As part of his Jobs Initiative, the Governor recommends restoring $1,206,000 in reductions proposed with the agency's plan. The stable base funding level should allow the MTI to implement its program to assist Minnesota companies in becoming more competitive, thus creating new and upgrading existing jobs.

2. The Governor recommends that base level funding of $8,000,000 for the Agricultural Utilization Research Institute be appropriated separately, to formalize the separation of these 2 entities; and

3. The proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
INVESTMENT INITIATIVES
(DOLLARS IN THOUSANDS)

AGENCY: MINNESOTA TECHNOLOGY INC

ITEM DESCRIPTION:	FUND	EXPENDITURES FY 1994	EXPENDITURES FY 1995	EXPENDITURES BIENNIUM	REVENUES FY 1994	REVENUES FY 1995	REVENUES BIENNIUM
(A) REVERSE AGENCY REDUCTION	GEN	603	603	1,206			
(A) SALARY PLANNING ESTIMATES	GEN	<86>	<84>	<170>			
(P) SEPARATE AURI	GEN	<4,000>	<4,000>	<8,000>			
	SR	<100>	<100>	<200>			
TOTAL BY FUND	GEN	<3,483>	<3,481>	<6,964>			
	SR	<100>	<100>	<200>			
TOTAL INVESTMENT INITIATIVES		<3,583>	<3,581>	<7,164>			

AGENCY: Minnesota Technology Inc.

MISSION:

Minnesota Technology Inc. is a non-profit corporation established to assist Minnesota companies in becoming more competitive. Minnesota Technology is in business to be a partner for competitiveness. Helping companies compete requires change and Minnesota Technology will facilitate change through appropriate technology application and development.

Minnesota Technology applies its mission to Minnesota companies through the utilization of 6 offices throughout the state. In an effort to develop a comprehensive approach to providing technology development services, Minnesota Technology was created as the state's science and technology corporation.

MINNESOTA MILESTONES:

Minnesota Technology works to support 2 of the Minnesota Milestone themes: "A prosperous people" and "Learning." These themes are carried out by technology services provided for Minnesota companies and by programs supported by other grant funding appropriated through Minnesota Technology.

Minnesota Technology plays a supporting role with other partners in contributing toward the achievement of Minnesota Milestone goals for a prosperous people. Other external factors exert a strong influence on the achievement of the Milestone goals such as national and international policies and business cycles. Within its mission, Minnesota Technology supports the following Milestone goals for "A prosperous people" theme:

"All Minnesotans will have the economic means to maintain a reasonable standard of living." -- Minnesota Technology services promote job creation, job retention, job enhancement and job income improvement to the companies we serve.

"Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work." -- Minnesota Technology has a statewide network of offices which strengthen local companies and improve the local economy.

"Minnesota will have sustained above average economic growth that is consistent with environmental protection." -- Minnesota Technology partners growing companies with other outside resources, including MnTAP, to help them resolve any problem which they encounter, thereby allowing those companies to compete more successfully.

Within its mission Minnesota Technology supports the Minnesota Milestone "Learning". "Minnesotans will have the advanced education and training to make the state a leader in the global economy." -- Minnesota Technology programs emphasize technology training and workforce development to help the workforce develop the needed skills to compete in today's global marketplace.

CLIMATE:

Minnesota has a manufacturing base of over 8,700 firms. More then 80% of these manufacturers have fewer than 50 employees. Yet according to 1990 figures, manufacturing is a $20 billion business which represents 21% of the state's gross state product (GSP) - the single largest component of Minnesota's GSP.

Minnesota is highly dependent on its manufacturing sector for employment, income, and exports. Over 30% of manufacturing jobs are in technology-based industries. These industries offer above average wages. The Minnesota economy is also very dependent upon exports of manufactured goods. As a result, this manufacturing base is vulnerable to international competition. It is critical to the state that its manufacturers remain competitive.

Rapid changes in the global marketplace have put increasing pressure on United States manufacturers to explore and incorporate new ways of producing higher quality, lower cost products. This is particularly challenging for the small and medium sized companies who can neither rely on their ability to maintain their current marketshare, nor dedicate extensive resources to solve or bypass a problem.

While a portion of these small manufacturers are on the leading edge of new technology and process adaptation, the majority are still operating with manufacturing technologies and processes which were developed several decades ago. A number of studies published during the past several years conclusively indicate that small United States manufacturers consistently lag far behind their counterparts in other industrialized countries in implementing the new technologies on which increased productivity depends.

In order to compete more effectively in the international marketplace, these small and medium sized companies will need to adopt and utilize proven, commercially available manufacturing technologies, implement newly developed technologies and obtain adequate training and education for employees.

Using appropriate technology will help these companies to:

- increase productivity;
- improve quality;
- generate greater operational flexibility to respond to changing global market conditions
- remain viable components of the local, regional, and national economy.

Specific needs assessments were conducted in Minnesota in 1990 both in the Twin Cities and in non-metro parts of the state to identify needs of manufacturers. The results identified the following needs: 1) access to technology assistance; 2)product development /flexible manufacturing; 3)total quality improvement; 4) methods for collaboration; 5)information regarding technologies and advanced manufacturing processes; 6)productivity improvements; 7)training of the workforce to apply new technologies.

One of the most important ingredients in serving companies' needs effectively is to leverage as many existing resources as possible. Minnesota Technology works to harness the existing technology/ manufacturing resource infrastructure within Minnesota to effectively accomplish its mission. Minnesota Technology sees these partners, both in the private and public sectors, as being critical to success. Minnesota Technology sees its role as the cohesive organization which will integrate the skills of all partners to enhance their common technology efforts of small and medium manufacturers.

AGENCY: Minnesota Technology Inc.
(Continuation)

AGENCY BUDGET PLAN:

In order to accommodate a 5% budget reduction, Minnesota Technology will reduce its expenditures in some areas which, while important, are the least critical in its mission to help Minnesota companies become more competitive. Thus in F.Y. 1994, Minnesota Technology will no longer be able to help Minnesota companies establish joint product development ventures with foreign companies. Nor will Minnesota Technology be able to continue funding the Minnesota Cooperation Office (MCO) and its effort to nurture small and growing technology businesses. Other services which would be deleted from the operating budget include support for youth apprenticeship, which helps older high school students bridge the gap between formal education and the real workplace. Also cut would be Minnesota Technology's plan for assembling a database of post-secondary faculty members available to help small businesses resolve technology and operational issues cost effectively. Minnesota Technology will pass through the 5% reduction to all Legislative grantees in F.Y. 1994 and F.Y. 1995.

In addition to the cuts from F.Y. 1994, the F.Y. 1995 operating budget would be reduced through further efficiencies and elimination of an internship program which would have helped place college students in Minnesota businesses, thereby providing technology assistance to companies, while providing valuable experience to the students.

As of August 1992 Minnesota Technology was awarded a 6 year $12.9 million grant from the Department of Commerce through the National Institute of Standards and Technology (NIST). As a result of these additional resources, Minnesota Technology will be able to expand its services to include Technology Transfer and Technology Workforce Development with the NIST funds and the continued state appropriation which supplies the required match.

OUTCOMES:

F.Y. 1992 was the first complete year of operation for Minnesota Technology. Even during the start-up time frame, the following outcomes are being used as the effectiveness indicators for the services provided to companies.

- Number of manufacturers adopting advanced and/or automated manufacturing technologies;
- Number of manufacturers undertaking technology transfer or technology workforce development projects;
- Number of companies attending technology information and awareness events compared to the number of companies that initiated the implementation of the technologies;
- New employment generated;
- Retained or enhanced employment;
- Investment in new equipment (Including hardware and software);
- Number of new products developed;
- Number of new businesses started because of spin-offs from new technology developments
- Improvement in manufacturing productivity;
- Savings through reduced waste or cost reduction;
- Improved product quality; and
- Improved company competitiveness.

OBJECTIVES:

Technology Assistance

- Number of manufacturers adopting advanced and/or automated manufacturing technologies;
- Number of companies attending technology information and awareness events compared to the number of companies that initiated the implementation of the technologies;
- New employment generated;
- Retained or enhanced employment;
- Investment in new equipment;
- Improvement in manufacturing productivity;
- Savings through reduced waste or cost reduction;
- Improved product quality; and
- Improved companies competitiveness

Technology Transfer

- Number of new products developed;
- Number of new businesses started because of spin-offs from new technology developments; and
- Number of manufacturers undertaking technology transfer projects.

Technology Workforce Development

- Number of manufacturers undertaking technology workforce development projects.

Technology Information

- Number of companies utilizing the information service available; and
- Number attending forums and technology development discussions.

Technology Investment

- Quantity and dollar amount of quality investments in companies;
- Number of new jobs created;
- Number of new products commercialized or developed; and
- Obtaining an ROI on all the investments.

Science and Technology Policy

- Encourage all technology related bills to be reviewed in conformity with science and technology policy.

AGENCY: Minnesota Technology Inc.
(Continuation)

Youth Apprenticeship

- Design youth apprenticeship demonstration projects;
- Raise additional resources for program; and
- Raise awareness of the youth apprenticeship program.

LEGISLATIVE GRANTS:

Minnesota Technology is the science and technology arm of the state. As a result, a number of legislative grants (greater then 50% of appropriation) are passed through the appropriation of Minnesota Technology. The following recipients currently receive funding:

Minnesota Project Innovation (MPI)

MPI is a private, non-profit organization that assists the successful formation and growth of Minnesota high technology small business through one of its programs to maximize the receipt of federal research and development funds from the Small Business Innovation Research program (SBIR).

Minnesota Project Outreach (MPO)

MPO is a public/private venture to facilitate the transfer of technology and scientific advice from the University of Minnesota and other institutions to businesses in the state that may make economic use of the information; and to assist small and medium sized businesses in finding technical and financial assistance providers that meet their needs.

Natural Resources Research Institute (NRRI)

NRRI was established by the Legislature in 1983 to foster economic development of Minnesota's natural resources in an environmentally sound manner to promote private sector employment.

Agricultural Utilization Research Institute (AURI)

AURI conducts research and development to find new products and processes for Minnesota's agricultural and livestock products.

Minnesota Inventors Congress (MIC)

MIC is a volunteer, nonprofit organization dedicated to serving inventors through encouragement of invention and innovation and the provision of information, assistance and support at all phases of the innovative process.

High Tech Corridor Corporation (HTCC)

High Tech Corridor Corporation is intended to:

- Enhance the expansion of Minnesota's technology-intensive business sector as a whole;
- Create a complex of facilities and services adjacent to the University of Minnesota which will foster the growth of science and technology-intensive businesses throughout the state of Minnesota;
- Promote the creation and incubation of new technology-intensive businesses which will expand and relocate throughout the state; and
- Strengthen the linkages between the creative atmosphere and energy of the University of Minnesota and the technology-intensive sector of the state.

Minnesota Council for Quality

Promotes increased awareness of quality and productivity and their importance to Minnesota's global economic competitiveness. Conducts a Quality Award program based on the National Malcolm Baldrige Award.

Governor's Recommendation:

The Governor concurs with the agency's plan, except for the following:

1. As part of his Job's program, the Governor recommends restoring $1,206,000 in reductions proposed with the agency plan. The stable base funding level should allow the MTI to implement its program to assist Minnesota companies in becoming more competitive, thus creating new and upgrading existing jobs.

2. The Governor recommends that base level funding for the Agricultural Utilization Research Institute be appropriated separately, to formalize the separation of these 2 entities. This includes $8,000,000 in General Fund appropriations and an estimated $200,000 in Special Revenue funds transferred from the Department of Agriculture to the agricultural project utilization account under Section 1160.13 to be used for pesticide reduction grants; and

3. The proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: MINNESOTA TECHNOLOGY INC
PROGRAM: MINNESOTA TECHNOLOGY

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TECHNOLOGY SERVICES	15,365	4,770	8,801	8,391	9,418	9,605	8,391	9,418	9,607
AURI	9,250	4,191	3,325	4,325	3,960	60	4,325	3,950	50
MINNESOTA PROJECT INNOVATION		520	494	494	469	494	494	469	494
MINNESOTA PROJECT OUTREACH			947	947	900	947	947	900	947
MINNESOTA INVENTORS CONGRESS		75	71	71	67	71	71	67	71
NATURAL RESOURCES RESEARCH INSTITU	1,225	1,000	947	947	900	947	947	900	947
MINNESOTA COUNCIL FOR QUALITY		98	88	88	84	88	88	84	88
HIGH TECH CORRIDOR CORPORATION			50	50	47	50	50	47	50
TOTAL EXPENDITURES BY ACTIVITY	25,840	10,654	14,723	15,313	15,845	12,262	15,313	15,835	12,254
GOV'S INITIATIVES:		FUND							
(A) REVERSE AGENCY REDUCTION		GEN				603			603
(A) SALARY PLANNING ESTIMATES		GEN				<86>			<84>
(P) SEPARATE AURI		GEN				<4,000>			<4,000>
(P) SEPARATE AURI		SR				<100>			<100>
TOTAL GOV'S INITIATIVES						<3,583>			<3,581>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL				12,068	11,465	7,982	12,068	11,465	7,984
OPEN APPROPRIATIONS:									
MINN TECHNOLOGY INC		6,405	9,397	1,000	800	800	1,000	800	800
SPECIAL REVENUE		38	420	420	420	420	420	420	420
STATUTORY APPROPRIATIONS:									
MINN TECHNOLOGY INC		20	81						
SPECIAL REVENUE	25,840	4,191	3,325	325	160	60	325	150	50
FEDERAL			1,500	1,500	3,000	3,000	1,500	3,000	3,000
TOTAL FINANCING	25,840	10,654	14,723	15,313	15,845	12,262	15,313	15,835	12,254

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: MINNESOTA TECHNOLOGY INC
PROGRAM: MINNESOTA TECHNOLOGY

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: MINNESOTA TECHNOLOGY INC

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	14,723	14,723			13,223	13,223	1,500	1,500
TECHNICAL ADJUSTMENTS								
ONE-TIME APPROPRIATIONS	4,000	4,000	4,000	4,000				
NON-RECURRING EXPENDITURES	<3,500>	<3,500>			<3,500>	<3,500>		
BASE TRANSFER (BTWN FUNDS)			7,978	7,978	<7,978>	<7,978>		
1992 SESSION REDUCTIONS	90	90	90	90				
SUBTOTAL TECH. ADJ.	590	590	12,068	12,068	<11,478>	<11,478>		
CURRENT SPENDING	15,313	15,313	12,068	12,068	1,745	1,745	1,500	1,500
FORECAST ADJUSTMENTS								
FEDERAL RECEIPTS	1,500	1,500					1,500	1,500
DED STAT APPROP SPENDING	<365>	<375>			<365>	<375>		
SUBTOTAL FORECAST ADJ.	1,135	1,125			<365>	<375>	1,500	1,500
AGENCY BASE	16,448	16,438	12,068	12,068	1,380	1,370	3,000	3,000

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BUDGET ACTIVITY: Technology Services
PROGRAM: Minnesota Technology Inc.
AGENCY: Minnesota Technology Inc.

ACTIVITY DESCRIPTION:

Technology Assistance

This will enable small and medium sized manufacturers to implement and utilize appropriate off-the-shelf, advanced manufacturing technologies. The strategy incorporates a broad range of services which are designed to meet the needs of individual as well as groups of companies. Besides being driven by the specific needs of the marketplace, a major goal of the technology assistance services will be to provide an understanding to companies of what will be required of them to compete in the global marketplace. Specific service delivery mechanisms include information services, supplier development/certification program, user groups, industry networks, equipment and technology demonstrations and regional manufacturing technology forums.

Technology Transfer

The goal of this effort will be to bring the right people and technologies together and facilitate the removal of any existing barriers to obtain and implement the technology. Pure technology from the laboratories and other sources may not always by transferable to small manufacturers, and even once the technology has been made applicable, there is significant expense incurred in equipment and personnel downtime for the implementation.

Technology Workforce Development

A skilled workforce has been a continual stumbling block for the adoption of new technologies by companies. The program focus will be to arrange for the training and /or upgrading of specific technical skills, to expose the company to new production processes, and to facilitate a change of culture within small and medium size companies.

Technology Information

The goal of this program is to increase the visibility and awareness of technology issues and trends among private and public membership and provide information on the availability, cost and benefits of using technology to modernize business operations.

Technology Investment

The goal is to increase the level of small business equity investment in the state, especially in greater Minnesota, by matching other equity investments, helping companies position themselves better for such investments, and increasing awareness in the state of the advantages and availability of good equity investment opportunities.

Science & Technology Policy

Initiated by legislation to recommend a science and technology policy on behalf of the state of Minnesota.

Youth Apprenticeship Program

The goal is to facilitate the development of a youth apprenticeship program and policy for Minnesota. This initiative strengthens the transition from school to work through a program that integrates classroom education with real work experience.

BUDGET ISSUES:

In order to accommodate a 5% budget reduction, Minnesota Technology will reduce its expenditures in some areas which, while important, are the least critical in its mission to help Minnesota companies become more competitive. Thus in F.Y. 1994, Minnesota Technology will no longer be able to help Minnesota companies establish joint product development ventures with foreign companies. Nor will Minnesota Technology be able to continue funding the Minnesota Cooperation Office (MCO) and its effort to nurture small and growing technology businesses. Other services which would be deleted from the operating budget include support for youth apprenticeship, which helps older high school students bridge the gap between formal education and the real workplace. Also cut would be Minnesota Technology's plan for assembling a database of post-secondary faculty members available to help small businesses resolve technology and operational issues cost effectively. The remainder of the budget reduction would be accommodated through increased operating efficiencies.

In addition to the cuts from F.Y. 1994, the F.Y. 1995 operating budget would be reduced through further efficiencies and elimination of an internship program which would have helped place college students in Minnesota businesses, thereby providing technology assistance to companies, while providing valuable experience to the students. The remainder of the revenue reduction would be replaced by additional revenues through increased advertising sales in the Minnesota Technology magazine.

As of August of 1992 Minnesota Technology was awarded a 6 year $12.9 million grant from the Department of Commerce through the National Institute of Standards and Technology (NIST). As a result of these additional resources, Minnesota Technology will be able to expand its services to include Technology Transfer and Technology Workforce Development with the NIST funds and the continued appropriated state required match resources.

EFFICIENCY MEASURES:

Minnesota Technology plays a supporting role with other partners in contributing toward the achievement of Minnesota Milestone goals for "A prosperous people." The corporation's primary objective is to strengthen Minnesota's manufacturing sector leading to long term job creation and job retention. Key to a stronger manufacturing sector is the companies' adoption of and investment in new technology. The following efficiency measures reflect these goals:

BUDGET ACTIVITY: Technology Services
PROGRAM: Minnesota Technology Inc.
AGENCY Minnesota Technology Inc.
(Continuation)

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993 Est	F.Y. 1994 Goals	F.Y. 1995 Goals
Number of manufacturers adopting or proceeding with implementation of advanced and/or automated manufacturing technologies	526	706	1,000	1,000
Unit Cost	$3.22			
Investment in new equipment and software	$1,903	$4,000	$6,000	$8,000
Unit Cost	$.0009			
New employment generated	209	300	300	300
Unit Cost	$4.87			
Retained or enhanced employment	114	300	450	600
Unit Cost	$2.98			

Measures which Minnesota Technology has not yet quantified (but intends to over the next year) include the number of companies which have increased revenues, and the number of companies which have increased gross profits.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993 Est.	F.Y. 1994 Plan	F.Y. 1995 Plan
Type of Revenue:					
Non-dedicated - Special	-0-	$757	$ 570	$300	$346
Dedicated - Special	$2,295	$829	$ 420	$420	$420
Dedicated - Federal	-0-	-0-	$1,500	$3,000	$3,000
GRANTS:					
Minnesota Cooperative Office (MCO)	-0-	$150	-0-	-0-	-0-
Various	-0-	$819	$1,140	$2,000	$2,000

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: MINNESOTA TECHNOLOGY INC
PROGRAM: MINNESOTA TECHNOLOGY
ACTIVITY: TECHNOLOGY SERVICES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,398	2,075	3,382	3,140	2,817	3,054	3,140	2,766	3,056
EXPENSES/CONTRACTUAL SRVCS	917	1,046	1,014	960	1,010	960	960	1,061	960
MISC OPERATING EXPENSES	253	329	356	329	329	329	329	329	329
SUPPLIES/MATERIALS/PARTS	40	142	139	136	136	136	136	136	136
CAPITAL EQUIPMENT	1	59							
SUBTOTAL STATE OPERATIONS	2,609	3,651	4,891	4,565	4,292	4,479	4,565	4,292	4,481
LOCAL ASSISTANCE	12,756	1,119	3,910	3,826	5,126	5,126	3,826	5,126	5,126
TOTAL EXPENDITURES	15,365	4,770	8,801	8,391	9,418	9,605	8,391	9,418	9,607
GOV'S INITIATIVES:		FUND							
(A) REVERSE AGENCY REDUCTION		GEN				273			273
(A) SALARY PLANNING ESTIMATES		GEN				<86>			<84>
TOTAL GOV'S INITIATIVES						187			189
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL				5,471	5,198	5,385	5,471	5,198	5,387
OPEN APPROPRIATIONS:									
MINN TECHNOLOGY INC		4,712	6,800	1,000	800	800	1,000	800	800
SPECIAL REVENUE		38	420	420	420	420	420	420	420
STATUTORY APPROPRIATIONS:									
MINN TECHNOLOGY INC		20	81						
SPECIAL REVENUE	15,365								
FEDERAL			1,500	1,500	3,000	3,000	1,500	3,000	3,000
TOTAL FINANCING	15,365	4,770	8,801	8,391	9,418	9,605	8,391	9,418	9,607

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: MINNESOTA TECHNOLOGY INC
PROGRAM: MINNESOTA TECHNOLOGY
ACTIVITY: TECHNOLOGY SERVICES

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

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BUDGET ACTIVITY: AURI
PROGRAM: Minnesota Technology, Inc.
AGENCY: Minnesota Technology, Inc.

ACTIVITY DESCRIPTION:

The full narrative for this activity is found under a separate section in the budget for the Agricultural Utilization Research Institute. The Governor recommends that base level for the AURI be appropriated separately, to formalize the separation of these 2 entities. This includes $8,000,000 in General Fund appropriations and an estimated $200,000 in Special Revenue funds transferred from the Department of Agriculture to the agricultural project utilization account under Section 1160.13 to be used for pesticide reduction grants. The stable base funding level recommended by the Governor should allow the AURI to implement its program and give the Institute the leverage to attract non-state funding.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Special	$137	$75	$72	$60	$50
GRANTS:					
AURI	$9,250	$4,191	$3,325	$3,960	$3,950

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: MINNESOTA TECHNOLOGY INC
PROGRAM: MINNESOTA TECHNOLOGY
ACTIVITY: AURI

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	9,250	4,191	3,325	4,325	3,960	60	4,325	3,950	50
TOTAL EXPENDITURES	9,250	4,191	3,325	4,325	3,960	60	4,325	3,950	50
GOV'S INITIATIVES:		FUND							
(A) REVERSE AGENCY REDUCTION		GEN				200			200
(P) SEPARATE AURI		GEN				<4,000>			<4,000>
(P) SEPARATE AURI		SR				<100>			<100>
TOTAL GOV'S INITIATIVES						<3,900>			<3,900>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL				4,000	3,800		4,000	3,800	
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	9,250	4,191	3,325	325	160	60	325	150	50
TOTAL FINANCING	9,250	4,191	3,325	4,325	3,960	60	4,325	3,950	50
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

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BUDGET ACTIVITY: Minnesota Project Innovation (MPI)
PROGRAM: Minnesota Technology Inc.
AGENCY: Minnesota Technology Inc.

ACTIVITY DESCRIPTION:

Minnesota Project Innovation, Inc. (MPI) is a private, non-profit organization that assists the successful formation and growth of Minnesota small businesses through:

- Maximizing the receipt of federal research and development funds by high technology companies through the Small Business Innovation Research (SBIR) program and assisting them to commercialize developed technologies;
- Identifying and facilitating the transfer of technologies developed in federal laboratories for commercialization and/or increased competitiveness; and
- Assisting small, small disadvantaged, women owned or minority businesses to successfully bid on federal contracts, primarily within the Department of Defense (DOD), as prime and or subcontractors.

Programs and services for the SBIR program include creating an awareness of this critical source of no pay back funds for small business entrepreneurs, assisting them in determining potential research and development opportunities, current status of technical efforts in the area, proposal preparation and review by an independent panel of technical and general grant writing experts, business planning, securing additional financing and grant or contract administration. MPI's one-of-a-kind SBIR-SEARCH and FED LAB SEARCH data bases enable clients to quickly determine federal agency needs that match their technology interests and capability. MPI services, combined with maximum leveraging of other community resources, ensure proposals submitted by Minnesota businesses are in the best competitive posture possible. Successful award winners may receive up to $100,000 for Phase I awards and those with the most potential are eligible for up to $750,000 in Phase II. Fifty-eight of 75 Minnesota companies receiving over $36 million in federal R&D funds since 1984 report an increase of 1,636 new jobs, 242 of which were directly attributed to receiving the award. The average annual salary is $38,750.

Programs and services for the transfer of technologies from the federal laboratories create an awareness of the $70 billion of federally funded research and development conducted annually, much of it being directly relevant to the needs of a significant number of Minnesota businesses interested in transferring this technology to satisfy their needs. MPI has teamed with the Battelle Memorial Institute of Ohio as the Minnesota affiliate in a 5 year Congressionally directed program that forms the Great Lakes Technology Transfer Center (GLITeC) for 6 Great Lake states. This affiliation with the National Aeronautics and Space Agency's (NASA) national technology transfer network and its supporting data bases, along with those unique to MPI and the Federal Laboratory Consortium, provides an unparalleled opportunity for MPI as a partner with the Upper Midwest Manufacturing Technology Center, a division of Minnesota Technology, Inc., to assist Minnesota businesses in matching federally developed technologies to their needs and in accomplishing the transfer through the appropriate mechanism, i.e., licensing, cooperative research and development agreements, etc.

Programs and services for procurement assistance focus on the states small, small disadvantaged, women owned or minority businesses in 70 of the states 87 counties to increase the amount of federal procurement dollars awarded to them by the Department of Defense and the other federal agencies. MPI's electronic bid matching services enable the solicitation in the Commerce Business Daily (CBD) and 4 of 6 Defense Logistics Agency buying centers to be quickly scanned daily and matched to Minnesota clients products and services. The magnitude of DOD's procurement activity of $90-100 billion annually makes it an attractive market to pursue with increased emphasis being placed on research and development and goods and services being ordered in smaller quantities and more frequently. MPI will assist the client to get entered on the appropriate agency bidder lists, obtain required specifications, drawings and standards, obtain the solicitation package and previous bid history, interpret the Federal Acquisition Regulations, assist in identifying required sources of financing, and pre- and post award administration requirements and activity. During the program's first year, Minnesota small businesses, with MPI's assistance, received over $7.4 million in federal contracts.

All MPI programs and services support the governor's initiative for a prosperous economy and assistance to the disenfranchised community. They also compliment Minnesota Technology, Inc. efforts in economic development for increased efficiencies and competitiveness of Minnesota business with good, skilled positions paying high wages.

BUDGET ISSUES:

The main budget issue is continuing the required level of quality assistance needed by MPI clients. MPI's services are normally provided at no or low cost to small business entrepreneurs with limited financial assets or a very limited ability to attract outside financing due to the high risk associated with early stage technology firms. Approximately 21% of clients are not in business when initially supported by MPI and another 58% have been in business for less than three years. MPI is continually evaluating the services provided to ascertain those where a reasonable fee could be assessed without becoming a deterrent to successfully bidding on a federal contract or fostering innovations with a potential pay back to the state in terms of new technology-based small businesses with employees earning an average salary twice the states per capita income.

The reduction this biennium to MPI in the agency's budget plan will have the following effects:

- Reduced marketing efforts;
- A 50% reduction in staff training;
- Reduced in-state travel funds;
- Elimination of membership in all professional organizations;
- Reduction of out-of-state travel; and
- A 25% reduction in proposal review services;

These reductions are made to a budget which was restructured for the F.Y. 1992-93 biennium with reductions in rent, office supplies, and other administrative expenses. In addition, the marketing program was completely revamped with the result being reduced costs and a 330% increase in requests for assistance. The net effect of the F.Y. 1994-95 reduction will be some level of degradation of capability to exploit the total return possible to Minnesota businesses from various federal sector opportunities and to offer the level of individualized assistance required by the majority of MPI clients. To reduce the impact of this reduction, MPI will conduct a fund raising campaign in the private sector and charge reasonable fees for services. The amount realized from these efforts will be directed to client services in the restoration of the full proposal review and marketing activities.

State funds received through this grant are leveraged to obtain federal funds in support of MPI

BUDGET ACTIVITY: Minnesota Project Innovation (MPI)
PROGRAM: Minnesota Technology Inc.
AGENCY: Minnesota Technology Inc.
(Continuation)

programs and services. For F.Y. 1994, $314,000 federal dollars will be obtained from the Small Business Administration, Defense Logistics Agency and the National Aeronautics and Space Administration on a one-for-one matching basis. In F.Y. 1995, $320,000 will be obtained from those organizations under the same arrangement. In addition, the leadership contribution of 2 major private sector contributors will be sustained by the receipt of this grant.

Funds received from the grant will facilitate MPI's support of more than 550 clients each year actively seeking to secure federal research and development funds, contracts for goods and services and technologies developed in federal laboratories.

EFFICIENCY MEASURES:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Value of SBIR program to Minnesota:					
Federal R&D dollars awarded to Minnesota businesses for every state dollar invested in MPI	$51.66	$55.75	$58.00	$60.50	$75.00
State investment in creating each new job under the SBIR program		$2,500	$2,500	$2,500	$ 2,500
Personal income resulting from every state dollar invested in MPI		$15.25	$15.65	$16.05	$16.50
■ Value of the transfer of federal technology to Minnesota:					
Transfers accomplished	N/A	N/A	7	10	12
Cost per transfer	N/A	N/A	$6,050	$4,240	$3,500
Transfer results					
■ New jobs created	N/A	N/A	2	3	4
■ Jobs retained	N/A	N/A	1	1	1
■ Increased sales	N/A	N/A	3%	3%	3%
■ Increased market share	N/A	N/A	2%	2%	2%

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Value of the Procurement Assistance program to Minnesota:					
Federal dollars received by Minnesota businesses with MPI assistance	N/A	N/A	$5 M	$5.25 M	$5.5 M
Federal dollars awarded to Minnesota businesses for every state dollar invested in the program	N/A	N/A	$25.00	$25.75	$26.50

REVENUE:

None.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
GRANTS:					
MPI (through Minnesota Technology)	$120	$120	$114	$469	$469
MPI (through DTED)	$-0-	$400	$380	$-0-	$-0-

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: MINNESOTA TECHNOLOGY INC
PROGRAM: MINNESOTA TECHNOLOGY
ACTIVITY: MINNESOTA PROJECT INNOVATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE		520	494	494	469	494	494	469	494
TOTAL EXPENDITURES		520	494	494	469	494	494	469	494
GOV'S INITIATIVES:		FUND							
(A) REVERSE AGENCY REDUCTION		GEN				25			25
TOTAL GOV'S INITIATIVES						25			25
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL				494	469	494	494	469	494
OPEN APPROPRIATIONS:									
MINN TECHNOLOGY INC		520	494						
TOTAL FINANCING		520	494	494	469	494	494	469	494
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

BUDGET ACTIVITY: Minnesota Project Outreach (MPO)
PROGRAM: Minnesota Technology Inc.
AGENCY: Minnesota Technology Inc.

ACTIVITY DESCRIPTION:

Minnesota Project Outreach (MPO) is a public/private venture to facilitate the transfer of technology and scientific advice from the University of Minnesota and other institutions to businesses in the state that may make economic use of the information; and to assist small and medium sized business in finding technical and financial assistance providers that meet their needs.

MPO is committed to maintaining the competitiveness of these businesses in the state by making state-of-the-market expertise and information readily available and easily accessible. These information services are delivered by a Minnesota vendor, Teltech, Inc., providing MPO users with the following:

- Science and Technology Expert Network;
- Literature Searching and Document Delivery;
- Technical Help staff;
- Business Assistance Information and Referral;
- University of Minnesota Licensable Technology;
- University of Minnesota Technical Research Projects;
- Vendor Identification Service; and
- Sentry Service;

For the first time, small and medium sized companies have access to the type of information enjoyed by large companies, and rural companies face a level playing field in terms of access to technical information. The majority of MPO users are very small companies, with fewer than 10 employees and under 2 million dollars in annual revenue. More than half of the users are located outside the greater Twin Cities area.

BUDGET ISSUES:

Faced with sharply declining legislative support for F.Y. 1993, MPO has already been forced to review and restructure its service level. The challenge has been to continue to bring value to MPO's users while operating at a much reduced scale. We have identified a number of areas in which to cut operating costs, including shared administrative office space with Minnesota Technology Inc. We are in the process of reducing the number of Public Access sites dependent upon the Site's past level of activity. MPO has also asked charter subscribers to pay a portion of their annual subscription fee.

EFFICIENCY MEASURES:

The efficiency measures of the services offered by MPO can be quantified by a study undertaken in February 1992 by the staff of the United States House of Representatives small business committee.

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Increase in Profits in Subscribing companies	$22,000	$24,000	$30,000	$35,000

REVENUE:

None.

GRANTS:

MPO	$1,000	$947	$900	$900

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: MINNESOTA TECHNOLOGY INC
PROGRAM: MINNESOTA TECHNOLOGY
ACTIVITY: MINNESOTA PROJECT OUTREACH

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE			947	947	900	947	947	900	947
TOTAL EXPENDITURES			947	947	900	947	947	900	947
GOV'S INITIATIVES:		FUND							
(A) REVERSE AGENCY REDUCTION		GEN				47			47
TOTAL GOV'S INITIATIVES						47			47
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL				947	900	947	947	900	947
OPEN APPROPRIATIONS:									
MINN TECHNOLOGY INC			947						
TOTAL FINANCING			947	947	900	947	947	900	947
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

BUDGET ACTIVITY: Minnesota Inventors Congress (MIC)
PROGRAM: Minnesota Technology Inc.
AGENCY: Minnesota Technology Inc.

ACTIVITY DESCRIPTION:

The Minnesota Inventors Congress (MIC) is a volunteer, nonprofit organization dedicated to serving inventors through encouragement of invention and innovation, and the provision of information, assistance and support at all phases of the innovative process.

The Minnesota Inventors Congress expanded services through the Inventors Resource Center (IRC) to strengthen and improve services to further the development of one of Minnesota's important economic resources - the innovative individual.

The MIC strives to achieve its mission by pursuing the following objectives through the:

A. Establishment of a focal point for an invention support system including an Advisory Council;
B. Coordination of an invention support system, while protecting, enriching, and promoting existing activities;
C. Promotion of invention research, with resultant knowledge to be disseminated to Minnesota educational systems; and
D. Development of a fiscal design for the state-wide invention support system.

In addition, the MIC enhances and maximizes the legislative funds by sponsoring the Congress which serves up to 10,000 inventors and business resources annually. Funding for the Congress is raised independently. Dollars invested today produce the marketable products of tomorrow.

BUDGET ISSUES:

The Minnesota Inventors Congress will accomplish the above educational and economic impacted activities through the Inventors Resource Center year-round support system with the assistance of the $75,000 annual legislative appropriation. This grant has been provided to our 501(c)3 organization since 1985, without increase in state funding, as we continued to expand services. Due to the F.Y. 1993 5.3% budget cut, MIC was forced to reduce funding support of the Minnesota Student Inventors Congress (MSIC) program by 50%. This vital program, serving K-12th grade students statewide, is the foundation for developing Minnesota's inventor entrepreneur and economic future.

In order to maintain the core inventors support services with the additional 5% F.Y. 1994-95 biennium cut, the MIC must weigh the following options:

1. Eliminate support of the MSIC in full, or
2. cut the MSIC program an additional 25%, with remaining dollars taken from inventors support services; reduction of 1 of 3 full-time positions to part-time; staff training and travel; and program marketing.

The MIC requests the F.Y. 1994-95 $135,000 grant be provided to our organization which has a proven record of 35 years of successfully serving independent inventor entrepreneurs globally.

EFFICIENCY MEASURES:

	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994
Number of documented inventions currently marketed	20				
Number of inventor entrepreneurs served via education and assistance	2,728	4,516	4,658	4,000	4,000
Number of student inventors served via Minnesota Student Inventors Congress (MSIC)	983	4,271	7,397	4,000	0-$4,000
Dollar per MSIC student served	$9.16	$2.11	$1.22	$ 1.13	$ .00 - .84
Number of invention-related resources through IRC	1,266	1,367	1,569	1,869	1,869
Number of inventor exhibitions/ seminars sponsored	4	7	5	4	4
Number of newsletters provided to inventor members and organizations	490	428	482	400	400
Percentage response from inventor needs survey	13%	0	15%	18%	18%
Number of seminars for public education	3	8	8	7	7
Number of news releases for public education	666	723	745	700	700

REVENUE:

None.

GRANTS:

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
MIC	$75	$75	$71	$67	$67

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: MINNESOTA TECHNOLOGY INC
PROGRAM: MINNESOTA TECHNOLOGY
ACTIVITY: MINNESOTA INVENTORS CONGRESS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE		75	71	71	67	71	71	67	71
TOTAL EXPENDITURES		75	71	71	67	71	71	67	71
GOV'S INITIATIVES:		FUND							
(A) REVERSE AGENCY REDUCTION		GEN				4			4
TOTAL GOV'S INITIATIVES						4			4
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL				71	67	71	71	67	71
OPEN APPROPRIATIONS:									
MINN TECHNOLOGY INC		75	71						
TOTAL FINANCING		75	71	71	67	71	71	67	71
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

BUDGET ACTIVITY: Natural Resources Research Institute
PROGRAM: Minnesota Technology Inc.
AGENCY: Minnesota Technology Inc.

ACTIVITY DESCRIPTION:

Several factors led to establishment of the Natural Resources Research Institute (NRRI) almost a decade ago, including: a)loss of jobs in Northeastern Minnesota due to the decline of the taconite industry: b) realization that economic diversification was needed in natural resource dependent regions of Minnesota: and c) recognition that quality of life was also dependent on understanding and maintaining Minnesota's unique natural environment. Thus, from its inception, NRRI's mission has been: "To foster economic development of Minnesota's natural resources in an environmentally sound manner to promote private sector employment." To accomplish this mission, the Institute has adopted 3 goals: 1) involvement in near-term economic development efforts to promote private sector job creation and retention: 2) to do applied research in focused natural resource areas to develop products, processes and services that will benefit Minnesota: and 3) to do research that will improve the knowledge base required for sound future economic and environmental decisions. The above mentioned reasons for establishing NRRI, and its mission and goals, are very closely reflected in the themes and goals of Minnesota Milestones, particularly those relating to "A Prosperous People" and "Our Surroundings". In fact, NRRI represents a unique, practical and results oriented model for helping Minnesota to achieve Minnesota Milestone goals relating to economic development and the environment in regions of the state given particular emphasis in the Milestones document.

Measuring success with regard to research or economic development is difficult and the imprecise. Two recent studies by consultants, however, give some insights into accomplishments of NRRI. In one analysis a consultant has concluded that NRRI has been responsible for creating 315 new jobs and 157 spinoff jobs. The expected lifetime benefit of these jobs is projected to be $87 million. In a second study, a survey of 123 clients of the NRRI Business Group attributed the Institute with creating an average of 3.4 new jobs per company and retaining 5.0 jobs per company. Some of the specific accomplishments of Minnesota Technology Inc. (MTI) applied research/idea evaluation projects include: a) development and commercialization of a peat based oil absorbent, being produced in truck load quantities by 2 cooperating Minnesota companies in the Floodwood area; b) announcement by a Canadian client company working with NRRI, on a composite truck flooring of a plant in Redwing that will initially employ 35; c) helping a small client company develop the geological information that led to attracting a large mining company as a partner and subsequent announcement of an environmental feasibility study for a copper-nickel precious metals mining operation in Northeastern Minnesota with potential to employ several hundred; and d) development of a partnership in which a large Australian company will invest up to $500,000 to scale up processing methods, developed in the previous years research, on ore from a known deposit that is potentially the richest in North America.

BUDGET ISSUES:

NRRI has leveraged its state special monies overall by about 2 to 1. The $900,000 in MTI funding (which reflects a 5% cut from F.Y. 1993) is unique, however, in that it is directly used to a large extent on very applied research and development, technical service, or idea evaluation efforts, in partnership with industry or entrepreneurial collaborators. Matching funds, primarily from industry, (including in-kind) have grown each year since the program started to better than a one-to-one match on average. Typically, about 20 to 25 applied research projects are ongoing each year and account for most of the MTI funding. Smaller amounts are spent on idea evaluation grants to small companies or entrepreneurs on a matching basis (maximum of $7,000 per project) and on technical service. Thus budgetary constraints will dictate that 1 or 2 less applied research projects will be undertaken in F.Y. 1994 in a climate where good projects already must be rejected in the proposal and review process.

EFFICIENCY MEASURES:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Ratio of matching funding for projects (primarily from ind. including in-kind) to Minnesota Technology funds	.25	.8	1.2	1.2	1.2
Ratio of measured present value of regional income from jobs generated to total state operating expenditures for NRRI since inception	8.5				10.0
Ratio of total NRRI budget to state operating special	3.1	3.8	4.0	4.0	4.0

REVENUE:

None.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
GRANTS:					
NRRI	$1,000	$1,000	$947	$900	$900

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: MINNESOTA TECHNOLOGY INC
PROGRAM: MINNESOTA TECHNOLOGY
ACTIVITY: NATURAL RESOURCES RESEARCH INSTITU

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	1,225	1,000	947	947	900	947	947	900	947
TOTAL EXPENDITURES	1,225	1,000	947	947	900	947	947	900	947
GOV'S INITIATIVES:		FUND							
(A) REVERSE AGENCY REDUCTION		GEN				47			47
TOTAL GOV'S INITIATIVES						47			47
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL				947	900	947	947	900	947
OPEN APPROPRIATIONS:									
MINN TECHNOLOGY INC		1,000	947						
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	1,225								
TOTAL FINANCING	1,225	1,000	947	947	900	947	947	900	947
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

1994-95 Biennial Budget

BUDGET ACTIVITY: Minnesota Council for Quality
PROGRAM: Minnesota Technology Inc.
AGENCY: Minnesota Technology Inc.

ACTIVITY DESCRIPTION:

The Minnesota Council for Quality (MCQ) promotes increased awareness of quality and productivity and their importance to Minnesota's global economic competitiveness. MCQ conducts a quality award program based upon the National Malcolm Baldridge Award.

BUDGET ISSUES:

A 5% reduction of funding would not effect the programs at all for the following reasons:

1. We expect a continued slowing of demand for grant funds for the development of new Community Quality Councils;

2. Our Private sector support continues to grow; and

3. Improved effectiveness at leveraging our private and state dollars.

EFFICIENCY MEASURES:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
MQA Applications Sent	2000	5000	6000	6000	6000
MQA Attendees at Annual Banquet	1100	1400	1500	1500	1500
Educational Institutions reached	16	62	75	75	75
MQA Qualified Examiners	147	175	180	200	220

REVENUE:

None.

GRANTS:

MCQ (through DTED)	$98,000	$88,000		
MCQ (through Minnesota Technology Inc)			$84,000	$84,000

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: MINNESOTA TECHNOLOGY INC
PROGRAM: MINNESOTA TECHNOLOGY
ACTIVITY: MINNESOTA COUNCIL FOR QUALITY

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE		98	88	88	84	88	88	84	88
TOTAL EXPENDITURES		98	88	88	84	88	88	84	88
GOV'S INITIATIVES:		FUND							
(A) REVERSE AGENCY REDUCTION		GEN				4			4
TOTAL GOV'S INITIATIVES						4			4
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL				88	84	88	88	84	88
OPEN APPROPRIATIONS:									
MINN TECHNOLOGY INC		98	88						
TOTAL FINANCING		98	88	88	84	88	88	84	88
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

BUDGET ACTIVITY: High Tech Corridor Corporation
PROGRAM: Minnesota Technology Inc.
AGENCY: Minnesota Technology Inc.

ACTIVITY DESCRIPTION:

High Tech Corridor Corporation (HTCC) is intended to:

- Enhance the expansion of Minnesota's technology-intensive business sector as a whole;
- Create a complex of facilities and services adjacent to the University of Minnesota which will foster the growth of science and technology-intensive businesses throughout the state of Minnesota;
- Promote the creation and incubation of new technology-intensive businesses which will expand and relocate throughout the state; and
- Strengthen the linkages between the creative atmosphere and energy of the University of Minnesota and the technology-intensive sector of the State.

BUDGET ISSUES:

HTCC has been funded by 3 public entities -- the University of Minnesota, the city of Minneapolis and the state of Minnesota. The amounts provided by each has varied; but the original amounts were $60,000 each. The state and the University support has diminished and sometimes been offered as in-kind service.

EFFICIENCY MEASURES:

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Annual Tax production	$225,000	$160,000	$160,000	$160,000

GRANTS:

HTCC		$50,000	$47,500	$47,500

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: MINNESOTA TECHNOLOGY INC
PROGRAM: MINNESOTA TECHNOLOGY
ACTIVITY: HIGH TECH CORRIDOR CORPORATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE			50	50	47	50	50	47	50
TOTAL EXPENDITURES			50	50	47	50	50	47	50
GOV'S INITIATIVES:		FUND							
(A) REVERSE AGENCY REDUCTION		GEN				3			3
TOTAL GOV'S INITIATIVES						3			3
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL				50	47	50	50	47	50
OPEN APPROPRIATIONS:									
MINN TECHNOLOGY INC			50						
TOTAL FINANCING			50	50	47	50	50	47	50
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

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1994-95 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: IRON RANGE RESOURCES AND REHABILITATION, BOARD OF (IRRRB)

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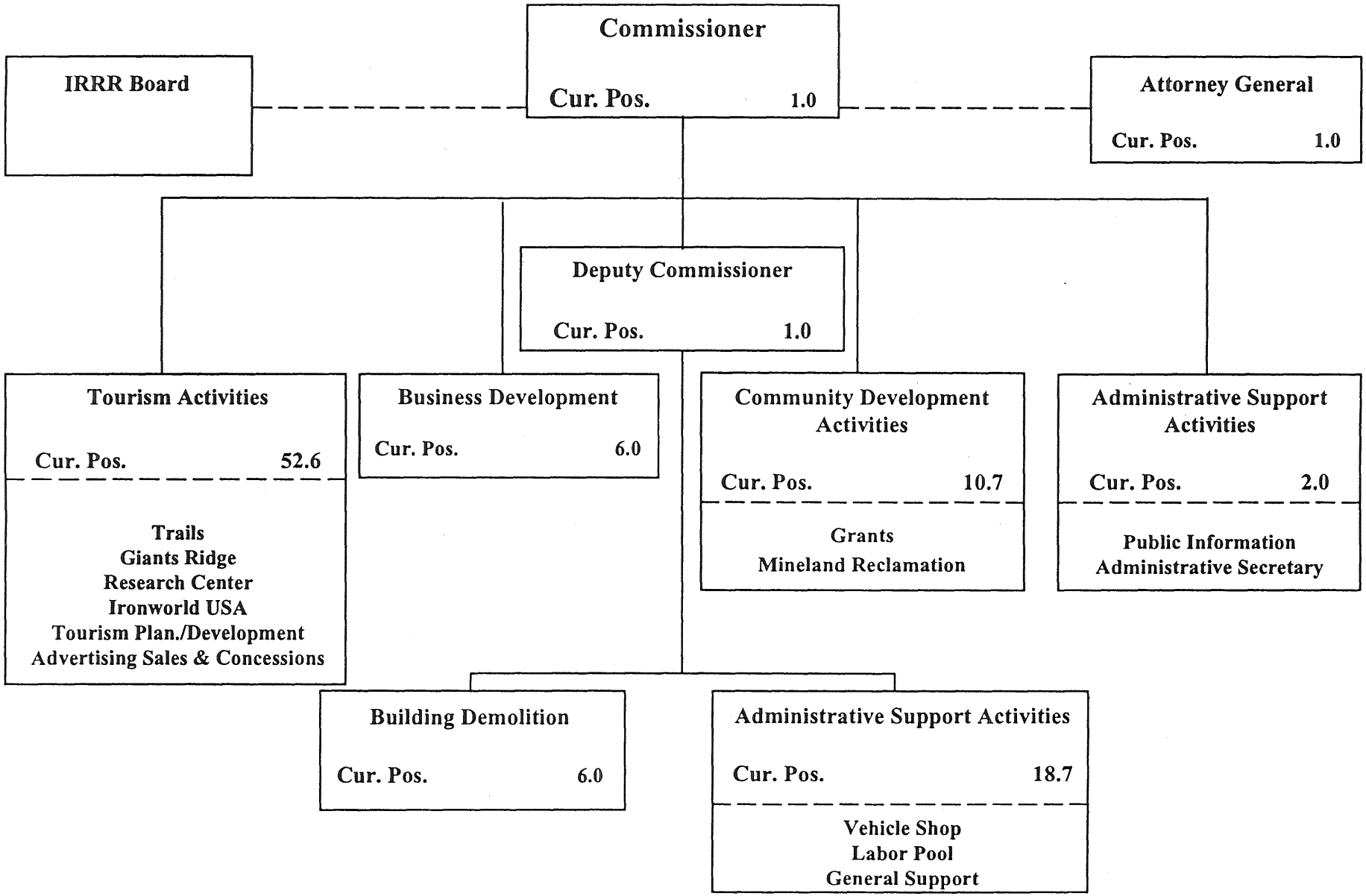
Iron Range Resources and Rehabilitation Board

October 1992



Iron Range Resources and Rehabilitation Board

Position and Employee Status Information

Position Reconciliation:

Authority	Current F.Y. 1993	Requested for 6/30/95
Legislative Complement:		
Total Permanent Positions	99.0	99.0
Other Complement (FTE)	125.0	115.0
TOTAL Positions	224.0	214.0
Employees on 6/30/92	175.0	

Employees by Employment Status:

	6/30/92
Full-Time Unlimited	90.0
Full-Time Seasonal	1.0
Part-Time Temporary	84.0
TOTAL	175.0

AGENCY: Iron Range Resources and Rehabilitation, Board of (IRRRB)

MISSION STATEMENT:

The Iron Range Resources and Rehabilitation Board (IRRRB) is a regionally based state agency charged with the development of the remaining resources of northeastern Minnesota. Operating under authority granted and governed by M.S. 298.22, .223, .227 and .29, Laws of Minnesota 1992 and associated statutes, the mission of the agency includes the:

- Promotion of economic development, including the promotion of tourism,
- reclamation, restoration and enhancement of those areas which are adversely affected by environmentally damaging operations involved in mining taconite and iron ore and which are not otherwise provided for by state law; and
- economic rehabilitation and diversification of industrial enterprises adversely affected by a decline in the mining industry, including the vocational training and rehabilitation of residents dislocated or unemployed as a result of such decline.

With the exception of programs which this agency administers for Carlton and Koochiching counties in accordance with M.S. 298.17, agency expenditures are restricted to those within or for the benefit of a tax relief area defined in M.S. 273.134, including all or part of Cook, Lake, St. Louis, Itasca, Crow Wing and Aitkin counties.

The budget request for this biennium is organized into 4 basic programs: Agency Administration, Tourism Development, Community Development and Business Development.

Agency Administration includes the Office of the Commissioner, General Support and other activities which provide for the management of and support services to all other IRRRB programs.

Tourism Development funds the operation of facilities and programs at Giants Ridge, Ironworld USA and the Iron Range Research and Interpretative Centers; a recreational trails program; and grants to local governments and tourism organizations for the promotion of regional tourism.

The Community Development Program includes grants to local governments and nonprofit organizations for local economic projects, including water and sewer systems and other public works; research and planning expenditures; building demolition and mineland reclamation activities.

The Business Development Program seeks both to retain existing jobs and create new jobs by assisting private businesses. Marketing, building and storefront renovation programs focus on existing businesses. A variety of financing options are packaged for expanding and new businesses. Recruitment of new enterprises to northeastern Minnesota is a special feature of the program. Information and referral services are also provided.

MINNESOTA MILESTONES:

The work of the IRRRB focuses on the "Prosperous People" theme. However, certain IRRRB programs also address the other 4 Milestone themes, especially the "Caring and Secure Community" and "Our Surroundings" categories. Some examples of Milestones goals addressed by IRRRB programs are:

Building Demolition: Enhanced surroundings
Safe communities
Economic Development

Business Development: Job creation and retention
Economic development/diversification

Community Development: Enhanced surroundings
Safe communities
Economic development
Enjoying state's natural resources

Giants Ridge: Tourism
Increased recreational participation

Ironworld USA; Iron Range
Research and Interpretative
Centers: Tourism
Increased cultural participation
Life-long learning

Mineland Reclamation: Improved air, water and earth
Enjoying state's natural resources.
Tourism

Tourism Development/
Trails: Economic development/diversification
Enjoying state's natural resources

In keeping with the "We the People" theme, the IRRRB statutory authorities are both broad and flexible. Over the years, this has allowed the agency to quickly respond to the changing needs of the Taconite Tax Relief Area.

CLIMATE:

The following factors are shaping the development of policies and programs at the IRRRB:

Taconite Industry: Most IRRRB revenues are derived from taconite production taxes levied on the mining companies in lieu of local property taxes. As such, these revenues decrease with downturns

in taconite production, which correspondingly diminishes the IRRRB's ability to fund projects and programs. However, the urgency of IRRRB assistance is heightened when the taconite industry falters.

Hence, the agency has historically displayed a tendency to carry forward fund balances from 1 fiscal year to the next. This safeguard, combined with the "three-year-average" provision of the taconite tax formula, insures that the agency and the region have adequate time to react and adjust to changing fiscal parameters.

Age and Outmigration of Population: Consistent with state and national trends, an increasing proportion of northeastern Minnesota's population is older. Thus, the major costs of supporting the region's physical and programmatic infrastructure is spread among a proportionately smaller population of taxpayers in their peak earning years. This trend is exacerbated by the outmigration of generally younger residents of child-bearing age forced to leave the region in pursuit of economic opportunities.

Creating new economic opportunities to retain and return younger people to northeastern Minnesota is the most important challenge facing the IRRRB.

Dependence on Natural Resource-Based Industries: The northeastern Minnesota economy is based on the 3 T's: Taconite, Timber and Tourism. These 3 economic sectors either directly or indirectly comprise the major portion of the gross regional product. However, the information age and the global economy, coupled with increasing environmental pressures and the national recession, have combined to threaten these traditional economic mainstays. Thus, within the limitations of truly global forces, the IRRRB seeks to strengthen the viability of the 3 T's while simultaneously supporting economic diversification efforts in new and innovative economic sectors.

Geographic Scale & Remoteness: Northeastern Minnesota must continually overcome size and locational impediments to economic development. The region is vast. (St. Louis County, alone, is larger than several states.) Distances within the region are great, as are distances from major markets such as the Twin Cities and beyond.

The IRRRB must utilize technological advances in the areas of information and telecommunications to mitigate the region's geographical disadvantages. We must highlight regional advantages such as quality rail, highway and airport systems. We must work to change common misconceptions about our region by publicizing our rural strengths: a skilled and productive workforce, an excellent quality of life, quality educational institutions, low cost real estate and innovative programs of assistance to private enterprises.

AGENCY BUDGET PLAN:

The IRRRB will continue to control its operational costs in order that it can maximize its impact upon its service area. Over the past several years, a special effort has been made to minimize the subsidy levels at Giants Ridge, Ironworld USA and the Iron Range Research and Interpretative Centers. While the operation of these facilities addresses a number of Milestones goals, including a positive regional economic impact through increased tourism, the agency seeks to maintain this impact at the lowest possible net expenditure level.

Increased investments in grants to local governments and organizations for the promotion of tourism will remain a priority in the upcoming biennium.

Major new expenditures designed to enhance the long-range viability of the Minnesota taconite industry are being made, beginning in F.Y. 1993 and carrying over to the next biennium.

A $600,000 capital expenditure proposed in F.Y. 1993 to expand and renovate the IRRRB Eveleth headquarters building, which includes increasing and improving the space leased to the Virginia district office of the Minnesota State Patrol, is being reviewed. It appears that part of this appropriation will not be expended. Any portion of this appropriation not used in F.Y. 1993 will become available for alternate use in F.Y. 1994-95.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: IRON RANGE RESRCE & R

PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
AGENCY ADMINISTRATION	1,711	1,421	2,297	1,697	1,697	1,697	1,697	1,697	1,697
TOURISM DEVELOPMENT	6,232	5,398	6,846	5,511	5,511	5,511	5,511	5,511	5,511
COMMUNITY DEVELOPMENT	14,890	13,516	13,541	12,662	12,662	12,662	12,662	12,662	12,662
BUSINESS DEVELOPMENT	3,062	14,285	20,376	10,279	10,279	10,279	6,104	6,104	6,104
TOTAL EXPENDITURES BY PROGRAM	25,895	34,620	43,060	30,149	30,149	30,149	25,974	25,974	25,974
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
IRON RANGE R & R	21,787	19,693	34,543	23,678	23,678	23,678	19,503	19,503	19,503
NE MN ECONOMIC PROT	4,108	14,911	8,502	6,471	6,471	6,471	6,471	6,471	6,471
GIFTS AND DEPOSITS		16	15						
TOTAL FINANCING	25,895	34,620	43,060	30,149	30,149	30,149	25,974	25,974	25,974
POSITIONS BY FUND:									
IRON RANGE R & R	105.4	86.4	86.5	86.5	86.5	86.5	86.5	86.5	86.5
NE MN ECONOMIC PROT	16.0	13.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5
TOTAL POSITIONS	121.4	99.9	99.0	99.0	99.0	99.0	99.0	99.0	99.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: IRON RANGE RESRCE & R

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	43,060	43,060			43,060	43,060		
TECHNICAL ADJUSTMENTS								
NON-RECURRING EXPENDITURES	<12,911>	<17,086>			<12,911>	<17,086>		
SUBTOTAL TECH. ADJ.	<12,911>	<17,086>			<12,911>	<17,086>		
CURRENT SPENDING	30,149	25,974			30,149	25,974		
AGENCY BASE	30,149	25,974			30,149	25,974		

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PROGRAM: Agency Administration
AGENCY: Iron Range Resources and Rehabilitation, Board of (IRRRB)

PROGRAM PURPOSE:

Agency Administration exists to manage and provide support services to all other IRRRB programs. It includes the Office of the Commissioner, General Support, Shop, Public Information and Labor Pool activities.

A portion of the costs of these activities are indirectly reallocated to the Taconite Area Environmental Protection Fund as per M.S. 298.223 and the Northeast Minnesota Economic Protection Fund as per M.S. 298.296.

PROSPECTS:

Increased demand for available agency financial resources intensifies the need to control agency administrative costs.

OUTCOMES:

The IRRRB continues to control the costs it incurs in administering the various projects and programs delivered by the agency to the residents of the Taconite Tax Relief Area.

The agency will continue to comply with the 5% statutory limitations established for the costs of administering the Taconite Area Environmental Protection Fund (TEPF: M.S. 298.223) and the Northeast Minnesota Economic Protection Fund (NEPF: M.S. 298.296).

PROGRAM PLAN:

For the TEPF, the 5% statutory limitation for administrative costs is calculated against the amount annually expended from the fund. Therefore, by definition, new projects or programs funded from the TEPF increase the base amount against which the 5% is calculated and correspondingly increase the amount available for administrative expenses incurred.

For the NEPF, the 5% statutory limitation for administrative costs is calculated against the net interest, dividends and earnings arising from the trust in the preceding fiscal year, thereby providing sufficient lead time to adjust administrative costs in accordance with the 5% limit, if necessary.

Specific administrative cost issues include costs incurred in the management and maintenance of the agency information systems. As the IRRRB becomes more dependent upon computers, these costs increase. However, the increased productivity provided by computer and other technological advances is projected to more than pay for the increased costs of managing and maintaining the systems.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: IRON RANGE RESRCE & R
PROGRAM: AGENCY ADMINISTRATION

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
GENERAL SUPPORT	1,405	1,421	2,297	1,697	1,697	1,697	1,697	1,697	1,697
CORPUS DRAWDOWN	306								
TOTAL EXPENDITURES BY ACTIVITY	1,711	1,421	2,297	1,697	1,697	1,697	1,697	1,697	1,697
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
IRON RANGE R & R	1,024	1,138	2,013	1,413	1,413	1,413	1,413	1,413	1,413
NE MN ECONOMIC PROT	687	283	284	284	284	284	284	284	284
TOTAL FINANCING	1,711	1,421	2,297	1,697	1,697	1,697	1,697	1,697	1,697
POSITIONS BY FUND:									
IRON RANGE R & R	26.5	22.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2
TOTAL POSITIONS	26.5	22.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2

BUDGET ACTIVITY: General Support
PROGRAM: Agency Administration
AGENCY: Iron Range Resources and Rehabilitation, Board of (IRRRB)

ACTIVITY DESCRIPTION:

General Support includes the Office of the Commissioner, Personnel, Accounting, Purchasing, 50% of the costs of a Special Assistant Attorney General assigned to the agency, computer support services, and building and grounds expenses associated with the agency administrative complex located in Eveleth.

This activity provides for the management of all other agency programs and projects through the commissioner and deputy. However, the largest portion of total costs are incurred for salaries and expenses which provide basic support services to the rest of the agency.

One such basic support category is the Shop, which maintains and repairs agency vehicles and equipment. The Shop also supervises and assists with building and grounds tasks related to the Eveleth administrative complex.

Public Information is another support category, performing an information dissemination function for the agency, as well as coordinating press releases and media relations for the Office of the Commissioner. This category also coordinates the production of the agency biennial reports to the legislature.

In addition, Public Information performs an in-house publishing function, producing the *Resourcer*, an employee newsletter published quarterly, and the *RangeView*, an award-winning tabloid featuring the people, resources and opportunities of northeastern Minnesota which is published three times annually.

Labor Pool is a support category in which parts of full-time employees not utilized by other activities are captured to perform tasks which support broader agency objectives. This activity also budgets money for unemployment compensation, workman's compensation and insurance payments associated with early retirements.

BUDGET ISSUES:

The IRRRB will continue to control its administrative costs as part of its overall agency strategy to minimize internal operating costs; thereby reserving the maximum amount possible for projects with the greatest and most direct benefit to the region.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: IRON RANGE RESRCE & R
PROGRAM: AGENCY ADMINISTRATION
ACTIVITY: GENERAL SUPPORT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	935	1,062	1,247	1,247	1,247	1,247	1,247	1,247	1,247
EXPENSES/CONTRACTUAL SRVCS	69	45	58	58	58	58	58	58	58
MISC OPERATING EXPENSES	123	127	133	133	133	133	133	133	133
SUPPLIES/MATERIALS/PARTS	129	104	110	110	110	110	110	110	110
CAPITAL EQUIPMENT	30	16	12	12	12	12	12	12	12
OTHER	119	67	737	137	137	137	137	137	137
SUBTOTAL STATE OPERATIONS	1,405	1,421	2,297	1,697	1,697	1,697	1,697	1,697	1,697
TOTAL EXPENDITURES	1,405	1,421	2,297	1,697	1,697	1,697	1,697	1,697	1,697
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
IRON RANGE R & R	1,024	1,138	2,013	1,413	1,413	1,413	1,413	1,413	1,413
NE MN ECONOMIC PROT	381	283	284	284	284	284	284	284	284
TOTAL FINANCING	1,405	1,421	2,297	1,697	1,697	1,697	1,697	1,697	1,697
POSITIONS BY FUND:									
IRON RANGE R & R	26.5	22.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2
TOTAL POSITIONS	26.5	22.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2

BUDGET ACTIVITY: Corpus Drawdown
PROGRAM: Agency Administration
AGENCY: Iron Range Resources and Rehabilitation, Board of

ACTIVITY DESCRIPTION:

This activity includes projects and programs funded from appropriations from the Northeast Minnesota Economic Protection Fund (NEPF) corpus in accordance with M.S. 298.292-.298.

BUDGET ISSUES:

The 1990 Legislature increased the taconite production tax aid to schools under M.S. 298.28, subdivision 4., paragraph (d) from $150 per pupil unit to $175 per pupil unit; the additional aid to be used for outcome-based learning approved by the Commissioner of Education.

This legislation was originally thought to apply to the 7-15-91 taconite aid distribution. When it was discovered that the law was actually effective on 7-1-90, the Commissioner of Revenue ruled that $306,000 of the aid distributed on 7-15-90 to the NEPF corpus should be paid to Taconite Tax Relief Area school districts to be used for outcome-based learning programs. This accounts for the $306,000 expenditure shown in F.Y. 1991.

No expenditures are budgeted for this activity in F.Y. 1994-95, although the NEPF corpus remains one of the potential sources for additional money which might be required for the Taconite Assistance Program.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: IRON RANGE RESRCE & R
PROGRAM: AGENCY ADMINISTRATION
ACTIVITY: CORPUS DRAWDOWN

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
MISC OPERATING EXPENSES	306								
SUBTOTAL STATE OPERATIONS	306								
TOTAL EXPENDITURES	306								
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
NE MN ECONOMIC PROT	306								
TOTAL FINANCING	306								
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

PROGRAM: Tourism Development
AGENCY: Iron Range Resources and Rehabilitation, Board of (IRRRB)

PROGRAM PURPOSE: Tourism Development exists to provide programs that promote northeastern Minnesota tourism.

This program supports various Milestones themes. Giants Ridge promotes participation in amateur sports, and Ironworld USA and the Iron Range Research and Interpretative Centers promote participation in and attendance at cultural events; both are consistent with goals contained in the "Caring and Secure Community" theme. Operation of these IRRRB facilities also contributes to regional tourism activity, promoting economic growth as expressed in the "Prosperous People" theme. IRRRB grants to local governments and organizations for the promotion of regional tourism support this theme as well.

PROSPECTS:

1. Tourists and residents are demanding more and better winter recreational opportunities. Giants Ridge and area trails systems are enjoying increased usage from both user groups.

2. Tourists and residents are demanding higher quality entertainment and more exciting cultural opportunities than ever before. The average American's leisure time continues to shrink while the menu of leisure choices continues to grow, and therefore the competition for tourists is increasing.

3. Fishing, the biggest traditional summer tourist activity, is dependent upon maintaining acceptable fish size and numbers in area lakes. Enhancing or complementing fishing with other summer entertainment options is a difficult challenge.

4. Regional tourism businesses and organizations are coming to agree that they must cooperate to cost-effectively promote the region as a tourist destination with many exciting vacation opportunities.

5. Duluth's success as a "port-of-entry" for visitors to the region offers new opportunities for cooperative ventures with Duluth attractions.

OUTCOMES:

1. In response to increased visitation at Giants Ridge, the IRRRB has approved a $668,000 expansion to the chalet. This improvement will add sorely needed booting and eating space. The expansion will be partially finished prior to the beginning of the F.Y. 1992-93 ski season, and completed early next summer. The agency will also continue to work closely with the private developer building condominiums on the adjacent Wynne Lake; as the condominiums provide valuable on-site lodging for Giants Ridge visitors.

   In response to increased usage of winter recreational trails, the IRRRB will continue to upgrade its grooming equipment to maintain the effectiveness and reliability of its grooming program.

   On a more limited basis, the agency will continue to fund the construction of new trails. Grants for improvements to and maintenance of existing trails will also be provided.

2-5. Ironworld USA and the Iron Range Interpretative and Research Centers will continue to design their programming and exhibits with the discriminating tourist clearly in mind.

   The creation of the Northern Lights Tourism Alliance (NLTA), representing regional tourism businesses and organizations, has helped encourage regional collaboration on tourism promotion and mobilize support for the DNR's "catch and release" program, which helps to preserve and protect the native fish population. Through the NLTA, cooperative marketing overtures to the Duluth tourism community are now being made which promise to provide future benefits to the entire region.

OBJECTIVES:

Visits in Thousands

Giants Ridge Attendance:

F.Y. 1985	F.Y. 1987	F.Y. 1989	F.Y. 1991	F.Y. 1993	F.Y. 1994	F.Y. 1995
42	86	98	115	128	135	142

Ironworld USA Attendance:

F.Y. 1986	F.Y. 1987	F.Y. 1989	F.Y. 1991	F.Y. 1993	F.Y. 1994	F.Y. 1995
113	131	117	120	133	140	147

We project a 5% annual increase in attendance in F.Y. 1994 and again in F.Y. 1995, from the base year of F.Y. 1993.

PROGRAM PLAN: The IRRRB will continue to operate Giants Ridge, Ironworld USA and the Iron Range Interpretative and Research Centers with an eye on both quality and lower operational subsidies. Admission fees to agency facilities are annually reviewed, and these fees are periodically adjusted commensurate with increased costs and what the market will bear. However, proposed increases in admission fees must be carefully analyzed to insure that the net result of the change will reduce rather than increase operational subsidies.

The agency will continue to support its Trails program, with its special emphasis on winter tourism opportunities, focusing on snowmobile trails which are designed, maintained and groomed to premium standards. Recent investments in new grooming equipment promise to improve the agency's ability to achieve and maintain optimum program results.

The creation of the Northern Lights Tourism Alliance adds a new dimension to IRRRB tourism efforts, bringing the agency closer to the industry so that it can better understand priority needs and how best to address those needs. The NLTA will advise the Commissioner regarding tourism policy, helping him focus his investments in tourism promotion and natural resource enhancement. These efforts will continue, perhaps even accelerate, depending upon the success of prototypal programs initiated in F.Y. 1993.

Grants to local governments and tourist organizations will also be provided, depending upon the quality of the projects proposed.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: IRON RANGE RESRCE & R
PROGRAM: TOURISM DEVELOPMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TOURISM	6,209	5,119	6,176	5,511	5,511	5,511	5,511	5,511	5,511
TOURISM FACILITY CONSTRUCTN	23	279	670						
TOTAL EXPENDITURES BY ACTIVITY	6,232	5,398	6,846	5,511	5,511	5,511	5,511	5,511	5,511
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
IRON RANGE R & R	6,209	5,109	6,829	5,511	5,511	5,511	5,511	5,511	5,511
NE MN ECONOMIC PROT	23	273	2						
GIFTS AND DEPOSITS		16	15						
TOTAL FINANCING	6,232	5,398	6,846	5,511	5,511	5,511	5,511	5,511	5,511
POSITIONS BY FUND:									
IRON RANGE R & R	60.9	52.1	52.6	52.6	52.6	52.6	52.6	52.6	52.6
TOTAL POSITIONS	60.9	52.1	52.6	52.6	52.6	52.6	52.6	52.6	52.6

BUDGET ACTIVITY: Tourism Activities
PROGRAM: Tourism Development
AGENCY: Iron Range Resources and Rehabilitation, Board of (IRRRB)

ACTIVITY DESCRIPTION:

The IRRRB owns and operates three facilities that have a major impact on regional tourism efforts, including:

- Giants Ridge, a quality alpine and nordic skiing facility, located near Biwabik. Giants Ridge is also a Midwest regional training center for the U.S. Ski Association-Nordic Division and the U.S. Biathlon Federation.
- Ironworld USA, located in Chisholm, is a historical theme park dedicated to the history and culture of the people from the many different ethnic groups which settled and built the Iron Range.
- The Iron Range Research and Interpretative Centers, also located in Chisholm, are an integral part of the Ironworld complex and program established to collect and preserve the history and culture of the Iron Range.

The IRRRB also operates 2 programs which promote regional tourism:

- The Trails program, which provides financial assistance, technical assistance and equipment for trail development and maintenance in the Taconite Tax Relief Area. This program focuses on winter trails, with a special emphasis on the grooming of area snowmobile trails and the promotion of winter special events.
- The Tourism activity also has a Tourism Planning and Development category which provides funding to local governments and organizations for the promotion of regional tourism. With the support of the IRRRB, a new regional tourism organization, the Northern Lights Tourism Alliance, has been established. In cooperation with this grassroots organization, the IRRRB has established a marketing program which provides funding for joint-venture and region-wide promotion as well as certain special events; and a resource development program which provides funding for fishery management and catch-and-release efforts which will enhance DNR efforts to sustain the fish populations in area lakes and streams.

BUDGET ISSUES:

With the exception of decreases reflecting certain capital expenditures completed in F.Y. 1993, the IRRRB Budget Plan provides base-level funding for the Giants Ridge, Ironworld USA and Iron Range Research & Interpretative Centers tourism facilities in F.Y. 1994-95. This reflects the IRRRB commitment to control subsidy levels at these facilities.

Likewise, the IRRRB Trails budget, with the exception of a decrease reflecting the purchase of grooming equipment in F.Y. 1993, is provided at base level.

Tourism Planning and Development is funded at base level as well, although the base year of F.Y. 1993 represents a substantial increase from past agency expenditures in this category.

Overall, the Tourism activity, with the exception of the items mentioned above, is funded at base level, although external agency tourism efforts have been increased, starting in F.Y. 1993.

REVENUE:

Dollars in Thousands

Giants Ridge Revenues:

F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
811	945	1,068	1,259	1,400	1,400	1,400

Ironworld USA Revenues:

F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
565	516	500	508	661	661	661

We have taken a conservative approach and projected revenue at base year F.Y. 1993 levels into F.Y. 1994 and F.Y. 1995. However, we expect to generate more revenue than we've projected.

GRANTS:

Grants are awarded to local governments and organizations for tourism promotional efforts in accordance with the following criteria.

The primary goals are to:

- Generate increased travel into the Taconite Tax Relief Area; and
- Encourage multi-community projects which enhance local initiatives in developing tourism marketing plans and strategies.

Special priority is given to projects that demonstrate the greatest regional impact. Higher consideration is given to applicants that provide annual customer service training which will support sustained tourism growth. In the area of special events, priority is given to regional and new events versus local and established events. Collaborative efforts are openly encouraged, with highest priority given to eligible projects with maximum participation.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: IRON RANGE RESRCE & R
PROGRAM: TOURISM DEVELOPMENT
ACTIVITY: TOURISM

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,332	2,393	2,500	2,500	2,500	2,500	2,500	2,500	2,500
EXPENSES/CONTRACTUAL SRVCS	1,696	1,326	1,500	1,260	1,260	1,260	1,260	1,260	1,260
MISC OPERATING EXPENSES	372	412	353	353	353	353	353	353	353
SUPPLIES/MATERIALS/PARTS	454	369	372	357	357	357	357	357	357
CAPITAL EQUIPMENT	266	199	344	156	156	156	156	156	156
OTHER	597	253	361	139	139	139	139	139	139
SUBTOTAL STATE OPERATIONS	5,717	4,952	5,430	4,765	4,765	4,765	4,765	4,765	4,765
LOCAL ASSISTANCE	492	167	746	746	746	746	746	746	746
TOTAL EXPENDITURES	6,209	5,119	6,176	5,511	5,511	5,511	5,511	5,511	5,511
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
IRON RANGE R & R	6,209	5,103	6,161	5,511	5,511	5,511	5,511	5,511	5,511
GIFTS AND DEPOSITS		16	15						
TOTAL FINANCING	6,209	5,119	6,176	5,511	5,511	5,511	5,511	5,511	5,511
POSITIONS BY FUND:									
IRON RANGE R & R	60.9	52.1	52.6	52.6	52.6	52.6	52.6	52.6	52.6
TOTAL POSITIONS	60.9	52.1	52.6	52.6	52.6	52.6	52.6	52.6	52.6

BUDGET ACTIVITY: Tourism Facility Construction
PROGRAM: Tourism Development
AGENCY: Iron Range Resources and Rehabilitation, Board of

ACTIVITY DESCRIPTION:

This activity includes expenditures for construction and/or renovation of IRRRB tourism facilities, including Giants Ridge, Ironworld USA or the Iron Range Research and Interpretative Centers.

BUDGET ISSUES:

No expenditures are budgeted for this activity in F.Y. 1994-95. However, expenditures made in prior years were made for the following purposes:

In F.Y. 1991, small balances were expended at Ironworld for amphitheater and festival park improvements; and at Giants Ridge for chalet and other facility improvements.

In F.Y. 1992, a very small remaining balance was expended for other facility improvements at Giants Ridge. However, the greatest portion of the $280,000, approximately $267,000, was reserved for a grant to the City of Biwabik for water and sewer extensions to Giants Ridge and the private development adjacent to Giants Ridge.

In F.Y. 1993, the $670,000 shown is being spent on an addition to/renovation of the Giants Ridge chalet.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: IRON RANGE RESRCE & R
PROGRAM: TOURISM DEVELOPMENT
ACTIVITY: TOURISM FACILITY CONSTRUCTN

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
SUPPLIES/MATERIALS/PARTS	5	7	2						
CAPITAL EQUIPMENT	5								
OTHER	13	5	668						
SUBTOTAL STATE OPERATIONS	23	12	670						
LOCAL ASSISTANCE		267							
TOTAL EXPENDITURES	23	279	670						
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
IRON RANGE R & R		6	668						
NE MN ECONOMIC PROT	23	273	2						
TOTAL FINANCING	23	279	670						
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

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PROGRAM: Community Development
AGENCY: Iron Range Resources and Rehabilitation, Board of (IRRRB)

PROGRAM PURPOSE:

Community Development exists to provide programs which enhance northeastern Minnesota communities.

This program contributes to several Milestones themes. Within a "Caring and Secure Community," IRRRB grants to local governments for water and sewer systems and fire halls contribute to healthy living and safe community goals. Grants for town hall, community and senior centers and recreational improvements support increased cultural and recreational participation.

Funding for regional infrastructure also protects and improves the quality of the air, water and earth while enhancing the beauty of "Our Surroundings;" as do IRRRB Mineland Reclamation efforts to stabilize and revegetate abandoned minelands through resloping mine dumps and pit walls and planting trees, shrubs and grasses. Through Mineland Reclamation, the IRRRB has also developed public accesses to mine pit lakes, constructed bike and hiking trails, planted wildflowers and trees in highway right-of-ways and improved wildlife habitat for several bird species.

IRRRB demolition of dilapidated buildings not only removes unsafe and unsightly structures, but also contributes to the "Prosperous People" theme by returning unproductive properties to the tax rolls and making land parcels available for economic development.

PROSPECTS:

1. Community Water and Wastewater Distribution and Supply Systems

   During the past 15 years, the IRRRB has partially funded the construction of many of the municipal water and wastewater treatment facilities built within the Taconite Tax Relief Area (TTRA). Therefore, most of these facilities remain in relatively good working order, serving the needs of their municipalities and remaining in compliance with environmental standards. However, one of the emerging needs of the next decade is the repair or replacement of the distribution and supply systems that feed these facilities and the streets above them.

2. Fire Halls and Town Halls

   During the past 15 years, the IRRRB has partially funded the construction of many of the fire halls and town halls serving the most rural parts of the TTRA. However, certain areas still have inadequate fire protection or community centers.

3. Airports

   During the past 15 years, the IRRRB has partially funded the construction or improvement of many of the region's airports. As air travel becomes an increasingly more important means of transportation, the maintenance and improvement of regional airports will grow in importance as well.

4. Mineland Reclamation

   It's estimated that there is in excess of 85,000 acres of land on the Mesabi, Cuyuna and Vermilion Ranges that has been disturbed by mining activities. Reclamation of that portion of the total not otherwise provided for by statute falls within the mission of the IRRRB. (The DNR works with the mining industry on an ongoing basis to reclaim lands disturbed by mining after 1980.)

   While the IRRRB has stabilized, reshaped and revegetated thousands of acres of abandoned lands, and thereby converted these lands to more productive uses, thousands of acres of unreclaimed lands remain.

5. Building Demolition

   Since 1972, the IRRRB Building Demolition program has razed more than 5,000 dilapidated buildings across the TTRA. While this effort has helped Iron Range communities maintain a well-kept appearance during times of economic decline and promoted economic development, the demand for demolition assistance continues.

OUTCOMES:

1. Community Water and Wastewater Distribution and Supply Systems

   Past investments in water and wastewater treatment facilities will allow the IRRRB to focus on the distribution and supply systems that feed these facilities, and reconstruction of the roadways above the systems.

2. Fire Halls and Town Halls

   Past investments in fire halls and town halls have helped to build these types of facilities for many of the local governments served by the IRRRB, allowing the agency to focus on other funding areas; although the IRRRB will continue to provide grants for such projects on a more limited basis, including additions and improvements to such facilities. Dry hydrant water delivery systems for rural areas will also be addressed.

3. Airports

   Past investments in the construction of regional airports has helped to satisfy much of the need in this area, although runway resurfacing and other improvements done in conjunction with the Federal Aviation Administration and the MN DOT Aeronautics Division will continue to be funded.

4. Mineland Reclamation

   Since the cost of reclaiming the total number of acres of land that would benefit from reclamation far exceeds the financial resources that the IRRRB can afford to dedicate for this use, the agency will continue to focus its energies on the most critical needs. Safety concerns will remain the number one priority, closely followed by the most pressing environmental needs. The conversion of former minelands to productive alternate uses such as recreation and wildlife enhancement will also be funded, especially in support of regional tourism efforts.

PROGRAM: Community Development
AGENCY: Iron Range Resources and Rehabilitation, Board of (IRRRB)
(Continuation)

5. Building Demolition

The perennial demand for this type of assistance was not anticipated when the IRRRB started this program twenty years ago. While the IRRRB Building Demolition crew has become very proficient at its craft, requests from communities continue to outpace the agency's ability to comply under present funding parameters. However, within the bounds of efficient operation of the program, critical requests such as safety hazards or dilapidated structures blocking imminent economic development will retain priority status.

PROGRAM PLAN:

Grants to local governments for infrastructure and other public improvements will continue to be a priority of the IRRRB. However, competition for this money from other agency activities such as tourism and business development is increasing, while prospects in the taconite industry, the agency's primary revenue source, are becoming less certain. Historically, the amount of money made available to local governments and organizations has been adjusted to absorb fluctuations in agency funding sources and uses. This will remain a fiscal/policy option in the future.

Likewise, Mineland Reclamation and other activities which either complete projects or provide funding in the form of grants to complete projects are subject to annual adjustment, as are other perennial programs, although no such change is proposed at this time for the F.Y. 1994-95 biennium.

However, the agency is considering the possibility of initiating fees for building demolition services to be applied against program expenses. Fees for other programs for which there currently is no direct charge may be considered as well.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: IRON RANGE RESRCE & R
PROGRAM: COMMUNITY DEVELOPMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
RESOURCE REHAB	5,197	4,433	3,116	2,678	2,678	2,678	2,678	2,678	2,678
ENVRNMNTL DVLP GRNTS	370	404	406	406	406	406	406	406	406
LOCAL ENV DEV PROJ	7,482	7,763	8,397	8,397	8,397	8,397	8,397	8,397	8,397
MINELAND RECLAMATION	1,841	916	1,622	1,181	1,181	1,181	1,181	1,181	1,181
TOTAL EXPENDITURES BY ACTIVITY	14,890	13,516	13,541	12,662	12,662	12,662	12,662	12,662	12,662
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
IRON RANGE R & R	14,554	13,214	13,158	12,279	12,279	12,279	12,279	12,279	12,279
NE MN ECONOMIC PROT	336	302	383	383	383	383	383	383	383
TOTAL FINANCING	14,890	13,516	13,541	12,662	12,662	12,662	12,662	12,662	12,662
POSITIONS BY FUND:									
IRON RANGE R & R	18.0	12.1	10.7	10.7	10.7	10.7	10.7	10.7	10.7
NE MN ECONOMIC PROT	9.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
TOTAL POSITIONS	27.0	18.1	16.7	16.7	16.7	16.7	16.7	16.7	16.7

BUDGET ACTIVITY: Resource Rehabilitation
PROGRAM: Community Development
AGENCY: Iron Range Resources and Rehabilitation, Board of (IRRRB)

ACTIVITY DESCRIPTION:

Resource Rehabilitation is an activity through which various forms of assistance to local governments and organizations are administered, both in the form of grants and programs such as Building Demolition.

The Community Development category directly administers the agency grant program to local governments and organizations. Included are salaries, supplies and expenses required to do so.

The Aviation Development category provides funding to directly or indirectly address opportunities or problems associated with the Northwest Airlines project. An example of an opportunity is expenses required or incentives offered to recruit an aviation-related business. An example of a problem is the expansion or repair of infrastructure required to support continued aviation development, such as airport or water and sewer improvements. Research or planning expenses required to address either opportunities or problems would also be eligible for funding from this category.

Through its Community Development Grants category, in accordance with M.S. 298.22, the IRRRB provides partial funding for a variety of community development uses, including fire protection, recreation and public building improvements. The funding criteria for these grants is the same as that used for the Local Economic Development category, which is explained later in this section.

The Scholarship category is a new IRRRB program, providing a small allocation for grants to needy Iron Range students to further their higher education at community or technical colleges located within the Taconite Tax Relief Area. This program recognizes the importance of education as an industry as well as the special challenges facing nontraditional or placebound students by providing an incentive for Iron Range residents to pursue their educations at Iron Range educational facilities. No specific guidelines have yet been created for the program.

The Research & Planning category provides discretionary funding for architectural, engineering, or feasibility studies required by the agency to support its internal operations or to assist businesses seeking to expand in or relocate to northeastern Minnesota. The agency contingency portion of this appropriation is reserved for unplanned departmental expenses of any kind, but repairs or modifications of agency facilities has been the most common use.

The Building Demolition Program provides for the razing and disposal of unmarketable, dilapidated structures located throughout the Iron Range area. Removal of these structures makes the vacated property available for alternate uses, and new residential or commercial development often follows. Property owners usually submit their demolition requests through their local governmental units. The demolition crew periodically moves from one location to another, razing buildings in a single location before moving on to a new location. Generally, the crew is able to return to each location every 1 or 2 years.

BUDGET ISSUES:

The IRRRB's Budget Plan provides sufficient funding to address all activity needs as presently perceived. However, if additional dollars are available, these could be put to a number of beneficial community development uses.

There continues to be a great demand for building demolition services in the region, and additional funding for this program would allow the IRRRB to respond more quickly to community needs of this type. However, the agency feels that the most critical situations are being adequately addressed under current funding levels.

Currently the IRRRB Building Demolition program is provided at no cost to residents of the Taconite Tax Relief Area. The agency may look at instituting some sort of fee for this service in the future, although such a change might require a change in law.

GRANTS:

Please refer to the Local Economic Development Activity within the Community Development Program, as presented later in this section.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: IRON RANGE RESRCE & R
PROGRAM: COMMUNITY DEVELOPMENT
ACTIVITY: RESOURCE REHAB

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	387	368	371	371	371	371	371	371	371
EXPENSES/CONTRACTUAL SRVCS	186	106	44	44	44	44	44	44	44
MISC OPERATING EXPENSES	15	23	47	47	47	47	47	47	47
SUPPLIES/MATERIALS/PARTS	43	16	150	150	150	150	150	150	150
CAPITAL EQUIPMENT	80	24	50	50	50	50	50	50	50
OTHER	146	25							
SUBTOTAL STATE OPERATIONS	857	562	662	662	662	662	662	662	662
AIDS TO INDIVIDUALS	21								
LOCAL ASSISTANCE	4,319	3,871	2,454	2,016	2,016	2,016	2,016	2,016	2,016
TOTAL EXPENDITURES	5,197	4,433	3,116	2,678	2,678	2,678	2,678	2,678	2,678
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
IRON RANGE R & R	4,861	4,131	2,733	2,295	2,295	2,295	2,295	2,295	2,295
NE MN ECONOMIC PROT	336	302	383	383	383	383	383	383	383
TOTAL FINANCING	5,197	4,433	3,116	2,678	2,678	2,678	2,678	2,678	2,678
POSITIONS BY FUND:									
IRON RANGE R & R	3.1	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0
NE MN ECONOMIC PROT	9.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
TOTAL POSITIONS	12.1	9.5	9.0	9.0	9.0	9.0	9.0	9.0	9.0

BUDGET ACTIVITY: Environmental Development Grants
PROGRAM: Community Development
AGENCY: Iron Range Resources and Rehabilitation, Board of (IRRRB)

ACTIVITY DESCRIPTION:

Occupation taxes are allocated for Carlton and Koochiching counties in equal amounts as provided by M.S. 298.17 to provide environmental development grants to local governments or economic development grants or loans to businesses located within each county; provided that the county board or an advisory group appointed by the county board makes recommendations concerning each project.

This funding is provided annually to each county, contingent upon the county providing a report to the IRRRB concerning the status of past investments made from the appropriation, especially those made during the preceding fiscal year.

BUDGET ISSUES:

Since, by law, the Supplemental Tax money can only be used in Carlton and Koochiching Counties, IRRRB spending in other activities does not directly impact the availability of funding for this program.

The IRRRB Budget Plan projects base level funding for this activity in F.Y. 1994-95, although actual revenues will depend upon taconite production levels. Both Carlton and Koochiching County currently have unexpended fund balances derived from this source, which would seem to indicate that the present level of funding is adequate.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: IRON RANGE RESRCE & R
PROGRAM: COMMUNITY DEVELOPMENT
ACTIVITY: ENVRNMNTL DVLP GRNTS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
OTHER	14	14	14	14	14	14	14	14	14
SUBTOTAL STATE OPERATIONS	14	14	14	14	14	14	14	14	14
LOCAL ASSISTANCE	356	390	392	392	392	392	392	392	392
TOTAL EXPENDITURES	370	404	406	406	406	406	406	406	406
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
IRON RANGE R & R	370	404	406	406	406	406	406	406	406
TOTAL FINANCING	370	404	406	406	406	406	406	406	406
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

BUDGET ACTIVITY: Local Economic Development
PROGRAM: Community Development
AGENCY: Iron Range Resources and Rehabilitation, Board of (IRRRB)

ACTIVITY DESCRIPTION:

M.S. 298.223 authorizes local economic development projects including construction of water and sewer systems and other public works located within a tax relief area defined in section 273.134. Pursuant to this statute, the IRRRB provides partial funding to local units of government--cities, towns, counties and Indian tribal governments located with the Taconite Tax Relief Area--for infrastructural improvements, city halls and maintenance facilities, senior centers, town halls, fire halls, airports and recreational improvements.

Included within this activity is a special appropriation for grants to local governments to make infrastructural improvements required to support specific business projects. In F.Y. 1993, this appropriation was the source of funding for the extension of water and sewer lines to a retail development in Aitkin, the expansion of a utility in Aurora, and a new manufacturing enterprise in Mt. Iron.

BUDGET ISSUES:

As noted in the program level narrative, the IRRRB Budget Plan continues to consider grants for local economic development projects a high priority. Maintaining funding for local economic development projects in F.Y. 1994-95 at base levels reflects this commitment.

However, when revenues have faltered or a critical new need for expenditures has been identified, the agency historically has adjusted the amount of money made available to local governments accordingly. This will remain a policy/fiscal option in the future.

GRANTS:

Grants funded out of this activity are made in accordance with M.S. 298.223. The Community Development grants explained in the Resource Rehabilitation section of the Community Development program are made in accordance with M.S. 298.22. Both statutes authorize the expenditure of IRRRB money for economic development projects, and grants from either activity are selected in accordance with the following agency funding criteria which have been in effect since 1988:

1. Job retention or creation.

2. Leverage of proposed IRRRB project funding compared to total project costs.

3. Relative need of the applicant.

4. Impact of the project on the area's economy.

5. Project viability, including the cost-effectiveness, financial/economic feasibility and technological feasibility of the project.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: IRON RANGE RESRCE & R
PROGRAM: COMMUNITY DEVELOPMENT
ACTIVITY: LOCAL ENV DEV PROJ

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	7,482	7,763	8,397	8,397	8,397	8,397	8,397	8,397	8,397
TOTAL EXPENDITURES	7,482	7,763	8,397	8,397	8,397	8,397	8,397	8,397	8,397
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
IRON RANGE R & R	7,482	7,763	8,397	8,397	8,397	8,397	8,397	8,397	8,397
TOTAL FINANCING	7,482	7,763	8,397	8,397	8,397	8,397	8,397	8,397	8,397
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

BUDGET ACTIVITY: Mineland Reclamation
PROGRAM: Community Development
AGENCY: Iron Range Resources and Rehabilitation, Board of (IRRRB)

ACTIVITY DESCRIPTION:

Pursuant to M.S. 298.223, this activity funds projects designed to reclaim minelands on the Mesabi, Vermilion and Cuyuna iron ranges of northeastern Minnesota. Efforts are directed in 6 priority areas: safety, alternate use, erosion, dust control, revegetation and aesthetics.

The subsequent uses of the reclaimed lands vary from tourism and recreation to wildlife and timber production. Tourism projects include campgrounds and mine overlooks. Recreation projects include sliding hills, trails, beaches, and boat accesses, although these improvements also support tourism. Wildlife habitat is enhanced through the planting of seedlings and grasses on tailings basins and stockpiles.

Mineland Reclamation projects are done in cooperation with local units of government, state and federal agencies and the mining industry, itself.

The Mineland Reclamation activity also includes Engineering and Revegetation.

The Engineering category funds agency salaries, supplies and expenses required to design and oversee Mineland Reclamation projects.

The Revegetation category funds salaries, supplies and expenses required for the growing and planting of trees and shrubs used in Mineland Reclamation efforts. Included in this amount is the cost of operating the Reclamation activity's Growth Chamber located at the Ironworld complex in Chisholm.

Through this program, the IRRRB annually plants nearly 300,000 seedlings at sites located throughout the Taconite Tax Relief Area.

BUDGET ISSUES:

The IRRRB Budget Plan shows a decrease in funding for this activity from F.Y. 1993 to F.Y. 1994. This decrease is due to the anticipated completion of past projects whose funding had been rolled forward to F.Y. 1993.

With this exception, funding in F.Y. 1994-95 is provided at base levels, which will provide adequate funding for anticipated Mineland Reclamation needs during the next biennium.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: IRON RANGE RESRCE & R
PROGRAM: COMMUNITY DEVELOPMENT
ACTIVITY: MINELAND RECLAMATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	346	324	416	410	410	410	410	410	410
EXPENSES/CONTRACTUAL SRVCS	240	400	979	617	617	617	617	617	617
MISC OPERATING EXPENSES	657	55	66	66	66	66	66	66	66
SUPPLIES/MATERIALS/PARTS	51	48	151	78	78	78	78	78	78
CAPITAL EQUIPMENT	12	2							
OTHER	475	16							
SUBTOTAL STATE OPERATIONS	1,781	845	1,612	1,171	1,171	1,171	1,171	1,171	1,171
LOCAL ASSISTANCE	60	71	10	10	10	10	10	10	10
TOTAL EXPENDITURES	1,841	916	1,622	1,181	1,181	1,181	1,181	1,181	1,181
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
IRON RANGE R & R	1,841	916	1,622	1,181	1,181	1,181	1,181	1,181	1,181
TOTAL FINANCING	1,841	916	1,622	1,181	1,181	1,181	1,181	1,181	1,181
POSITIONS BY FUND:									
IRON RANGE R & R	14.9	8.6	7.7	7.7	7.7	7.7	7.7	7.7	7.7
TOTAL POSITIONS	14.9	8.6	7.7	7.7	7.7	7.7	7.7	7.7	7.7

PROGRAM: Business Development
AGENCY: Iron Range Resources and Rehabilitation, Board of (IRRRB)

PROGRAM PURPOSE:

Business Development exists to provide programs that promote the economic development and diversification of northeastern Minnesota, thereby creating new jobs and retaining existing jobs for regional residents.

This program focuses on the "Prosperous People" Milestones theme, providing a number of different avenues of assistance to private businesses. Marketing, building and storefront renovation programs focus on existing businesses. A variety of different financing options are packaged for expanding and new businesses. Recruitment of new enterprises to northeastern Minnesota is a special feature of the program. Information and referral services are also provided.

Of special note is a new taconite industry enhancement program designed to strengthen the long-range viability of the Minnesota taconite industry, thereby retaining the quality jobs and economic base provided by iron mining.

While the IRRRB supports a number of diverse activities which improve the general quality of life in northeastern Minnesota, economic development is clearly the agency's primary focus. Business development is the lead program through which this mission is pursued most directly. This, in turn, also contributes to the other Milestones themes, as "A Prosperous People" are best able to build and maintain "Caring and Secure Communities," protect and enhance their "Surroundings," and provide quality "Learning" for themselves and their children.

PROSPECTS:

1. Over the last decade, the population of the region has declined due to an outmigration tied to diminished employment opportunities; thus, there is a critical need to protect and retain existing jobs by nurturing existing regional businesses.

2. Likewise, there is also a heightened need to provide new jobs by attracting new business enterprises to the region.

3. While the taconite industry has stabilized at a reduced level brought about by the rationalization of the last decade, global market pressures, exacerbated by the national recession and changes in the domestic steel industry, have combined to present new threats to the northeastern Minnesota taconite industry.

4. Over the past decade, over $2 billion has been invested in the regional wood products industry. While the national recession has temporarily slowed the demand for paper and wood construction materials, as the economy recovers, a long-range issue will be adequate wood resources to supply the regional wood products industry. This issue has scientific, financial, and political components.

5. While the region has many inherent strengths that should assist its business development efforts, a major obstacle to such efforts is a negative regional image. Northeastern Minnesota simply is not widely perceived as a good place to do business.

OUTCOMES:

1. Existing businesses will be assisted by programs customized to assist them: marketing assistance, the business development program for municipal buildings and storefront renovation. The municipal building and storefront renovation programs provide the peripheral benefit of a dedicated income stream of lease or loan payments for long-range economic development within communities. In this way, IRRRB investments in these programs have both an immediate and future impact.

2. Flexible IRRRB financing programs, coupled with ongoing recruitment efforts, will continue to address the need to attract new business enterprises to northeastern Minnesota.

3. The IRRRB will utilize 2 new tools designed to protect the long-range viability of the northeastern Minnesota taconite industry: 1) the Taconite Economic Development Fund, a legislative initiative which will provide grants to each of the seven active taconite producers; and 2) the Taconite Assistance Program, an agency initiative which will offer additional assistance in the forms of grants or loans to each of the seven producers. Both programs will be used to make improvements to Minnesota taconite operations or to fund research in Minnesota that will sustain or improve those operations.

4. The IRRRB has financed and will continue to finance improvements and expansions in the regional wood products industry. In the past, the IRRRB has also helped fund the generic environmental impact study of Minnesota's wood resources, as well as site-specific wood surveys. Research which supports the regional wood products industry, especially in the area of secondary wood manufacturing will also be considered.

5. The IRRRB continues to work with other regional economic development organizations on collaborative programs which seek to improve northeastern Minnesota's business image.

PROGRAM PLAN:

The IRRRB's primary mission is to help retain existing jobs and create new jobs in northeastern Minnesota. While activities within its Community and Tourism Development programs also support this aim, the IRRRB Business Development program provides the most direct path to this goal. Because of this fact, the IRRRB has historically adjusted its spending in accordance with revenue fluctuations to insure that adequate resources remain available for such efforts. In simplest terms, no deserving business development project has yet gone undone for lack of money. This policy will continue during the next biennium.

The IRRRB's new taconite enhancement programs demonstrate that commitment, as these new programs potentially will pump over $16 million into the northeastern Minnesota taconite industry in F.Y. 1993-94.

Statutory flexibility and financial liquidity are key to the IRRRB's business development efforts. These assets, coupled with current efforts to streamline the agency's project review process, will allow the IRRRB to continue to nurture economic opportunities for the region, now and in the future.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: IRON RANGE RESRCE & R
PROGRAM: BUSINESS DEVELOPMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
BUSINESS DEVELOPMENT	3,062	14,285	8,201	6,104	6,104	6,104	6,104	6,104	6,104
TACONITE INDUSTRY ENHANCEMENT			12,175	4,175	4,175	4,175			
TOTAL EXPENDITURES BY ACTIVITY	3,062	14,285	20,376	10,279	10,279	10,279	6,104	6,104	6,104
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
IRON RANGE R & R		232	12,543	4,475	4,475	4,475	300	300	300
NE MN ECONOMIC PROT	3,062	14,053	7,833	5,804	5,804	5,804	5,804	5,804	5,804
TOTAL FINANCING	3,062	14,285	20,376	10,279	10,279	10,279	6,104	6,104	6,104
POSITIONS BY FUND:									
NE MN ECONOMIC PROT	7.0	7.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
TOTAL POSITIONS	7.0	7.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5

BUDGET ACTIVITY: Business Development
PROGRAM: Business Development
AGENCY: Iron Range Resources and Rehabilitation, Board of (IRRRB)

ACTIVITY DESCRIPTION:

The Business Development activity administers the agency programs which provide assistance to regional businesses. Funding is provided in this activity for the staff salaries, supplies and expenses required to deliver and sustain these programs, including 50% of the cost of a Special Assistant Attorney General assigned to the agency.

Assistance focuses on the following industrial sectors: manufacturing and assembly, minerals, wood products, tourism and technologically innovative businesses.

Programs include a Bank Participation Loan program through which the agency can provide up to 50% of a loan to a private enterprise at a reduced interest rate. A Marketing program through which area businesses may receive limited marketing advice. A Business Development Program for Municipal Buildings which provides grants to units of government to renovate or construct municipal buildings for lease-back to a business. Also, a Storefront Renovation Program which provides grants to Iron Range cities to establish revolving loan funds from which retail/service businesses may borrow money to make facade improvements.

In addition, the business development staff designs custom financial packages for larger projects. The proposal submitted to Northwest Airlines for financing of an engine repair facility at the Chisholm-Hibbing Airport is a good example of such a package.

BUDGET ISSUES:

With the exception of a decrease reflecting the initial establishment of a reserve account for the Northwest Airlines package in F.Y. 1993, the IRRRB plans to fund the Business Development activity at base levels.

Only time will tell whether this funding level proves sufficient, as the agency's business development efforts remain very market driven; business deals happen when they happen. Should more funding be required, the agency would have to look to its carry-forward balances or seek a withdrawal from the NEPF corpus.

As stated earlier, the agency always retains the option of adjusting funding in certain areas to make additional dollars available in others. Notwithstanding the biennial budget process, in practice such adjustments, like the agency's operating budget, are actually done on an annual, versus biennial, basis.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: IRON RANGE RESRCE & R
PROGRAM: BUSINESS DEVELOPMENT
ACTIVITY: BUSINESS DEVELOPMENT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	299	304	365	365	365	365	365	365	365
EXPENSES/CONTRACTUAL SRVCS	575	435	907	878	878	878	878	878	878
MISC OPERATING EXPENSES	54	71	4,034	2,034	2,034	2,034	2,034	2,034	2,034
SUPPLIES/MATERIALS/PARTS	15	10	22	22	22	22	22	22	22
CAPITAL EQUIPMENT	5	2	5	5	5	5	5	5	5
OTHER	734	2,063	2,500	2,500	2,500	2,500	2,500	2,500	2,500
SUBTOTAL STATE OPERATIONS	1,682	2,885	7,833	5,804	5,804	5,804	5,804	5,804	5,804
LOCAL ASSISTANCE	1,380	11,400	368	300	300	300	300	300	300
TOTAL EXPENDITURES	3,062	14,285	8,201	6,104	6,104	6,104	6,104	6,104	6,104
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
IRON RANGE R & R		232	368	300	300	300	300	300	300
NE MN ECONOMIC PROT	3,062	14,053	7,833	5,804	5,804	5,804	5,804	5,804	5,804
TOTAL FINANCING	3,062	14,285	8,201	6,104	6,104	6,104	6,104	6,104	6,104
POSITIONS BY FUND:									
NE MN ECONOMIC PROT	7.0	7.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
TOTAL POSITIONS	7.0	7.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5

BUDGET ACTIVITY: Taconite Industry Enhancement
PROGRAM: Business Development
AGENCY: Iron Range Resources and Rehabilitation, Board of (IRRRB)

ACTIVITY DESCRIPTION:

While the IRRRB continues to make progress towards the diversification of the northeastern Minnesota economy, the regional taconite industry remains a major economic player. Taconite employs over 6,000 workers, and is directly or indirectly responsible for nearly 40% of the $6 billion gross regional product each year.

Recently, changes in the world economy and domestic steel industry have combined to put new pressures on the Minnesota taconite industry, and the legislature and the IRRRB have responded with 2 new programs of assistance to taconite producers.

The 1992 legislature enacted the Taconite Economic Development Fund (TEDF) Act, which freezes the taconite production tax at $2.054 per taxable ton for the 1992 and 1993 production years. Further, this legislation rebates 10.4¢ per ton of taxes paid in 1993 and 1994 to each of the producers to reimburse them for investments in new equipment, facility improvements or research which directly benefits their Minnesota operations. Over $4 million is projected to be annually available for distribution from the TEDF to the 7 active taconite producers on a pro rata basis commensurate with their individual production tonnages.

Yet the IRRRB saw a need to do more, and in F.Y. 1993, $8 million from the TEPF was appropriated for the IRRRB Taconite Assistance Program (TAP). The TAP provides additional capital available to each of the 7 active taconite producers in the form of loans or grants. The maximum amount available is $2 million per producer, to be used for plant expansions, process improvements or new technology which improves the long-term viability of the producer's Minnesota operations. Unlike the TEDF, this program offers equal amounts to all producers, regardless of their relative share of total taconite production.

BUDGET ISSUES:

The IRRRB Budget Plan shows a significant decrease from F.Y. 1993 to F.Y. 1994 in this activity. This is attributable to the fact that $8 million was appropriated from the TEPF for the Taconite Assistance Program in F.Y. 1993, whereas no additional money is yet allocated for this use in F.Y. 1994 or F.Y. 1995. However, any portion of the $8 million appropriated in F.Y. 1993 not spent by the end of the fiscal year will be rolled forward for use in F.Y. 1994. Should more funding be required, then the agency will either have to look to its carry-forward balances or seek a withdrawal from the NEPF corpus.

An additional decrease is shown from F.Y. 1994 to F.Y. 1995, when funding for this activity drops to zero. This is because, under present law, the TEDF rebate of 10.4¢ per taxable ton ends with taxes paid on the 1993 production year which are budgeted for distribution by the IRRRB in F.Y. 1994. It is possible that legislative action could be taken to extend this rebate to F.Y. 1995 or beyond.

GRANTS:

Taconite Economic Development Fund (10.4¢)

Funds are to be released pursuant to M.S. 298.227 for the acquisition of equipment or facilities, or for research and development in Minnesota on new mining, or taconite, iron or steel production technology. Provided that total Minnesota taconite production does not fall below 30 million tons, these funds are available to each of the 7 producers on a pro rata basis commensurate with their individual production tonnages. Funds shall only be released for projects upon the written authorization of a joint committee comprised of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer.

Taconite Assistance Program

Assistance available through the IRRRB Taconite Assistance Program is provided as a local economic development project authorized by M.S. 298.223. A maximum of $2 million per producer is available for plant expansions, process improvements or new technology benefiting Minnesota taconite operations. While the primary thrust of the program is loans, a grant may also be available under the following proposed parameters:

1. The grant must be part of a comprehensive cost reduction or plant expansion plan.
2. The applicant must provide a 65% private participation in the project and show an operational and employment commitment which is acceptable to the IRRRB.
3. Any outstanding balance due the revolving loan portion of the program must be repaid prior to approval of a grant under the program.
4. Some level of repayment will be required should the grantee default on its operational or employment commitments.

Projects will be evaluated according to the following proposed criteria:

1. The project must be approved by representatives of the nonsalaried production and maintenance employees of the applicant.
2. The project must result in the producer becoming more competitive.
3. Job creation and retention issues must be addressed, although cost competitive issues may override each.
4. New technology projects are encouraged.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: IRON RANGE RESRCE & R
PROGRAM: BUSINESS DEVELOPMENT
ACTIVITY: TACONITE INDUSTRY ENHANCEMENT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
OTHER			8,000						
SUBTOTAL STATE OPERATIONS			8,000						
LOCAL ASSISTANCE			4,175	4,175	4,175	4,175			
TOTAL EXPENDITURES			12,175	4,175	4,175	4,175			
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
IRON RANGE R & R			12,175	4,175	4,175	4,175			
TOTAL FINANCING			12,175	4,175	4,175	4,175			
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

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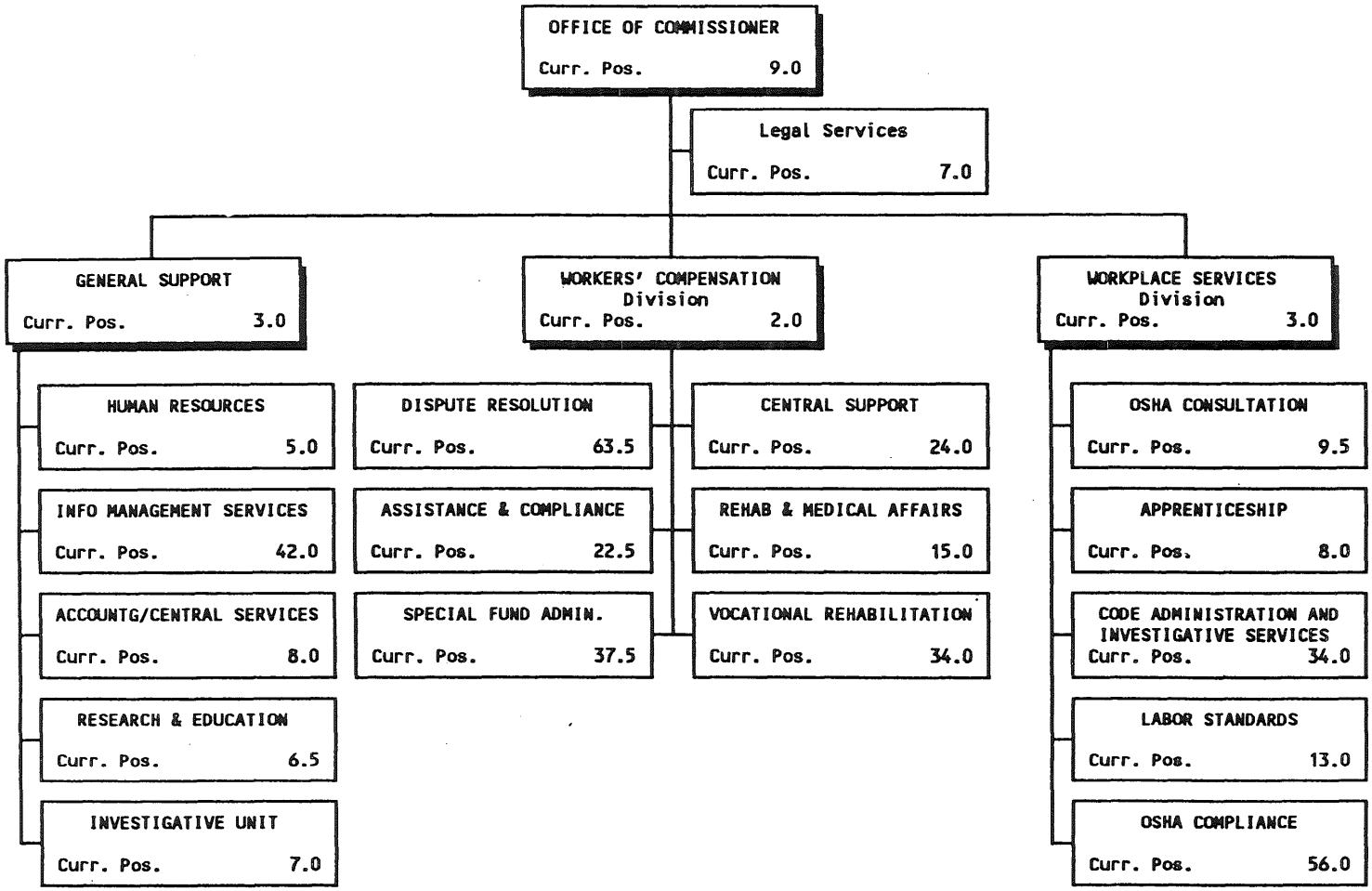
1994-95 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF

Department of Labor and Industry
Organization Chart 7/1/92



Department of Labor and Industry

Position and Employee Status Information

Position Reconciliation:

Authority	Current F.Y. 1993	Requested for 6/30/95
Legislative Complement:		
General Fund	69.4	69.4
Special Revenue	5.0	5.0
Federal	37.6	40.6
Workers' Comp Special	297.5	282.5
Total Permanent Positions	409.5	397.5
Other Complement (FTE)	42.0	42.0
TOTAL Positions	451.5	439.5
Employees on 6/30/92	372	

Employees by Employment Status:

	6/30/92
Full-Time Unlimited	323.0
Full-Time Temporary	23.0
Full-Time Emergency	1.0
Part-Time Unlimited	18.0
Part-Time Temporary	7.0
TOTAL	372.0

1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Labor and Industry, Department of **Fund:** General

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$4,068	$4,068	$8,136
Forecast Adjustments	-0-	-0-	-0-
AGENCY BASE	$4,068	$4,068	$8,136
Inflation Cost Increases	118	229	347
Agency Management Decisions			
Workplace Services:			
Hold positions vacant	$(138)	$(192)	$(330)
Consolidate Activities	(79)	(109)	(188)
Miscellaneous Reductions	(8)	(9)	(17)
Subtotal	$(225)	$(310)	$(535)
General Support:			
Hold Positions Vacant	$(84)	$(108)	$(192)
Labor Education Advancement Programs Grants	(11)	(11)	(22)
Miscellaneous Reductions	(-0-)	(2)	(2)
Subtotal	$(95)	$(121)	$(216)
TOTAL AGENCY PLAN	$3,866	$3,866	$7,732
Governor's Initiatives			
Apprenticeship Training and Education	$180	$180	$360
Salary Planning Estimates	(98)	(99)	(197)
Subtotal	$82	$81	$163
GOVERNOR'S RECOMMENDATION	$3,948	$3,947	$7,895

Brief Explanation of Agency's Overall Actions:

The Department of Labor and Industry (DOLI) is funded from both the General Fund and the Workers' Compensation Special Fund. Because the funding of only 20% of DOLI's operations are from the General Fund, its management challenge will have minimal impact on that fund.

DOLI is taking the initiative to restructure and streamline its staff to make the agency more efficient and responsive. Internal restructuring focuses on a decentralized management structure, although positions at all staffing levels are being reduced or held vacant. In addition, DOLI is reallocating existing resources into activity levels that will provide new or higher quality service to its clients.

The Minnesota Department of Labor and Industry's mission is to create a productive and safe working environment for the citizens of Minnesota. The department fulfills its mission by providing fair and uniform wage standards and ensuring compliance with employment laws and safety and health regulations, and establishing and promoting programs that provide opportunities for training to equip Minnesotans for profitable employment and citizenship.

The department's priorities in developing a budget strategy are to reallocate resources to: (1) meet the challenge of an increasingly diverse work force by placing emphasis on the needs of women and minorities, (2) create training opportunities for non-traditional job categories, and (3) keep pace with technological advancements both in the work place and within the department. The base line decision-making criteria for all department budgetary decisions is to improve service delivery and create a more efficient and responsive state agency that is "close to its customers."

Program Level Decision Rationale

- Workplace Services

The activities of Labor Standards and Apprenticeship will be placed under a single manager so that budget cuts will not hinder child labor, prevailing wage and minimum wage enforcement activities or occupational training programs. Since federal law requires that Apprenticeship programs be housed in each state's Department of Labor and with the unit that regulates child labor laws, it is a natural progression to combine the management of these 2 units. Accordingly, the Labor Standards unit will hold a management position and 2 clerical positions open during the biennium resulting in a savings of $188,000. Funding levels are preserved for Apprenticeship so that current staffing can be maintained in order to achieve the department's goals of increasing the participation of women and minorities in apprenticeship programs, and to develop training opportunities in non-traditional job categories. To achieve the department's goal for providing fair and uniform wage standards and enforcement activities, the Labor Standards division will re-prioritize its efforts to focus more on consultation and compliance by directing existing professional staff to increase outreach activities to educate employers on compliance with the law, and step up on-site inspection activities.

The Code Administrative and Inspection Services unit will hold 4.0 professional positions open during the biennium (2 boiler inspectors, 1 high pressure piping inspector, and 1 elevator inspector) resulting in savings of $347,000. The department will attempt to maintain adequate inspections by modifying the approach for inspection of elevators from an emphasis on new and altered equipment to inspection of older equipment, as well as implementing computerization of files.

Code Administrative and Inspection Services is a fee-supported unit. Currently, boiler licensing and inspection fee revenues exceed expenditures and will remain at current levels throughout the biennium. Pipefitting licensing and inspection fee revenues have been below expenditures resulting in a projected cumulative total deficit of $495,000 by the end of the biennium. The unit will increase fees by a total of $210,000 for the biennium to bring revenues in line with expenditures. In addition, elevator licensing and inspection fee revenues have been below expenditures resulting in a projected cumulative total deficit of $265,000 by the end of the biennium. The unit will increase fees by a total of $150,000 for the biennium to bring revenues in line with expenditures.

- General Support

The Agency Administration activity will hold 1 clerical position vacant and the Information Management Services unit will hold 1 professional position open during the biennium resulting in a savings of $194,000. A major emphasis of the activity is to support the Commissioner's Office. The Commissioner undertakes an aggressive outreach program designed to advocate administration policies to business and labor constituencies. In addition, the activity conducts internal and external education seminars on workers' compensation issues. The department will reallocate work loads by utilizing its word processing and Research and Education units.

DOLI's Labor Education and Advancement Program (LEAP) grant allotment will be reduced by $11,000 each year -- a total of $22,000 for the biennium. Since LEAP grant monies are targeted for job development in minority populations, DOLI will compensate by focusing the Apprenticeship program on developing programs for non-traditional job categories and by emphasizing recruitment of women and minorities in apprenticeable occupations. Because apprenticeship programs are the best way, and in some cases the only way, to learn a skill for a high paying job, DOLI believes that refocusing Apprenticeship will have a positive impact on minority communities despite cuts to the LEAP Grant program.

2. **Impact on Staffing:**

	F.Y. 1994	F.Y. 1995
Positions left Vacant or Eliminated	7.0	9.0

3. **Impact on Revenue Generation:**

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
Agency Plan			
Pipefitting License and Inspection Fees	$ 70	$140	$210
Elevator License and Inspection Fees	75	75	150
Total Agency Impact	$145	$215	$360

4. **Affected Statutes:**
None.

5. **Governor's Recommendation:**

The Governor recommends funding levels as requested in the agency's budget plan except for the following adjustments:

1. As part of the Governor's Jobs Initiative, $360,000 and 4 positions are recommended for apprenticeship training and education. Special attention would be placed on establishing youth apprenticeship opportunities, recruiting more businesses outside the traditional building trades to support apprenticeship programs, and increasing participation of women and minority groups in apprenticeship training.

2. The proposed funding has been reduced due to revised salary planning estimates.

1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Labor and Industry, Department of **Fund:** Workers' Compensation Special

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$16,159	$16,153	$31,693
Forecast Adjustments	-0-	-0-	-0-
AGENCY BASE	$16,159	$15,534	$31,693
Inflation Cost Increase	515	991	1,506
Agency Management Decisions			
Workers' Comp. Reg. and Enforcement:			
Hold positions vacant	$(242)	$(483)	$(725)
Consolidate Activities	(100)	(177)	(277)
Transfer Medical Consultant to General Support	(66)	(66)	(132)
Misc. Reductions	(9)	(9)	(18)
Subtotal	~~$(351)~~	~~$(669)~~	~~$(1,020)~~
	$(417)	$(735)	$(1,152)
Workplace Services:			
Hold positions vacant	$(42)	$(84)	$(126)
Misc. Reductions	(13)	(24)	(37)
Subtotal	$(55)	$(108)	$(163)
General Support:			
Hold positions vacant	$(109)	$(214)	$(323)
Transfer Medical Consultant from Workers' Comp. R & E	66	66	132
Subtotal	$(43)	$(148)	$(191)
TOTAL AGENCY PLAN	$16,159	$15,534	$31,693
Governor's Initiatives			
Transfer OSHA Hygiene Program from Health	$444	$444	$888
Daedalus Project	5,000	-0-	5,000
Litigation of Ergonomics Case	710	-0-	710
Redesigned Occupational Safety & Health System	60	60	120
Salary Planning Estimates	(397)	(375)	(772)
Subtotal	$5,817	$129	$5,946
GOVERNOR'S RECOMMENDATION	$21,976	$15,663	$37,639

Brief Explanation of Agency's Overall Actions:

Eighty percent of Department of Labor and Industry (DOLI's) funding comes from the Special Compensation Fund (SCF). This funding is collected by a 31% assessment against all wage replacement and impairment payments paid by all insurers and self-insured employers in the state. Economic conditions contribute to the stability of this funding source for the department's administrative costs and payments to injured workers under provisions of Chapter 176.

The 31% assessment rate has remained constant since 1989 and has produced an annual increase in income due to factors related to annual adjustments in benefit payments and the increase in the number of employees suffering covered injuries or illnesses, all which increase the base available for assessment.

There has been a deficit in the fund which was $48,753,000 at the end of F.Y. 1990. The deficit has been the result of not having sufficient revenues to cover the administrative costs, the statutory payments to claimants, and the reimbursements to insurers and self-insured employers for the supplemental and second injury benefits they are required to pay. At the end of F.Y. 1995 the deficit is projected to be reduced to $7,017,870. The agency is handling the deficit by controlling the cash flow through delayed reimbursements to insurers. Current reimbursement delays are less than 3 months. In the past, the delays have been as much as 2 years.

DOLI will be able to maintain enforcement of the various statutory mandates related to workplace safety and health and the administration and enforcement of the workers' compensation laws despite holding 21 positions vacant. DOLI is looking at internal reorganization and the use of self-directed work teams to meet its budget and complement goals for F.Y. 1993-95.

- Self-directed work teams have been created in the Occupational Safety and Health Act (OSHA) Compliance unit resulting in the elimination of top-level management positions in 1992. This change in management allows the team to establish priorities and direction for the unit and has allowed the unit to increase the number of inspectors involved in safety inspections and training programs for the state's employers and employees.

  Concentration on safety programs has been given a priority in our OSHA Compliance and Consultation activities. There are over 85,000 employers in the state. The Promote, Evaluate, Enforce, Report (PEER) program (a voluntary self-inspection and compliance focus) and the statutory A Workplace Accident and Injury Reduction (AWAIR) provisions that require a five-point written workplace safety plan, are examples of employer-employee involvement in making Minnesota a safer place to work. Both of these programs are ones where the department has taken the lead country-wide to seek voluntary compliance with safety and health standards. This allows OSHA inspectors and consultants to focus attention on high risk industries and employers. The loss of 2 of the 5 positions approved in 1992 is ameliorated by these voluntary programs. An area of the reform legislation that has drawn considerable

attention involves the safety labor-management committee process. It has been coordinated with the existing AWAIR program in OSHA compliance to work on safety issues that reduce the incidences of workplace injuries and illnesses.

The OSHA penalty process was redesigned in 1991 requiring an informal conference in contested citation cases. The 1991 amendments to OSHA also increased the penalties to match those set forth in federal law, which has resulted in a higher rate of contestation. The department is using the information conference process to seek employer compliance with OSHA regulations and the abatement of identified hazards, which has had a positive impact on contested hearings and the associated litigation costs facing the department. The proposed budget reductions do not impact this direction and, if successful, it will have a favorable impact on the injuries and illnesses suffered by the state's work force.

DOLI will make a significant investment in outreach and training this biennium. There is a direct link in funding between OSHA and Workers' Compensation, with the funding for OSHA activities coming out of the Special Compensation Fund (SCF). The outreach in the OSHA activities will plateau under this budget at a time when there are significant standards demanding training and education attention such as ergonomics, bloodborne pathogens (Hepatitis-B; tuberculosis and HIV) and AWAIR. The 1994-95 budget attempts to balance the need to be proactive and disseminate information to help prevent injury and illness with the need to investigate and correct existing or potential health and safety hazards. Total savings of $163,000 are anticipated for the biennium in the OSHA Compliance activity.

- Dispute Resolution, a unit dedicated to the prompt and efficient settling of disputes, has been changed by an employee-initiated reorganization plan and the 1992 Workers' Compensation Reform Legislation. The alternative dispute resolution process is far more cost-effective than any formal litigation process. For each hour spent in the informal process, 4 are spent in the formal process, which involves attorneys and associated costs. The budget impact allows the agency to move personnel to functions that will result in the greatest savings related to the premium dollars. By providing timely information and insuring the delivery of the proper services required by law, litigation is less likely to occur. This decreases the costs to the users of the system and to the department.

"Comp Call" is operating to reduce the number of workers' compensation cases litigated each year. Reducing the costs associated with the litigation of cases is part of the thrust of the 1992 reform package which mandates a reduction of the state's workers' compensation costs. "Comp Call" is a toll free hotline designed as a first call for help for employees and employers with workers' compensation questions.

A major problem of the agency is the flow of paper involved in file management. There were nearly 60,000 first reports of injury in 1992, a rate of over 260 new files per day. There are 25,000 files on individuals circulating throughout the workers' compensation system every day. Nothing can stem the flow of information required by law into the department. No complement changes have been proposed in this area and we are reallocating resources to keep up with current levels of service. The staffing changes made in Information Management Services will not directly hamper the processing of claims, but will impact word processing and computer support services to agency personnel.

Efforts have been made to increase our accessibility throughout the state. Reorganization of dispute resolution and positions allocated in the 1992 legislation has allowed for an expansion in the Duluth office, the creation of an office in Detroit Lakes, and the provision of a traveling settlement judge position in southern Minnesota to handle cases in locations where it will be convenient to the parties.

The major changes mandated by the 1992 Workers' Compensation Reform Law and the internal reorganization of the Dispute Resolution unit are expected to create savings of $1,020,000 over the biennium. Most of these savings are obtained by holding vacant or eliminating 14.5 positions. The postponing of some equipment purchases will provide a very small portion of these savings.

- There were 9 studies required under 1992 legislation. DOLI has to: (1) report on the number and severity of repetitive motion injuries by state employees; (2) review Video Display Terminal (VDT) studies and legislation in other jurisdictions; (3) study 24-hour health coverage or other universal health plans and workers' compensation; (4) study the utilization of high-technology medical procedures; (5) survey employers to check on workers' compensation premium reductions; (6) study employee leasing and independent contractor status as a means of avoiding workers' compensation coverage; (7) report on state or private data that would assist in identifying uninsured employers; (8) study rehabilitation monitoring; and, (9) report on the collection of fines and penalties issued under Chapter 176. All of these studies and reports are to be submitted to the 1993 Legislature.

A significant commitment of time and resources during the biennium will be directed toward workers' compensation issues arising from the studies mandated in the 1992 Workers' Compensation Reform Law and the Governor's legislative priorities. The internal reassignment of the duties of the Rehabilitation and Medical Affairs unit, along with increased efficiencies and use of PCs, will allow us to hold 1 management, 2 clerical, and 1.5 professional positions vacant while maintaining present levels of service. It is anticipated that savings from these staff reductions will be $323,000 over the biennium.

Workers' Compensation will continue to be an significant policy issue. The 1992 Reform package is expected to produce a 16% loss and reserve reduction by the end of 1994. Managed health care, treatment norms, litigation controls, emphasis on informal dispute resolution and fraud provisions all are expected to have a positive impact on workers' compensation costs. However, there are a number of significant issues the legislature mandated DOLI to examine and report on in the 1993 session, which could lead to future policy initiatives.

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
2. **Impact on Staffing:**			
Positions left Vacant or Eliminated	11.0	21.0	
3. **Impact on Revenue Generation:**	F.Y. 1994	F.Y. 1995	F.Y. 94-95
Agency Plan	$-0-	$-0-	$-0-

4. **Affected Statutes:**
None.

5. Governor's Recommendation:

The Governor recommends funding levels as requested in the agency budget plan except for the following adjustments:

1. The Governor recommends $710,000 to pay litigation costs for prosecuting a civil case for alleged violations of OSHA ergonomic standards.

2. The Governor recommends $888,000 for transfer of the industrial hygiene activity under OSHA currently conducted by the Department of Health. This recommendation also includes 6 Workers' Compensation special fund positions and 11 federal fund positions.

3. The Governor recommends $5,000,000 for the Daedulus project, a total redesign of the work processes in the Workers' Compensation division and implementation of an electronic imaging system to store and distribute workers' compensation information.

4. The Governor recommends $120,000 and 2 positions each from the Workers' Compensation special fund and the federal fund to develop and implement the Redesigned Occupation Safety and Health System (ROSH) under federal OSHA. $120,000 in additional federal funds are also anticipated under this recommendation; and

5. The proposed funding has been reduced due to revised salary planning estimates.

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1994-1995 B I E N N I A L B U D G E T
INVESTMENT INITIATIVES
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT

ITEM DESCRIPTION:	FUND	EXPENDITURES FY 1994	EXPENDITURES FY 1995	EXPENDITURES BIENNIUM	REVENUES FY 1994	REVENUES FY 1995	REVENUES BIENNIUM
(A) LITIGATION OF ERGONOMICS CASE	WCS	710		710			
(A) SALARY PLANNING ESTIMATES	GEN	<98>	<99>	<197>			
	WCS	<397>	<375>	<772>			
(A) TRANSFER OSHA HYGIENE PROG FROM HEALTH TO DOL	WCS	444	444	888			
(P) DAEDALUS PROJECT	WCS	5,000		5,000			
(P) APPRENTICESHIP TRAINING & EDUCATION	GEN	180	180	360			
(P) REDESIGNED OCCUPATION SAFETY & HEALTH SYSTEM	FED	60	60	120	60	60	120
	WCS	60	60	120			
TOTAL BY FUND	GEN	82	81	163			
	FED	60	60	120	60	60	120
	WCS	5,817	129	5,946			
TOTAL INVESTMENT INITIATIVES		5,959	270	6,229	60	60	120

AGENCY: Labor and Industry, Department of

MISSION STATEMENT:

The Minnesota Department of Labor and Industry's (DOLI) mission is to create a productive and safe workplace environment for the citizens of Minnesota.

The department fulfills its mission by focusing on prevention of workplace accidents and illness through effective consultation and compliance efforts. It is the primary enforcement and training agency for the protection of working people in Minnesota. DOLI's mission heavily emphasizes technical support for employers and employees, and research and education programs for all activities the department regulates.

The department is organized into 3 programmatic areas--Workers' Compensation Regulation and Enforcement, Workplace Regulation and Enforcement, and General Support to achieve the following agency goals:

- Prevent workplace injuries and illnesses;
- Implement Minnesota Workers' Compensation Law and ensure the prompt and efficient delivery of statutory benefits and services;
- Establish apprenticeship programs which train highly skilled workers for high wage jobs, establish and promote youth apprenticeship to capably train high school students for a workplace demanding highly qualified workers, expand non-traditional apprenticeable occupations and increase enrollment of women and minorities; and
- Promote and maintain fair wages and working conditions as provided by law.

MINNESOTA MILESTONES:

The work of the Minnesota Department of Labor and Industry supports 4 of the major Milestones themes: "A Caring and Secure Community," "A Prosperous People," "Learning," and "We the People." The agency contributes to these themes by:

- preventing workplace injuries and illnesses by ensuring compliance with federal and state employment laws and safety and health regulations;
- establishing and promoting programs that provide opportunities for training to equip citizens for profitable employment and citizenship;
- providing for fair and uniform wage standards; and
- making state government more efficient, responsive, and closer to the "customer."

This section lists the Milestones to which DOLI makes a contribution.

Supporting role among state agencies. The department plays a supportive role among state agencies on a number of milestones. DOLI supports the milestone "Minnesotans will have the advanced education and training to make the state a leader in the global economy," under the theme Learning. DOLI is directed by federal and state law to establish and promote apprenticeship training programs for highly skilled occupations. Apprenticeship programs are increasingly important in dealing with a diverse work force and can positively impact the indicators measuring percentage of high school graduates who are pursuing advanced education or training one year after high school, and percentage of technical college graduates who are employed in work related to their training. DOLI supports the milestones "We will welcome, value and respect people of all cultures, races and ethnic backgrounds," and "Government in Minnesota will be cost-efficient and services will be designed to meet the needs of the people who use them," by initiating programs to decentralize decision making and position the decision making authority as close to the "customer" as possible. The Commissioner has also formed a Department Board of Directors comprised of employee and employer representatives. The Board is charged with assisting the Commissioner in providing policy direction for the department. In addition, appointments to department councils, boards and commissions reflect the diversity of Minnesota's population helping to meet the goals of indicators measuring the percentage of members of state councils, boards and commissions who are female and of an under-represented racial group. Under the theme "Community," DOLI supports the milestones targets "Minnesotans will be healthy," and "Our communities will be safe, friendly and caring," by developing and implementing policies to help reduce workplace injuries and illnesses making the workplace safer. Under the theme "A Prosperous People," DOLI supports the milestones target "All Minnesotans will have the economic means to maintain a reasonable standard of living," by enforcing fair and uniform wages, thereby helping to ensure that each worker will be fairly compensated.

CLIMATE:

The following factors are shaping the development of policies and programs at the Department of Labor and Industry.

- *Workers' Compensation Law Reforms.* The 1992 Workers' Compensation Reform Law provides broad direction for the department to implement. Several measures are being put into place to streamline and create a more efficient system, especially in the areas of dispute resolution, medical rehabilitation, benefits and litigation. The department must build on existing reforms to create a system that strives for further efficiencies and cost reductions. Our ultimate goal is to create a level playing field of opportunity for Minnesota businesses.
- *Increasingly Diverse Work Force.* The number of women and minorities entering the work force demands our modern workplace to be more responsive. DOLI must respond to the non-traditional worker by developing education and training programs that will enable the non-traditional worker to obtain skills for productive employment and citizenship.
- *Heightened Economic Competition.* The playing field of competition is fierce. The states bordering Minnesota are all poised to capture our industries and jobs. DOLI must focus its efforts to providing incentives for businesses to stay and grow in Minnesota. We must also remove or reduce barriers that make Minnesota less attractive to economic development, not only with our fellow American competitors but with those globally.
- *A Changing Workplace.* The composition and tasks of the modern day workplace are changing rapidly. Department regulations and enforcement activities must provide foresight in an evolving

workplace and be sensitive and responsive to ensure safe working conditions for all Minnesotans.

- *Technological Advancements.* Technological advancements in the workplace will change the way DOLI must approach workplace safety and labor standard issues. The new job classifications and safety challenges created by advanced technology require flexibility and future oriented department planning.

- *An Evolving Jobs Structure.* The Minnesota economy has shifted to one of services vs. manufacturing. The Department of Labor and Industry must join other state agencies in the effort to create new and non-traditional job opportunities.

- *Budget Constraints.* Budgeting constraints placed on the department require thorough planning and innovative management techniques. DOLI has already taken steps to decentralize decision making and create a more responsive and accountable management structure. These efforts must continue to provide the greatest possible agency efficiency and quality services to our customers.

AGENCY BUDGET PLAN:

The Department of Labor and Industry is proposing sweeping changes in the way the department is structured and in the way services are delivered to our customer base. Internal restructuring primarily focuses on streamlining and a decentralized management structure to provide decision making as close to the customer as possible. This restructuring also results in the downsizing of DOLI's top management structure and corresponding savings. In addition, further restructuring will allow for the combination of some management and clerical functions, while it is our belief that most position reductions can be accomplished through normal attrition. The department will also operate without filling vacant positions.

DOLI's service delivery changes, specifically in Workers' Compensation Administration, will result in a more responsive department providing prompt, efficient, and final resolution of workers' compensation disputes without delay, uncertainty, and the high cost of litigation. These activities utilize specialists to provide assistance and dispute prevention to ultimately protect the economic status of injured workers who are entitled to benefits.

To fulfill the governor's priorities for a quality work force, the department will concentrate efforts on the development of apprenticeship programs. Apprenticeship is the best way, in some cases the only way, for employees to develop high skill levels for high paying jobs. DOLI will make a special effort to enroll women and under-represented minorities in apprenticeship programs. It will also take a leadership role in establishing youth apprenticeship programs. DOLI is given specific direction under federal and state law to develop and administer apprenticeship programs.

The base line decision making criteria in all department budgetary decisions is to create a more efficient, responsive and effective agency. DOLI's self-directed Occupational Safety and Health Act (OSHA) management program can serve as a model to other state agencies faced with similar budgetary and management problems. The department's management program streamlines management structure and places decision making as close to the customer as possible. DOLI is positioned for the future and ready to meet the many challenges of the modern day workplace with a renewed spirit and purpose.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the agency budget plan except for the following adjustments:

1. As part of the Governor's Jobs Initiative, $360,000 and 4 positions from the general fund are recommended for apprenticeship training and education. Special attention would be placed on establishing youth apprenticeship opportunities, recruiting more businesses outside the traditional building trades to support apprenticeship programs, and increasing participation of women and minority groups in apprenticeship training.

2. The Governor recommends $710,000 from the Workers' Compensation special fund to pay litigation costs for prosecuting a civil case for alleged violations of OSHA ergonomic standards.

3. The Governor recommends $888,000 from the Workers' compensation special fund for transfer of the industrial hygiene activity under OSHA currently conducted by the Department of Health. This recommendation also includes 6 Workers' Compensation special fund positions and 11 federal fund positions.

4. The Governor recommends $5,000,000 from the Workers' Compensation special fund for the Daedulus project, a total redesign of the work processes in the Workers' Compensation division and implementation of an electronic imaging system to store and distribute workers' compensation information.

5. The Governor recommends $120,000 from the Workers' Compensation special fund and 2 positions each from that fund and the federal fund to develop and implement the Redesigned Occupation Safety and Health System (ROSH) under federal OSHA. $120,000 in additional federal funds are also anticipated under this recommendation; and

6. The proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT

PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
WRKS COMP REG/ENFC	120,796	123,179	135,733	135,742	129,860	134,599	135,172	133,435	133,193
WORKPLACE_SERVICES	6,616	6,789	7,102	7,113	7,331	8,545	7,114	7,479	7,982
GENERAL SUPPORT	4,730	5,837	6,192	6,196	6,235	6,241	6,141	6,209	6,218
TOTAL EXPENDITURES BY PROGRAM	132,142	135,805	149,027	149,051	143,426	149,385	148,427	147,123	147,393
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	5,332	6,771	4,054	4,068	3,866	3,948	4,068	3,866	3,947
WORKERS COMP SPECIAL	10,076	10,628	16,149	16,159	16,159	21,976	15,534	15,534	15,663
OPEN APPROPRIATIONS:									
WORKERS COMP SPECIAL	113,610	114,088	124,350	124,350	118,534	118,534	124,350	122,679	122,679
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	291	298	378	378	391	391	378	406	406
FEDERAL	2,825	2,966	2,890	2,890	3,270	3,330	2,891	3,432	3,492
WORKERS COMP SPECIAL		842	1,188	1,188	1,188	1,188	1,188	1,188	1,188
AGENCY	8	212	18	18	18	18	18	18	18
TOTAL FINANCING	132,142	135,805	149,027	149,051	143,426	149,385	148,427	147,123	147,393
POSITIONS BY FUND:									
GENERAL	103.4	129.9	69.4	69.4	69.4	73.4	69.4	69.4	73.4
SPECIAL REVENUE	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
FEDERAL	41.6	38.1	37.6	40.6	40.6	53.6	40.6	40.6	53.6
WORKERS COMP SPECIAL	203.5	206.5	297.5	297.5	297.5	305.5	282.5	282.5	290.5
TOTAL POSITIONS	353.5	379.5	409.5	412.5	412.5	437.5	397.5	397.5	422.5

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: LABOR & INDUSTRY,DPT

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	149,027	149,027	4,054	4,054	142,083	142,083	2,890	2,890
TECHNICAL ADJUSTMENTS								
SUNSET PROGRAM/AGENCY		<628>				<628>		
DOCUMENTED RENT/LEASE INC/DEC	10	14			10	13		1
INSURANCE PREMIUM HOLIDAY	14	14	14	14				
SUBTOTAL TECH. ADJ.	24	<600>	14	14	10	<615>		1
CURRENT SPENDING	149,051	148,427	4,068	4,068	142,093	141,468	2,890	2,891
FORECAST ADJUSTMENTS								
FEDERAL RECEIPTS	393	569			13	28	380	541
OPEN APPROPRIATION ADJUSTMENT	<5,816>	<1,671>			<5,816>	<1,671>		
SUBTOTAL FORECAST ADJ.	<5,423>	<1,102>			<5,803>	<1,643>	380	541
AGENCY BASE	143,628	147,325	4,068	4,068	136,290	139,825	3,270	3,432

PROGRAM: Workers' Compensation Regulation and Enforcement
AGENCY: Labor and Industry, Department of

PROGRAM PURPOSE:

The Workers' Compensation Division exists to provide a fast, responsive and easy to use workers' compensation system that minimizes waste and reduces and resolves disputes with fair and predictable results.

This program contributes directly to 2 Milestone themes. Within the theme, "Community," Department of Labor and Industry (DOLI) is the primary agency responsible for workplace wellness, which is an integral part of the goal that "Minnesotans will be healthy." The department's function to promote and facilitate the fastest possible recovery and return to work after a work-related injury relates to this goal. Within the Milestone theme, "A Prosperous People," this program contributes directly to the goal that "All Minnesotans will have the economic means to maintain a reasonable standard of living." Proper regulation and enforcement of workers' compensation laws, which facilitates both payment of benefits to disabled workers and rapid return to work, is associated with the indicator of this goal: "Percentage of persons in households with incomes at least 200% of the poverty line."

In addition, DOLI uses other indicators to measure progress toward goals which are not part of Minnesota Milestones. These are described under the *Outcomes* and *Objectives* headings.

PROSPECTS:

1. Delayed access to file information. In 1992, 58,358 people filed a First Report of Injury. According to statute, the Workers' Compensation Division must establish and maintain a file on every claim from the date of receipt of the First Report of Injury until 18 years after all activity has ceased on the claim. The division is beginning to suffer serious difficulty meeting this obligation because the cumulative volume of claims is overwhelming staff and physical resources.

   Customers of the Workers' Compensation Division of DOLI are suffering delays in the processing of their claims and getting answers to questions about their claims because of the massive overload of paper in the system. In addition to the inconvenience to department customers, these delays probably encourage people to seek help from attorneys, increasing litigation and the overall cost of workers' compensation in our state.

2. Disaster recovery. DOLI is currently managing over 1.1 million claims files. Over 25,000 files are circulated every day. Every day 260 new paper files are created. It would totally disrupt the entire workers' compensation system and the daily lives of thousands of claimants if a major disaster, such as a fire or serious water damage, struck the agency. There are no back-up files, because duplication of paper files is totally impractical.

3. General impact of legislative changes. The 1992 Legislature extensively amended the workers' compensation law, requiring creation of a new "Small Claims Court," various medical cost containment measures and controls and changes to reduce the cost of rehabilitation of injured workers. All of the changes have the potential to reduce or stabilize workers' compensation costs in the future, but will also require massive short-term administrative efforts to implement the changes. Less money was appropriated by the legislature to implement the new law than the Workers' Compensation Division had requested after analysis of each added responsibility. The shortfall will force the division to provide less than identifiably optimum services in some aspects of both new and previously established programs in order to meet minimum requirements of the law with the resources available.

4. Repeal of the Second Injury Law. The 1992 Legislature repealed the Second Injury Law. This reimbursement program, which was intended to encourage hiring of people with physical impairments, cost about $30,000,000 per year. The legislature apparently felt that the *Americans with Disabilities Act* reduced the need for the Second Injury Law, and the Workers' Compensation Division concurs. Existing claims must continue to be reimbursed, however, so repeal of the program will not result in an immediate $30,000,000 annual savings. It would take nearly 20 years for existing claims to close as claimants die or became ineligible for further benefits, but the Special Compensation Fund expects to be able to settle the vast majority of such claims on a full, final and complete basis at a significant net savings over the present value of the exposure within 5 to 7 years. The "up-front" cost of these settlements will probably hold Second Injury Fund reimbursement costs near $30,000,000 per year for the next 5 years, even though few new claims will be made after F.Y. 1994.

5. Transfer of Occupational Safety and Health Act (OSHA) and Vocational Rehabilitation Services into the Workers' Compensation Special Fund. The 1992 Legislature transferred the revenue and expenditures of state OSHA services and state Workers' Compensation Vocational Rehabilitation services into the Workers' Compensation Special Fund. The difference between revenue and expenditure in these activities produce a net loss of $240,000 per year in the OSHA activity and $1 million per year in the Vocational Rehabilitation Services activity to be added to Special Compensation Fund expenditures.

6. Establishment of the Assigned Risk Plan Safety Fund. The 1992 Legislature transferred the revenue from most penalties to insurers and self-insurers by the Workers' Compensation Division from the Special Compensation Fund to a newly mandated Assigned Risk Plan Safety Fund. This money is to be used by the Department of Labor and Industry to award grants and make loans to employers insured by the Minnesota Assigned Risk Plan for the purposes of hazard abatement, establishment of safety programs, and ergonomic redesign and remodeling of workplaces. This new activity not only reduces net revenue to the Special Compensation Fund by up to $2,000,000 per year, but also requires assignment of one or more positions in OSHA to administer grants and loans.

OUTCOMES:

- All claims involving more than 3 days of lost work time or eligibility for permanent partial disability benefits are monitored by the Workers' Compensation Division to ensure timely and accurate payment of benefits. About 4,114 claims were audited in F.Y. 1992, resulting in 751 penalties for a total amount of $234,450. The Workers' Compensation Research Institute, which evaluates workers' compensation systems throughout the United States, maintains that there is a direct relationship between such active monitoring of claims and timely and accurate payment of benefits. Eighty-two percent of all claims were paid on time in Minnesota in F.Y. 1992. The national average was 60%.

- Workers' compensation administration cost $15,581,000 (including the Department of Labor and Industry, Workers' Compensation Court of Appeals, and Office of Administrative Hearings) in F.Y. 1992. This amount is only about 1.3% of the estimated $1.2 billion total cost of workers' compensation borne by employers in Minnesota.

- All claim petitions are reviewed at the Workers' Compensation Division to attempt to resolve them without a formal hearing at the Office of Administrative Hearings. About 7,700 claim petitions were filed in F.Y. 1992 and 2,250 or 29% of those cases were settled at the Workers' Compensation Division. Since it takes an average of approximately 14 months to get to a hearing at the Office of Administrative Hearings and about an average of 7 months to obtain a settlement at the Workers' Compensation Division, at least 2,250 claimants have had their workers' compensation disputes resolved by the Workers' Compensation Division in half the time it would have taken to get to court.

PROGRAM: Workers' Compensation Regulation and Enforcement
AGENCY: Labor and Industry, Department of
(Continuation)

- Aggressive management of Supplementary Benefit and Second Injury Fund reimbursement claims and uninsured employer claims have held expenditures from the Special Compensation Fund to below inflationary rates of growth. This and other measures, including maintenance of very lean operational budgets, has reduced the Special Compensation Fund deficit about $10,000,000 per year for past 3 fiscal years. This trend is expected to continue.

OBJECTIVES:

Achieve a 16% reduction in annual workers' compensation losses and reserves, which we currently estimate at about $1 billion by the end of F.Y. 1994. This savings will be calculated from assessment reports to the Special Compensation Fund and review of a statistical sample of medical and rehabilitation costs and information provided on attorney fee reports by the 1992 law. It is estimated that only 4-6% is inherent in the 1992 Workers' Compensation Reform Law. The remainder will be achieved via administrative rules the Department is promulgating. A majority of the savings to be achieved via rules will result from medical reforms and the introduction of Managed Care Organizations into the workers' compensation system. Reforms in litigation and legal fees combined with several other minor changes should also help us to achieve the 16% savings.

PROGRAM PLAN:

The Workers' Compensation Division will eliminate the position of Subrogation Supervisor through reassignment of some parts of the responsibility to other units and promulgation of revised administrative rules to transfer other parts of the responsibility back to the attorneys and claim adjusters. Since this position is being vacated by a long-term employee, the savings will exceed $100,000 for the biennium. One-half FTE actuary position will be held vacant, producing a savings of about $66,000 in the biennium.

The Rehabilitation and Medical Affairs unit will be disbanded and 5 positions, including the manager's, will be eliminated. The 4 remaining positions and associated duties will be reassigned to other units in the Department. Transfer of some duties to the private sector via accreditation of mandatory continuing education to be provided by contractors will avoid any significant negative impact on customer services. Net savings should amount to approximately $277,000 for the biennium.

Two positions in the Special Compensation Fund will be held vacant in F.Y. 1994-95. The repeal of the Second Injury Fund will mean the end of new claims by F.Y. 1994. One position will no longer be needed in Second Injury Registration because requests for registration information will have diminished almost completely by then. The other position would ordinarily be used to process reimbursement claims. Refinement of the Supplementary Benefit reimbursement process that is currently in progress will have improved efficiency enough by F.Y. 1994 to make it possible to hold the one reimbursement position vacant without seriously damaging customer service and fiscal integrity. Total savings from holding these 2 positions vacant will be about $115,000 during the biennium.

Three Qualified Rehabilitation Counselor positions in the Vocational Rehabilitation unit will be held vacant through F.Y. 1994-95. This will mean that less service will be provided in the discretionary market. The unit will be able to fully meet its statutory obligation to provide rehabilitation service to workers while liability for their injuries is being contested. Changes in eligibility for rehabilitation services that will go into effect in F.Y. 1993 will also slightly diminish the demand for the unit's services. Total savings from holding these 3 positions vacant, including travel and other expenses avoided will be about $150,000 in the biennium.

One Workers' Compensation Specialist position in Assistance and Compliance will be held vacant in F.Y. 1994-95. Increased computerization and changes in auditing procedures initiated during F.Y. 1993 should permit this reduction in staff without serious damage to customer service and standards of compliance with applicable law by insurers and self-insurers. Total savings will be about $40,000 during the biennium.

One Rehabilitation and Medical Specialist position and 1 clerical position in Dispute Resolution will be held vacant in F.Y. 1994-95. The reorganization of this unit in F.Y. 1993 should have been completed and planned efficiencies realized by F.Y. 1994 to permit this staff reduction without damage to customer service. Total savings will be about $114,000 in the biennium.

Based on previous experience, the Workers' Compensation Division can reasonably expect to be able to operation with 2 additional vacancies opened by attrition at all times. Vacancies will be filled on a rotating basis as new vacancies occur in the various units, and staff will be reassigned among units as necessary to avoid any significant reduction of service in any particular area. Maintaining 2 vacancies in the division in this manner will save approximately $70,000 per year -- $140,000 for the biennium.

The concentrated effort to properly equip staff with personal computers and other equipment in F.Y. 1991-92-93 will have significantly reduced the need for capitol purchases from the base operating budget in F.Y. 1994-95. This is expected to permit a reduction in spending for this purpose that will amount to about $18,000 for the biennium.

Total savings from all of the austerity measures proposed above total $1,020,000 for the biennium. This will meet the directive for no increase in expenditures from special revenue fund programs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the program plan except for the following adjustments:

1. The Governor recommends $5,000,000 from the Workers' Compensation special fund for the Daedulus project, a total redesign of the work processes in the Workers' Compensation division and implementation of an electronic imaging system to store and distribute workers' compensation information.

2. The proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: WRKS COMP REG/ENFC

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
WC ADMIN	1,450	1,192	1,675	1,675	1,734	6,692	1,440	1,569	1,533
WC DISPUTE RESOLUTION	2,351	2,469	2,658	2,658	3,108	3,017	2,555	2,980	2,894
WC ASSISTANCE & COMPLIANCE	984	901	986	986	1,018	988	986	1,009	979
REHAB & MEDICAL AFFAIRS	466	2,048	2,903	2,903	2,372	2,320	2,669	2,041	1,999
WC SPEC COMP FUND	115,545	116,569	127,511	127,520	121,628	121,582	127,522	125,836	125,788
TOTAL EXPENDITURES BY ACTIVITY	120,796	123,179	135,733	135,742	129,860	134,599	135,172	133,435	133,193
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		WCS				<261>			<242>
(P) DAEDALUS PROJECT		WCS				5,000			
TOTAL GOV'S INITIATIVES						4,739			<242>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL		1,452							
WORKERS COMP SPECIAL	7,169	6,779	10,179	10,188	10,122	14,861	9,618	9,552	9,310
OPEN APPROPRIATIONS:									
WORKERS COMP SPECIAL	113,610	114,088	124,350	124,350	118,534	118,534	124,350	122,679	122,679
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	17	18	19	19	19	19	19	19	19
WORKERS COMP SPECIAL		842	1,185	1,185	1,185	1,185	1,185	1,185	1,185
TOTAL FINANCING	120,796	123,179	135,733	135,742	129,860	134,599	135,172	133,435	133,193
POSITIONS BY FUND:									
GENERAL	.0	31.0	.0	.0	.0	.0	.0	.0	.0
WORKERS COMP SPECIAL	152.5	145.5	197.5	197.5	197.5	197.5	184.5	184.5	184.5
TOTAL POSITIONS	152.5	176.5	197.5	197.5	197.5	197.5	184.5	184.5	184.5

BUDGET ACTIVITY: Workers' Compensation Administration
PROGRAM: Workers' Compensation Regulation and Enforcement
AGENCY: Labor and Industry, Department of

ACTIVITY DESCRIPTION:

The Workers' Compensation Administration unit provides administrative support services to the Workers' Compensation Division and its constituents. The unit manages all Workers' Compensation Division claim files and ensures compliance with data privacy statutes as well as providing copies of workers' compensation claim files to authorized clientele within 30 days of receipt of the request in the Records unit.

BUDGET ISSUES:

Current plans for this unit involve modest redesign of work procedures to maximize production in the paper file system until it is possible to convert to an electronic information environment. All changes will require little or no expense and can be absorbed in the current unit operating budget. Most changes will simply be revisions of work procedures and will not result in budget savings.

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Open files charged into the system	230,000	235,000	240,000	240,000
Cost per file	$.20	$.20	$.20	$.20
Open files charged out of the system	144,000	148,000	150,000	150,000
Cost per file	$.46	$.46	$.46	$.46
Search for misplaced open files	9,212	9,500	9,800	9,800
Cost per file	$1.61	$1.61	$1.61	$1.61
Items filed	2,400,000	2,500,000	2,600,000	2,700,000
Cost per item	$.0026	$.0026	$.0026	$.0026
Items of U.S. mail sorted daily	10,000	11,000	12,000	13,000
Cost per item	$.0056	$.0056	$.0056	$.0056
Closed files charged into the system	95,000	95,000	95,000	95,000
Cost per file	$.22	$.22	$.22	$.22
Closed files charged out of system	31,000	31,000	31,000	31,000
Cost per file	$.68	$.68	$.68	$.68
Closed files stored and/or retrieved from state archives	575,000	575,000	575,000	575,000
Cost per file	$.04	$.04	$.09	$.09
Copies provided to customers	275,180	285,000	290,000	300,000
Cost per copy	$.36	$.36	$.36	$.36

REVENUE:

This activity generates dedicated revenue from the sale of photocopies to requesting parties in workers' compensation cases.

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Sale of photocopies	$132	$110	$110	$110

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: WRKS COMP REG/ENFC
ACTIVITY: WC ADMIN

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,209	817	1,246	1,246	1,276	1,234	1,011	1,080	1,044
EXPENSES/CONTRACTUAL SRVCS	171	189	380	380	409	5,409	380	440	440
MISC OPERATING EXPENSES	16	19	21	21	21	21	21	21	21
SUPPLIES/MATERIALS/PARTS	43	40	26	26	26	26	26	26	26
CAPITAL EQUIPMENT	11	127	2	2	2	2	2	2	2
SUBTOTAL STATE OPERATIONS	1,450	1,192	1,675	1,675	1,734	6,692	1,440	1,569	1,533
TOTAL EXPENDITURES	1,450	1,192	1,675	1,675	1,734	6,692	1,440	1,569	1,533
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		WCS				<42>			<36>
(P) DAEDALUS PROJECT		WCS				5,000			
TOTAL GOV'S INITIATIVES						4,958			<36>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
WORKERS COMP SPECIAL	1,450	1,192	1,565	1,565	1,624	6,582	1,330	1,459	1,423
STATUTORY APPROPRIATIONS:									
WORKERS COMP SPECIAL			110	110	110	110	110	110	110
TOTAL FINANCING	1,450	1,192	1,675	1,675	1,734	6,692	1,440	1,569	1,533
POSITIONS BY FUND:									
WORKERS COMP SPECIAL	34.0	26.0	33.0	33.0	33.0	33.0	29.0	29.0	29.0
TOTAL POSITIONS	34.0	26.0	33.0	33.0	33.0	33.0	29.0	29.0	29.0

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F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Labor and Industry
PROGRAM: Workers' Compensation
ACTIVITY: Workers' Compensation Administration

ITEM TITLE: Daedalus Project

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
Special Fund				
- State Operations	$5,000	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No _X_
If yes, statute affected:

GOVERNOR'S RECOMMENDATION: The Governor recommends $5,000,000 in F.Y. 1994 to be available either year of the biennium for total redesign of all work processes in the Workers' Compensation Division of the Department of Labor and Industry. The division will develop and implement a fully integrated electronic information environment. The project will introduce a full image system to replace paper files, and will maximize use of electronic date interchange (EDI) and other appropriate technologies. Project funding will come from an appropriation of monies from the Workers' Compensation Special Fund.

The Workers' Compensation Division is an information-intensive organization. The division manages over 1.1 million paper files, with 260 new files created each day. On any given day, over 25,000 files are circulating. A full 94% of the information used is found only on paper and cannot be entered into our computer system given current and projected resources. The constant shuffle of paper consumes massive amounts of staff time without adding any direct value. Lost or misplaced files create unacceptable delays in customer service, and risk enormous legal and financial exposure to the division.

The entire insurance industry is currently implementing a system to exchange electronically as much information as is possible with all state agencies. Over the past 10 years the division has searched for alternative solutions to the information access and accuracy problems it faces. All previous attempts to redesign work processes have been stymied by the problems inherent in paper-based systems. The division will be unable to participate in this national leap forward with its current paper system.

The Minnesota Insurance Federation and the Minnesota Association of Self-Insurers have endorsed use of Special Compensation Fund assessment revenue for this project. Members of both organizations will be added to the project's Board of Directors to review and approve every phase of the plan before a release of funding is requested.

Investing in this system will increase the accuracy of division information; permit immediate and simultaneous authorized access to all information by all users of the workers' compensation system; substantially increase security of the information; and for the first time permit effective disaster recovery. Failure to implement these innovations will inevitably result in massive delays in access to information that will paralyze customer service within 2 or 3 years. The result will be degeneration into formal litigation of all workers' compensation claims at an enormous increase in cost to the employers of Minnesota. Injured workers will suffer without benefits for months because the division will not be able to effectively monitor claims.

The Information Policy Office has reviewed and supports this project if funding is available consistent with any requirement identified in its analysis.

PROGRAM OUTCOMES: Improved service to customers.

- Employers and employees will be able to obtain information on the status of claims immediately.
- Response time to all other customer questions will be reduced from days and weeks to minutes.
- All responses from the division will be based upon complete and accurate information.
- Insurers and self-insurers will experience a 75% reduction in the time required to obtain reimbursements.
- The automated system will release staff from routine auditing functions to work cooperatively with claims handlers to solve current problems.
- Adjusters will be able to obtain immediate access to all reports and other information filed with the division.
- The department will be able to respond quickly to requests for information from the executive or legislative branches of state government.

Improved administration of the workers' compensation system.

- Staff productivity will increase by 50% thereby permitting the division to cope with projected increases in work volumes for the next 10 years without substantial increases in staff that would otherwise be necessary.
- The immediate access to accurate information will directly result in a 20% reduction of the disputes that would have otherwise occurred each year.
- The cost of providing information to the public will be reduced by 50%.
- The cost of records maintenance, storage and retrieval will be reduced by more than $200,000 annually.

Improved business continuity.

- Avoid the potential of tens of millions of dollars of liability for the Special Compensation Fund that would result from the loss of coverage and claim information stored in the current paper system.
- Reduce the time required to resume basic operations after a disaster from 3 months to 5 days.
- For the first time ever the division will be able to fully back up all of its information and store it securely.

LONG-TERM IMPACT: This will provide for an information system that is continuously expandable into the twenty-first century without substantial redesign.

Daedalus will provide the foundation for the decentralization of direct access to department services in all 87 counties of Minnesota.

Daedalus will stabilize the cost of Workers' Compensation Division administration through the year 2010.

Daedalus will make it possible to share information in real time with all authorized state agencies.

BUDGET ACTIVITY: Workers' Compensation Dispute Resolution
PROGRAM: Workers' Compensation Regulation and Enforcement
AGENCY: Labor and Industry, Department of

ACTIVITY DESCRIPTION:

This activity employs strategies which reduce the incidence of workers' compensation disputes filed with the agency. When disputes are filed, however, this activity also provides alternative dispute resolution services to customers that result in the prompt, efficient, and final resolution of workers' compensation disputes without the delay, uncertainty, and high cost of formal litigation.

This activity uses specialists in workers' compensation monetary, rehabilitation, and medical benefits to provide telephone assistance and dispute prevention tactics geared toward avoiding disputes. Once disputes occur, all parties are enabled to handle their own cases so that attorney involvement, and thus legal costs, are minimized. These disputes are resolved through telephone intervention, negotiated to mutually agreeable solutions by trained mediators and settlement judges, or decided by order to small claims court or administrative conferences. This activity resolves as many disputes as possible so that few disputes are referred to the Office of Administrative Hearings (OAH) for formal hearings. In this manner, the economic status of injured workers who are entitled to workers' compensation benefits is preserved.

BUDGET ISSUES:

This unit was completely reorganized in F.Y. 1993 to improve customer service, implement legislative changes and increase efficiency. Establishment of a Workers' Compensation Small Claims Court and vastly increased public outreach and assistance was mandated by the 1992 Workers' Compensation Reform Law. This will necessitate additional expenditures that are only partially covered by the 1992 appropriation. The shortfall is being covered through reallocation of existing operational funds. Increased use of existing personal computers by judges and staff will reduce the unit cost of most dispute resolution events, allowing us to balance the units' operational budget through F.Y. 1995.

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Settlement conferences	3,475	3,700	4,000	4,000
Cost per conference	$245	$245	$230	$230
Discontinuance conferences	2,347	2,500	2,500	2,500
Cost per conference	$188.75	$200	$200	$200
Rehabilitation and medical conferences	1,264	1,500	1,500	1,200
Cost per conference	$394	$394	$300	$300
Nonconference decisions	529	600	600	600
Cost per decision	$100.19	$100.19	$80	$80
Telephone interventions	2,100	3,000	3,000	3,000
Cost per resolution	$81.67	$81.67	$75	$75
Informational telephone calls	12,021	20,000	20,000	20,000
Cost per call	$4.70	$4.70	$3	$3
Mediation awards	949	1,200	1,300	1,400
Cost per award	$130	$130	$130	$130

REVENUE:

This activity does not generate revenue.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: WRKS COMP REG/ENFC
ACTIVITY: WC DISPUTE RESOLUTION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,090	2,165	2,345	2,345	2,682	2,591	2,242	2,544	2,458
EXPENSES/CONTRACTUAL SRVCS	177	183	232	232	318	318	232	328	328
MISC OPERATING EXPENSES	44	46	50	50	69	69	50	69	69
SUPPLIES/MATERIALS/PARTS	31	32	21	21	26	26	21	26	26
CAPITAL EQUIPMENT	9	43	10	10	13	13	10	13	13
SUBTOTAL STATE OPERATIONS	2,351	2,469	2,658	2,658	3,108	3,017	2,555	2,980	2,894
TOTAL EXPENDITURES	2,351	2,469	2,658	2,658	3,108	3,017	2,555	2,980	2,894
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		WCS				<91>			<86>
TOTAL GOV'S INITIATIVES						<91>			<86>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
WORKERS COMP SPECIAL	2,351	2,469	2,658	2,658	3,108	3,017	2,555	2,980	2,894
TOTAL FINANCING	2,351	2,469	2,658	2,658	3,108	3,017	2,555	2,980	2,894
POSITIONS BY FUND:									
WORKERS COMP SPECIAL	51.5	51.5	55.5	55.5	55.5	55.5	52.5	52.5	52.5
TOTAL POSITIONS	51.5	51.5	55.5	55.5	55.5	55.5	52.5	52.5	52.5

BUDGET ACTIVITY: Workers' Compensation Assistance and Compliance
PROGRAM: Workers' Compensation Regulation and Enforcement
AGENCY: Labor and Industry, Department of

ACTIVITY DESCRIPTION:

The Workers' Compensation Assistance and Compliance unit provides assistance to all parties who have problems or inquiries regarding workers' compensation benefits or procedures. This unit monitors and ensures that eligible injured workers are paid benefits promptly and accurately by providing prompt assistance and responses to employees, employers, insurers, medical providers, attorneys and the general public. Efficient and effective ways to identify problem areas early in claims for intervention and resolution are developed and implemented, and at the same time, assuring that proper action has been taken and benefits due are paid promptly and accurately. Prompt warning or penalty assessments are issued as established by statute and rules, to emphasize the importance of compliance for efficient, effective and accurate claims processing.

BUDGET ISSUES:

The unit expects to hold one or more positions open as much as possible through attrition throughout the biennium. The unit will compensate for reductions in staff by improvements in some work procedures and increased use of personal computers. It will use existing technology more efficiently to reduce the unit cost of telephone assistance and file auditing.

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Walk-in customers served	600	650	650	650
Cost per customer	$13.50	$13.00	$13.00	$13.00
Telephone customers served	88,200	93,940	100,000	100,000
Cost per call	$1.25	$1.20	$1.00	$1.00
Audit late first payments	2,300	2,600	2,000	1,500
Cost per audit	$1.90	$1.90	$1.90	$1.90
Late payment penalties issued	1,000	1,300	1,000	1,000
Cost per penalty	$3.10	$2.90	$2.90	$2.90
Notices of underpayments	1,000	1,000	800	500
Cost per notice	$23.50	$23.50	$20.00	$20.00
Claim administrator visits	0	360	300	300
Cost per visit		$112.00	$100.00	$100.00
Outreach presentations	8	48	48	48
Cost per presentation	$128.00	$326.00	$300.00	$300.00
First reports reviewed	58,000	58,500	60,000	58,000
Cost per review	$1.30	$1.30	$1.30	$1.30
Denial notices reviewed	10,400	11,000	10,000	8,000
Cost per review	$1.40	$1.40	$1.40	$1.40
Discontinuance notices reviewed	55,000	55,500	56,000	55,000
Cost per review	$3.67	$3.67	$3.67	$3.67
Payment notices reviewed	22,500	23,000	23,500	22,500
Cost per review	$3.67	$3.67	$3.67	$3.67
Files closed	67,000	68,000	68,000	68,000
Cost per closure	$3.67	$3.67	$3.67	$3.67

REVENUE:

This activity does not generate revenue.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: WRKS COMP REG/ENFC
ACTIVITY: WC ASSISTANCE & COMPLIANCE

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	890	799	869	869	899	869	869	888	858
EXPENSES/CONTRACTUAL SRVCS	61	63	69	69	71	71	69	73	73
MISC OPERATING EXPENSES	30	35	36	36	36	36	36	36	36
SUPPLIES/MATERIALS/PARTS	2	4	9	9	9	9	9	9	9
CAPITAL EQUIPMENT	1		3	3	3	3	3	3	3
SUBTOTAL STATE OPERATIONS	984	901	986	986	1,018	988	986	1,009	979
TOTAL EXPENDITURES	984	901	986	986	1,018	988	986	1,009	979
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		WCS				<30>			<30>
TOTAL GOV'S INITIATIVES						<30>			<30>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
WORKERS COMP SPECIAL	984	901	986	986	1,018	988	986	1,009	979
TOTAL FINANCING	984	901	986	986	1,018	988	986	1,009	979
POSITIONS BY FUND:									
WORKERS COMP SPECIAL	24.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
TOTAL POSITIONS	24.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5

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BUDGET ACTIVITY: Rehabilitation and Medical Affairs
PROGRAM: Workers' Compensation Regulation and Enforcement
AGENCY: Labor and Industry, Department of

ACTIVITY DESCRIPTION:

The Rehabilitation and Medical Affairs unit provides vocational rehabilitation services to work-injured employees when the employer/insurer denies responsibility for the injury. State law also stipulates that all injured workers have the right to select the Qualified Rehabilitation Consultant (QRC) of their choice to obtain quality rehabilitation services. The activity is designed to increase the ability of work-injured employees to return to a suitable job. This activity is required by law to provide rehabilitation services to work injury employees when their employer denies responsibility for the injury. This activity serves 3 distinct groups of injured workers:

1. Non-Qualified Employees - injured workers for whom the liability for the injury has not yet been established, including denied primary liability (those injured workers whose liability has been denied by an insurance carrier).

2. Qualified Employees - injured workers who qualify for rehabilitation services paid by the employer's insurance carrier or self-insured employers.

3. Undetermined Cases - all other pending cases such as those who have been suspended from rehabilitation services or are awaiting determination.

This activity reviews documentation submitted by entities wanting to become Managed Care Plans to ensure statutory and regulatory compliance. The Managed Care Plans are then certified or denied certification according to established criteria. A Relative Value Fee Schedule which establishes limits for charges for health care services provided to covered employees to ensure reasonable health care expenditures is promulgated, medical treatment standards are established, evaluation procedures designed, and complaints investigated. Rehabilitation providers are registered annually and cases of non-compliance with statute/rules for conduct and accountability are investigated. Information and training on medical and rehabilitation issues is provided to employers, insurers, health care providers and rehabilitation providers.

BUDGET ISSUES:

The functions of this activity, other than the direct provision of rehabilitation services, will be decentralized as much as possible by moving various duties to other units. The functions specified under "Efficiency Measures" will continue. A unit manager position will be eliminated, along with up to 4 other positions.

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Disciplinary MSRB Board Conducted	5	7	10	15
Cost per board hearing	$1,235	$1,000	$1,000	$1,000
Rehabilitation Review Discipline Panels	3	6	10	10
Cost per panel	$1,116	$1,000	$1,000	$1,000
Managed Care Organization applications reviewed	0	5	10	10
Cost per application	0	$5,650	$3,000	$3,000
Program audits of Managed Care Plans	0	5	10	10
Cost per audit	0	$1,885	$1,000	$1,000
Medical professional conduct complaints investigated	0	8	16	16
Cost per investigation	0	$1,300	$1,300	$1,300
Rehabilitation firm program audits	4	10	15	15
Cost per audit	$1,462	$1,170	$910	$910
Rehabilitation provider conduct complaints investigated	80	110	110	110
Cost per investigation	$556	$404	$380	$370
Rehabilitation provider conduct contested case hearings	5	10	12	15
Cost per hearing	$5,939	$2,970	$1,780	$1,484
Mandatory QRC training conducted	19	19	19	19
Cost per session	$1,571	$1,500	$1,500	$1,500
Vocational rehabilitation voluntary market clients served	325	400	400	400
Cost per client	$1,200	$1,200	$1,200	$1,200
Primary liability denial clients served	925	925	925	925
Cost per client	$1,200	$1,200	$1,200	$1,200

BUDGET ACTIVITY: Rehabilitation and Medical Affairs
PROGRAM: Workers' Compensation Regulation and Enforcement
AGENCY: Labor and Industry, Department of
(Continuation)

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Special:					
QRC update seminars	$17	$18	$19	$19	$19
Non-Dedicated - General:					
Licensing of QRCs	$58	$57	$60	$60	$60
Licensing of QRC firms	$27	$28	$30	$30	$30
Licensing of rehab vendors	$18	$17	$18	$18	$18
Penalties	$1	$3	$2	$2	$2
Total Gen'l Fund Revenue	$104	$105	$110	$110	$110
Non-Dedicated - WC Special:					
Rehab consultant billed hours	$432	$550	$650	$650	$650

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: WRKS COMP REG/ENFC
ACTIVITY: REHAB & MEDICAL AFFAIRS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	333	1,401	1,942	1,942	1,573	1,521	1,732	1,258	1,216
EXPENSES/CONTRACTUAL SRVCS	105	205	695	695	554	554	671	530	530
MISC OPERATING EXPENSES	16	91	89	89	70	70	89	70	70
SUPPLIES/MATERIALS/PARTS	8	66	28	28	29	29	28	37	37
CAPITAL EQUIPMENT	4	43	9	9	6	6	9	6	6
OTHER		105	50	50	50	50	50	50	50
SUBTOTAL STATE OPERATIONS	466	1,911	2,813	2,813	2,282	2,230	2,579	1,951	1,909
AIDS TO INDIVIDUALS		137	90	90	90	90	90	90	90
TOTAL EXPENDITURES	466	2,048	2,903	2,903	2,372	2,320	2,669	2,041	1,999
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		WCS				<52>			<42>
TOTAL GOV'S INITIATIVES						<52>			<42>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL		1,452							
WORKERS COMP SPECIAL	449	578	2,884	2,884	2,353	2,301	2,650	2,022	1,980
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	17	18	19	19	19	19	19	19	19
TOTAL FINANCING	466	2,048	2,903	2,903	2,372	2,320	2,669	2,041	1,999

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: WRKS COMP REG/ENFC
ACTIVITY: REHAB & MEDICAL AFFAIRS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	.0	31.0	.0	.0	.0	.0	.0	.0	.0
WORKERS COMP SPECIAL	8.0	9.0	49.0	49.0	49.0	49.0	43.0	43.0	43.0
TOTAL POSITIONS	8.0	40.0	49.0	49.0	49.0	49.0	43.0	43.0	43.0

BUDGET ACTIVITY: Workers' Compensation Special Compensation Fund
PROGRAM: Workers' Compensation Regulation and Enforcement
AGENCY: Labor and Industry, Department of

ACTIVITY DESCRIPTION:

The Special Compensation Fund provides benefit payments to those injured employees of uninsured and bankrupt self-insured employers. This is mandated by statute (M.S. 176.183) to ensure that Minnesota employees have fair and equitable access to workers' compensation benefits. Accessibility to benefits is also provided to those injured employees where 2 or more employers/insurers are disputing payments (M.S. 176.191). This provides the livelihood that would otherwise be denied to injured employers.

The Special Compensation Fund administers the Targeted Industry Fund - Loggers statute (M.S. 176.130) to ensure all Minnesota loggers have the opportunity to obtain safety training. Through assessments collected from the wood mills, funds are redistributed to logger employers upon completion by their employees of safety training.

The Assigned Risk Safety Fund was established to allow small businesses to receive grant and loan monies to create safety committees and implement safety plans. This enables all Minnesotans to have the opportunity to work in a safe and accident free environment.

The Special Compensation Fund function of this activity opens to all Minnesota employees the opportunity to receive workers' compensation benefits which are provided under the law. It advises, administers and enforces MN Statutes 176.181, 182, 183, and 184 concerning mandatory liability coverage and special claims for uninsured and bankrupt self-insured employers. Further functions include reimbursing employers for second injury and supplementary benefits paid which equitably spreads the costs of these long term commitments between all employers and collection of the assessments which provide the revenue to fund administrative functions of the division.

The Special Compensation Fund administers the Subsequent Injury Fund, pursuant to M.S. 176.131 and the Supplementary Benefit Fund, pursuant to M.S. 176.132. New Subsequent Injury Fund claims were statutorily prohibited by the 1992 legislature, but existing cases must continue to be reimbursed.

The Duluth office of the Special Compensation Fund provides an outreach to all northern Minnesota. Not only are the benefits outlined above provided, but advice, education, and assistance are provided to all parties involved in the workers' compensation system.

BUDGET ISSUES:

Payments for the assigned risk safety and targeted industries are dedicated funds set by statute and will not be impacted by budget issues. All other benefits are paid by receipts from assessments from insured and self-insured employers. Assessments are calculated from a statutorily authorized range of percentage of indemnity losses paid by insurers and self-insurers. The rate is currently 31% of indemnity losses. Statutory changes made in 1992 will not begin to significantly reduce benefits paid by the Fund for up to 5 years. The elimination of 1 position and holding 2.5 additional positions vacant should have a very minimal impact on operations because of elimination of the Second Injury Law as provided by the 1992 Workers' Compensation Reform Law.

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Benefits paid special claims	17,170,000	17,700,950	18,392,934	19,036,686
Cost per claim	$7,600	$7,160	$6,737	$6,337
Benefits paid second injury	34,129,366	35,323,894	36,560,230	37,839,838
Cost per claim	$12,763	$15,466	$16,007	$16,567
Benefits paid supplementary benefits claims	59,025,349	61,091,236	63,229,429	67,732,945
Cost per claim	$11,126	$11,073	$11,019	$11,351
Wood mills assessed	35	36	35	33
Unit cost	$44	$44	$44	$44
Loggers participating in training	514	725	750	750
Unit cost	$184	$172	$166	$166
Rebates paid	110	115	118	136
Unit cost	$42	$41	$40	$36
Number of grants granted	0	0	4	5
Unit cost	0	0	$75,000	$60,000
Number of loans granted	0	0	0	3
Unit Cost	0	0	0	$66,000
Special claims administered	2,256	2,482	2,730	3,004
Average cost per claim	$130	$121	$112	$103
Reimbursement claims administered	6,286	6,097	5,914	5,851
Average cost per claim	$109	$122	$122	$118
Insurance verification requests/responses	6,500	8,125	9,344	10,278
Unit cost	$7	$5	$4	$4
Number of employers investigated	950	2,000	2,500	3,215
Cost per investigation	$144	$106	$86	$67
Number of employers brought into compliance	450	1,800	2,250	2,894
Additional cost per investigation	$28	$12	$12	$10

BUDGET ACTIVITY: Workers' Compensation Special Compensation Fund
PROGRAM: Workers' Compensation Regulation and Enforcement
AGENCY: Labor and Industry, Department of
(Continuation)

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Outreach speeches given	30	60	100	150
Unit cost	$2,340	$3,600	$3,000	$3,150
Requests for assistance and issue resolution	16,609	18,500	17,500	17,500
Unit cost	$16	$14	$13	$13
Intervention on claims	395	390	400	400
Unit costs	$126	$129	$125	$125
Collection of assessments due	655	655	655	655
Cost per collection	$68	$73	$71	$71

REVENUE:

This activity generates dedicated and non-dedicated revenue to the Workers' Compensation Special Fund.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type and Source of Revenue:					
Dedicated					
Loggers Safety	$341	$748	$775	$775	$775
Assigned Risk Safety	$-0-	$-0-	$310	$310	$310
Non-Dedicated					
Investment Income	$1,947	$1,869	$1,893	$1,959	$2,028
Assessments	$122,359	$132,738	$135,879	$140,716	$144,618
Recoveries	$1,871	$3,402	$3,403	$3,403	$3,403
Penalties	$334	$304	$-0-	$-0-	$-0-

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: WRKS COMP REG/ENFC
ACTIVITY: WC SPEC COMP FUND

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,327	1,255	1,458	1,458	1,371	1,325	1,458	1,415	1,367
EXPENSES/CONTRACTUAL SRVCS	265	834	1,614	1,623	1,640	1,640	1,625	1,659	1,659
MISC OPERATING EXPENSES	113,698	114,127	123,751	123,751	117,934	117,934	123,751	122,070	122,070
SUPPLIES/MATERIALS/PARTS	35	40	23	23	23	23	23	23	23
CAPITAL EQUIPMENT	24	77	15	15	9	9	15	9	9
OTHER	196	236	350	350	351	351	350	360	360
SUBTOTAL STATE OPERATIONS	115,545	116,569	127,211	127,220	121,328	121,282	127,222	125,536	125,488
LOCAL ASSISTANCE			300	300	300	300	300	300	300
TOTAL EXPENDITURES	115,545	116,569	127,511	127,520	121,628	121,582	127,522	125,836	125,788
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		WCS				<46>			<48>
TOTAL GOV'S INITIATIVES						<46>			<48>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
WORKERS COMP SPECIAL	1,935	1,639	2,086	2,095	2,019	1,973	2,097	2,082	2,034
OPEN APPROPRIATIONS:									
WORKERS COMP SPECIAL	113,610	114,088	124,350	124,350	118,534	118,534	124,350	122,679	122,679
STATUTORY APPROPRIATIONS:									
WORKERS COMP SPECIAL		842	1,075	1,075	1,075	1,075	1,075	1,075	1,075
TOTAL FINANCING	115,545	116,569	127,511	127,520	121,628	121,582	127,522	125,836	125,788

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: WRKS COMP REG/ENFC
ACTIVITY: WC SPEC COMP FUND

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
WORKERS COMP SPECIAL	34.5	36.5	37.5	37.5	37.5	37.5	37.5	37.5	37.5
TOTAL POSITIONS	34.5	36.5	37.5	37.5	37.5	37.5	37.5	37.5	37.5

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PROGRAM: Workplace Services
AGENCY: Labor and Industry, Department of

PROGRAM PURPOSE:

The Department's Workplace Services Division directly supports the agency's mission and the long-term goals of preventing workplace injuries and illnesses, promoting and maintaining fair wages and working conditions, and training and educating of a highly skilled work force through apprenticeship by carrying out its activities' specific responsibilities. The goals are accomplished through:

- Ensuring the safety of the public and employees through inspection of boilers, pressure vessels, boats-for-hire, high pressure piping systems, ammonia piping systems, and elevators. Also, ensuring the safety of the public and employees by assuring that boiler operators, piping system installers and contractors, and elevator contractors are competent and qualified.
- Ensuring safe and healthful working conditions for all working men and women in Minnesota workplaces through Occupational Safety and Health Act (OSHA) Compliance activities.
- Providing small private-sector, high-hazard industry employers with consultative services to assist them in implementing and maintaining effective safety and health programs to reduce workplace accidents, injuries and diseases.
- Regulating and enforcing employment standards as outlined in the Minnesota Fair Labor Standards Act and Minnesota minimum and prevailing wage, child labor, lie detector, fee employment, and entertainment agency laws.
- Developing and providing public information programs and material that help program constituents understand their obligations and rights under the law.
- Establishing, registering and monitoring the apprenticeship training programs which provide a skilled labor force for Minnesota workplaces. Establishing youth apprenticeship programs which prepare youth for a registered apprenticeship program, further education programs, or employment.

Related Minnesota Milestones:

The Workplace Services Division inspection and enforcement activities relate to the Milestone--Community; Minnesotans will be healthy--through education and enforcement of OSHA requirements and inspection services for boilers, high pressure piping installations, and elevators. In addition, the Apprenticeship and Youth Apprenticeship initiatives provide for: Minnesotans will have the advanced education and training to make the state a leader in the global economy under the theme "Learning." This is a unique program to meet the needs of the business community for highly skilled workers. These technical and skill jobs command livable wages.

PROSPECTS:

Overall, the program has plans to re-prioritize activities and streamline or modify procedures where possible to maintain effectiveness with staff and funding.

- The National Apprenticeship Act of 1937 and the State Apprenticeship Act of 1939 established the Minnesota Apprenticeship Division and placed it in the Department of Labor and Industry. The division has registered employer training programs which have trained and certified over 46,200 highly skilled workers over the past 53 years.
- Apprenticeship and youth apprenticeship initiatives which link the secondary schools and technical college training programs to work-based skills training will provide more opportunities for young people to acquire a career focus and advanced skills at an earlier age than current statistics reveal. In addition, a newly formed advisory council has been asked to devise plans and set goals for recruiting more minorities and women into the apprenticeship program and to set up a sub-committee to advise the council on youth apprenticeship matters.
- Increased activity is to be expected in the Code Administration unit since the types of equipment regulated by the unit are being installed in greater numbers. This includes the installation of newer and more complex boilers for energy efficiency and the continued use of older equipment; more ammonia refrigeration systems to replace chlorofluorocarbon equipment; more high pressure steam piping systems for use in food processing systems; and more elevators, particularly in light of the Americans with Disabilities Act.
- The Labor Standards unit will have to re-prioritize their activities and streamline procedures to meet increasing demands with a reduced staff. This unit will research more efficient ways of handling an increasing number of phone calls from the public and ways to survey for prevailing wage that are more efficient and effective.
- In February 1992, OSHA was restructured from a hierarchial structure to a self-directed management team. In short, the program is directed by 6 area supervisors rather than a director and assistant director. Implications are for greater effectiveness and efficiency as more decisions are made at lower levels of the organization. Outside factors have also impacted the OSHA unit. A new national bloodborne pathogen standard was adopted creating many new employer workplace requirements and necessitating additional efforts at education and training of employers. The AWAIR law (A Workplace Accident and Injury Reduction) went into effect on 7-1-92, and increases by up to 1 hour the time needed to conduct an OSHA inspection. OSHA penalties tripled in October resulting in an increasing number of informal contest hearings. In spite of these major changes the division sponsored major new training initiatives for OSHA inspection -- "the best in 20 years." A uniformity team developed a new set of guidelines to ensure greater uniformity among inspectors in citing infractions of OSHA standards. The team approach to management is addressing long standing division problems and promises more innovation and efficiencies as employees develop their team and consensus building skills. The division will benchmark activities to measure both efficiency and effectiveness.
- In order to cut costs of administration, better control OSHA's budget and facilitate cross training of occupational safety and health investigators (OSHIs), we plan to ask Health OSHIs to relocate to the Department of Labor and Industry (DOLI) from the Department of Health.

PROGRAM: Workplace Services
AGENCY: Labor and Industry, Department of
(Continuation)

OUTCOMES:

General:

- Management analysis of all divisions has resulted in:
- Restructuring the OSHA director's position to a self-managed work team of area supervisors.
- The Promote, Evaluate, Enforce and Report (PEER) program--the first ever cooperative safety program on a major construction site--was spearheaded; and
- A new Acting Director of Apprenticeship was appointed and the Advisory Council was changed to better reflect women and minority viewpoints as well as non-traditional businesses.

Apprenticeship:

- Conducted 100 compliance reviews; Minnesota was the only state in the nation to comply 100% with new federal guidelines;
- Registered 40 new apprenticeship programs; 4 were in non-traditional career areas;
- Revised and updated 43 apprenticeship programs;
- Issued certificates of completion to 861 apprentices;
- Registered 1,302 new apprentices; and
- Started first ever apprenticeship program for clerical, public employees working for the city of Duluth.

Labor Standards:

- Fielded a 13% increase in incoming telephone calls;
- Reached 754 public members through outreach program;
- Sent 43,200 pieces of information to the public; and
- Investigated and settled 209 complaints.

Code Services:

- Conducted 8,800 boiler and pressure vessel inspections per year; licensed 33,000 boiler operators;
- Conducted 650 inspections of high pressure piping systems; licensed 2,600 pipefitters; and
- Inspected 700 elevators for safety in new and existing buildings; licensed 20 elevator contractors.

OSHA Compliance:

- Minnesota ranked below the national average in Bureau of Labor Statistics data for workplace illness and injury rates in every major industrial category. Our safety ranking is 6th best in the nation;
- Received the Award of Honor from the Minnesota Safety Council for its major contribution to workplace safety;
- There were 12 fewer fatal workplace accidents in 1991 (29) than in 1990 (41);
- Established consistency in standards application responding to public complaints; and
- Instituted major training initiative for all field staff.

OSHA Consultation:

- Major resource in contributing to PEER program the first collaborative safety program at the biggest construction site in America, the Mall of America.
  - Conducted 78 on-site consultation programs; and
  - Conducted 16 safety training programs.
- Average number of consultations per inspector was 100 in safety, 42 in health -- total 474 safety and 84 health inspection; and
- Identified and eliminated 3,010 hazards in workplaces of small employers -- a potential savings of 8.8 million dollars in penalties.

OBJECTIVES:

General:

- To streamline/modify existing procedures and/or management initiatives to increase efficiency with less staff and fewer budget dollars;
- Increase promotional efforts for those units which offer services;
- To facilitate strategic planning in each division;
- To monitor unit management and maintain effective programs;
- To increase training of professional staff in their area of expertise, and in efficient and effective management practices; and
- Promote training in OSHA for total quality management.

Apprenticeship:

- Redirect promotional efforts for new programs to occupations other than the construction trades; In 1995, 40% of the registered programs will be in occupations other than construction trades;
- Maintain current level of operations and technical assistance service;
- Design and implement revised compliance program review (affirmative action and selection procedures). Maintain 100% compliance reviews of existing programs;
- Promote and establish at least 3 programs of Youth Apprenticeship by 1995; and
- Increase participation of women and minorities in Apprenticeship program by 5% by end of the biennium.

Labor Standards:

- Reduce the number of calls into the department by 5% with more effective screening operation, and/or interactive voicemail;
- Redesign prevailing wage survey process;
- Maintain record of prompt response to complaints--within 24 hours; and
- Investigate feasibility of on-site inspections.

Code Services:

- Modify the approach for inspection of elevators from an emphasis on new and altered equipment

to inspection of older equipment;
- Develop ongoing rule review and editing process of all inspection and licensing functions; and
- Maintain current level of operations and technical assistance services without increasing costs.
- Design and implement computerization of elevator files.

OSHA Compliance:

- To maintain a better-than-average national safety rating in each industrial category;
- To increase inspections in construction and high-hazard industries by 5%;
- To increase outreach and educational programs by 5%;
- To provide at least one opportunity for professional training to every field staff employee once per year;
- To meet federal guidelines and the objectives of our grant;
- To conduct more uniform inspections so that citations do not vary from the norm by more than 10%; and
- To create a mechanism to handle the increasing number of informal conferences so that by 1995 all informal conferences are conducted within 3 months of a notice of contest.

OSHA Consultation:

- To maintain current effectiveness and efficiency standards for consultation;
- To correct any outliers identified by federal government audit;
- Increase percentage of serious hazards identified by 15%; and
- To increase training seminars by 5%. Target to employers on waiting list for consultation.

PROGRAM PLAN:

Apprenticeship and Labor Standards - The budget reductions experienced over the past few years are felt keenly by the Apprenticeship and Labor Standards Divisions. The Apprenticeship Division, which registers employer programs for training workers in highly skilled occupations and is developing pilot programs in youth apprenticeship, is especially vulnerable to budget cuts. By combining the 2 units to create management efficiencies as well as reducing personnel in Labor Standards, some of those resources can be redirected to Apprenticeship and the division will be able to continue an effective Apprenticeship program. Currently, 4 field staff, an acting director and 2 secretaries make up the Apprenticeship division. To meet budget projections, we will reduce staff by 3 positions in Labor Standards and combine it with Apprenticeship to save $188,000 over the biennium.

In order to fulfill federal guidelines for the Apprenticeship program to conduct EEO audits and to meet the governor's priorities for a quality work force, some management initiatives will be examined, most notably in the area of youth apprenticeship. The renewed emphasis will be in recruiting more employers to offer apprenticeship in non-traditional but high-growth industries and recruiting more women and minorities into apprenticeship programs. These management initiatives will ultimately increase the prosperity of Minnesota and provide for increased opportunities for gainful employment in the state--goals set forth by Minnesota Milestones. In order to meet these initiatives we would reduce Labor Standards by another 2 positions in order to create 2 new positions in Apprenticeship. The Labor Standards unit will attempt to maintain service levels by identifying areas in which efficiency improvements can be made and by utilizing the latest technological advances to assist in the dissemination of both general and specific information.

OSHA - Last year the legislature created 5 new positions and appropriated $210,000 to bring our compliance personnel to federal benchmark levels and to initiate more outreach. The budget cuts will now allow only 3 positions to be added creating budget savings of $126,000. An additional $37,000 in savings is anticipated by reducing equipment purchases of big-ticket items and reducing out-of-state travel for training.

Since 2 new positions are required to restore our staffing levels to federal benchmarks, only one position can be utilized exclusively for training and education. Since we have only one training staff person and that person is required to coordinate internal training, we are not currently providing the outreach that the public demands and the federal government is requiring. We plan to redirect more investigator time to outreach and less to inspection in order to reach more employers and begin to meet safety training and education demands. New standards (bloodborne pathogen), higher fines, the new AWAIR law, and mandated safety committees in the workers' compensation law add additional pressure on the division for education, training and outreach.

Code Administration and Inspection Services - Budget reductions in Code Administration will be made mostly by staff attrition although restructuring the organization will also be considered if efficiencies can be realized without compromising effectiveness. Boiler license examination frequency will be reduced, elevator inspection will be re-prioritized and high pressure piping inspection will be delayed if we can ascertain that this will have no adverse impact on clients. Total savings of $347,000 is anticipated in this activity.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the program plan except for the following adjustments:

1. As part of the Governor's Jobs Initiative, $360,000 and 4 positions from the general fund are recommended for apprenticeship training and education. Special attention would be placed on establishing youth apprenticeship opportunities, recruiting more businesses outside the traditional building trades to support apprenticeship programs, and increasing participation of women and minority groups in apprenticeship training.

2. The Governor recommends $710,000 from the Workers' Compensation special fund to pay litigation costs for prosecuting a civil case for alleged violations of OSHA ergonomic standards.

3. The Governor recommends $888,000 from the Workers' Compensation special fund for transfer of the industrial hygiene activity under OSHA currently conducted by the Department of Health. This recommendation also includes 6 Workers' Compensation Special fund positions and 11 federal fund positions; and

4. The proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: WORKPLACE_SERVICES

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
WORKPLACE_SERVICES_ADMIN	166	116	188	188	192	192	188	193	193
APPRENTICESHIP/LABOR STDS	1,027	952	984	988	941	1,093	988	941	1,093
CODE_SERVICES	1,600	1,672	1,782	1,788	1,699	1,652	1,788	1,699	1,651
OSHA COMPLIANCE	3,471	3,643	3,649	3,650	3,999	5,109	3,651	4,145	4,545
OSHA CONSULTATION	352	406	499	499	500	499	499	501	500
TOTAL EXPENDITURES BY ACTIVITY	6,616	6,789	7,102	7,113	7,331	8,545	7,114	7,479	7,982
GOV'S INITIATIVES:		FUND							
(A) TRANSFER OSHA HYGIENE PROG FROM HEALTH TO DOLI		WCS				444			444
(A) LITIGATION OF ERGONOMICS CASE		WCS				710			
(A) SALARY PLANNING ESTIMATES		GEN				<75>			<76>
(A) SALARY PLANNING ESTIMATES		WCS				<45>			<45>
(P) APPRENTICESHIP TRAINING & EDUCATION		GEN				180			180
TOTAL GOV'S INITIATIVES						1,214			503
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	3,985	4,015	2,725	2,735	2,599	2,704	2,735	2,599	2,703
WORKERS COMP SPECIAL			1,641	1,642	1,642	2,751	1,642	1,642	2,041
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	168	123	198	198	202	202	198	203	203
FEDERAL	2,455	2,642	2,517	2,517	2,867	2,867	2,518	3,014	3,014
WORKERS COMP SPECIAL			3	3	3	3	3	3	3
AGENCY	8	9	18	18	18	18	18	18	18
TOTAL FINANCING	6,616	6,789	7,102	7,113	7,331	8,545	7,114	7,479	7,982
POSITIONS BY FUND:									
GENERAL	86.5	83.5	54.0	54.0	54.0	58.0	54.0	54.0	58.0
SPECIAL REVENUE	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: WORKPLACE_SERVICES

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
FEDERAL	38.0	36.0	35.5	38.5	38.5	49.5	38.5	38.5	49.5
WORKERS COMP SPECIAL	.0	.0	32.0	32.0	32.0	38.0	32.0	32.0	38.0
TOTAL POSITIONS	129.5	124.5	125.5	128.5	128.5	149.5	128.5	128.5	149.5

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BUDGET ACTIVITY: Workplace Services Administration
PROGRAM: Workplace Services
AGENCY: Labor and Industry, Department of

ACTIVITY DESCRIPTION:

This activity is responsible for the overall direction and administration of the 5 units in the Workplace Services Division and oversight activity has primarily focused on management innovation (i.e., establishing a self-directed work team to run the Occupational Safety and Health Act (OSHA) program and training and closely supervising the effort). Each division will participate in long range strategic planning within a year. The assistant commissioner will continue to analyze management structure and practices to emphasize planning, training and efficiency in operation. The Workplace Services Administration unit is also responsible for coordinating and maintaining advisory councils for 3 of the units, as mandated by the legislature.

The communications function of this program assists each unit and the communications director in drafting, editing and distributing outreach and media information such as press releases, op-eds, posters, booklets and newsletters. It also serves to promote and inform the public about the services of the units of the Department of Labor and Industry through articles, advertising and seminars. It coordinates printing and visual communications projects for the commissioner's office and the Workplace Services Division.

BUDGET ISSUES:

Workplace Services will deal with reduction of available budget specifically by decreasing out-of-state travel and cutting non-critical office supplies and equipment. These reductions should have very minimal impact on administration of the Workplace Services units.

REVENUE:

This activity does not generate revenue.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: WORKPLACE_SERVICES
ACTIVITY: WORKPLACE_SERVICES_ADMIN

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	139	91	160	160	164	164	160	165	165
EXPENSES/CONTRACTUAL SRVCS	7	12	10	10	10	10	10	10	10
MISC OPERATING EXPENSES	15	5	9	9	9	9	9	9	9
SUPPLIES/MATERIALS/PARTS	2	7	5	5	5	5	5	5	5
CAPITAL EQUIPMENT	3	1	4	4	4	4	4	4	4
SUBTOTAL STATE OPERATIONS	166	116	188	188	192	192	188	193	193
TOTAL EXPENDITURES	166	116	188	188	192	192	188	193	193
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	166	116	188	188	192	192	188	193	193
TOTAL FINANCING	166	116	188	188	192	192	188	193	193
POSITIONS BY FUND:									
SPECIAL REVENUE	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
TOTAL POSITIONS	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0

BUDGET ACTIVITY: Apprenticeship/Labor Standards
PROGRAM: Workplace Services
AGENCY: Labor and Industry, Department of

ACTIVITY DESCRIPTION:

The Apprenticeship function of this activity opens to people 16 years of age and older the opportunity to obtain training that will equip them for profitable employment and citizenship. The activity establishes programs of voluntary apprenticeship under approved apprenticeship agreements providing facilities for training and guidance in the arts and skills of industry and trade with supplementary instruction in related subjects, all under established national standards for apprentice training.

The Labor Standards function enforces and advises on the provisions of the Fair Labor Standards Act, the Minnesota Child Labor Standards Act, the Prevailing Wage law, the Fee Employment Agency Statutes, the Parental Leave law and the law governing the use of lie detectors. It further advises on and enforces M.S. Ch.181 concerning employment wages, conditions, hours, and restrictions which are peripheral to the Fair Labor Standards Act. Hearings are provided for contested orders to help resolve disputed wage issues; education information and consultation services are made available; inspections are made to investigate employee complaints; entertainment agencies, search firms, and fee employment agencies are regulated through licensing; and prevailing wage rates for 87 counties are certified.

BUDGET ISSUES:

Current plans are to combine the Apprenticeship and Labor Standards unit to realize greater efficiencies in management and clerical support. Apprenticeship and Labor Standards are funded 100% by the General Fund and are not fee supported. As a result, past and present budget cuts force drastic efficiency measures that can be partially realized by combining 2 small units. Since federal law requires Apprenticeship to be housed in each state's Department of Labor and with the entity that regulates child labor laws, it seems to be natural to combine the management of these 2 units.

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Apprenticeship:				
Establish new programs	39	40	41	43
Cost per development	$1,727	$1,542	$1,454	$1,339
Program comprehensive compliance review	76	92	94	98
Cost per review	$752	$671	$634	$587
Supervisory visits	91	109	111	117
Cost per visit	$424	$379	$358	$328
New apprentice agreements approved	1,216	1,230	1,254	1,317
Cost per approval	$37	$33	$32	$29
Completion certificates issued	831	856	873	916
Cost per certificate	$54	$48	$46	$42
Labor Standards:				
Telephone inquiry responses	68,047	68,000	68,000	68,000
Unit cost	$1.24	$1.33	$1.23	$1.29
No. of employers made whole	1,226	1,200	1,200	1,200
Unit cost	$243	$221	$204	$176
License/registering firms	641	720	720	720
Unit cost	$141	$156	$144	$151
Prevailing wage rates certified	4,113	4,100	4,100	4,100
Unit cost	$33	$35	$33	$34

REVENUE:

This activity generates non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Special					
Outreach seminars	$3	$3	$3	$3	$3
Non-dedicated - General					
Statute violation penalties	$1	$2	$3	$3	$3
Employment agency licensing	64	81	75	75	75

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: WORKPLACE_SERVICES
ACTIVITY: APPRENTICESHIP/LABOR STDS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	910	873	895	899	850	982	899	850	982
EXPENSES/CONTRACTUAL SRVCS	54	27	21	21	21	26	21	21	26
MISC OPERATING EXPENSES	43	42	56	56	58	73	56	58	73
SUPPLIES/MATERIALS/PARTS	9	7	7	7	7	7	7	7	7
CAPITAL EQUIPMENT	11	3	4	4	4	4	4	4	4
OTHER			1	1	1	1	1	1	1
SUBTOTAL STATE OPERATIONS	1,027	952	984	988	941	1,093	988	941	1,093
TOTAL EXPENDITURES	1,027	952	984	988	941	1,093	988	941	1,093
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<28>			<28>
(P) APPRENTICESHIP TRAINING & EDUCATION		GEN				180			180
TOTAL GOV'S INITIATIVES						152			152
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,001	930	943	947	900	1,052	947	900	1,052
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE			3	3	3	3	3	3	3
FEDERAL	18	13	20	20	20	20	20	20	20
AGENCY	8	9	18	18	18	18	18	18	18
TOTAL FINANCING	1,027	952	984	988	941	1,093	988	941	1,093

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: WORKPLACE_SERVICES
ACTIVITY: APPRENTICESHIP/LABOR STDS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	25.0	22.0	20.0	20.0	20.0	24.0	20.0	20.0	24.0
FEDERAL	1.0	1.0	.3	.3	.3	.3	.3	.3	.3
TOTAL POSITIONS	26.0	23.0	20.3	20.3	20.3	24.3	20.3	20.3	24.3

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Labor and Industry
PROGRAM: Workplace Services
ACTIVITY: Apprenticeship/Labor Standards

ITEM TITLE: Apprenticeship Training and Education

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$180	$180	$180	$180

Statutory Change? Yes ____ No _X_
If yes, statute affected:

RECOMMENDATION:

The Governor recommends expenditure of $180,000 annually for the addition of 4 field staff positions in the Apprenticeship Division of the Department of Labor and Industry.

Business and government leaders nationwide have recognized the deficiencies in our educational system to train workers for highly skilled jobs which can command liveable wages. The apprenticeship method of learning has been recognized for centuries as the most effective method of training workers (consider the education of M.D.'s, dentists, etc). Estimates are that 70% of the jobs by the year 2000 will not require a college degree, but rather demand a technically skilled workforce.

Minnesota's Apprenticeship Division was established in the Department of Labor and Industry in 1939. The department has been delegated authority by federal and state law to be the governmental unit which registers an employer's on-the-job training program (including technically related classroom instruction) and certifies the worker who completes the agreed upon training.

The commissioner has directed the division to establish youth apprenticeship initiatives and make them, along with the recruitment of women and minorities into apprenticeship programs, the top 2 priorities of this decade.

Aggressive recruitment of students and apprenticeship sponsors is necessary to fulfill the needs of a changing workforce. Developing additional apprenticeship occupational programs, especially in areas of growth and need (machine manufacturing, health care, printing and computer occupations) requires adequate staffing levels. Apprenticeship field staff persons are an integral part of this process.

Previous budget cuts have reduced the current staff complement to 7, which includes an acting director, 4 field staff and 2 support staff. This is only enough to service current programs and certify a minimum of new programs. By contrast, Wisconsin, a leader in the youth apprenticeship movement, has 17 field staff members in their Apprenticeship Division.

PROGRAM OUTCOMES:

The addition of 4 positions would restore 1 position cut in the 1992-93 biennium and add 3 more field staff--one of which would be devoted full-time to youth apprenticeship initiatives. The increased personnel would devote their energies to recruiting more businesses outside of the traditional building trades, most particularly in manufacturing and highly technical areas. Part of their responsibilities would be to work with minority and women's groups to interest them in apprenticeship training, to inform them of the basic skills needed for acceptance into a apprenticeship program, to link eligible participants with JTPA, LEAP, and/or other funding programs, and to link businesses to those employees or youth wanting opportunities for careers in highly skilled industries.

LONG-TERM IMPACT:

In a rapidly changing world demanding better skills training for youth and existing workers, apprenticeship offers the best method for 1) training skilled workers, 2) registering and certifying participants in a program recognized both nationally and internationally for its rigorous training requirements, 3) allowing employers flexibility in designing programs to the needs of their industry and at the same time meeting state and national standards, 4) providing those who complete the program with a portable certificate of national and international value assuring better prospects for employability throughout an employee's working years, and 5) guaranteeing a job at the end of the training period.

The investment in field staff is cost-effective. One staff person can expect to establish 24 new programs in a year, maintain contact with and supervise 200 established programs and complete 25 federally mandated EEOC guideline audits.

In short, the productivity of 1 dedicated field staff person can be expected to facilitate 300 persons a year into highly-skilled, high-paying jobs with a future. An aggressive and well-established apprenticeship program acts as an economic development tool to attract and retain industries which rely on highly-skilled work.

BUDGET ACTIVITY: Code Services
PROGRAM: Workplace Services
AGENCY: Labor and Industry, Department of

ACTIVITY DESCRIPTION:

The Code Services unit provides inspection, technical assistance, and qualification licensure and related services for boilers, pressure vessels, boats-for-hire, high temperature and refrigeration piping systems, elevators, escalators, and amusement rides. Statutory Citations: Amusement Rides M.S. 184B; Boilers M.S. 183.375 - 183.62; Elevators M.S. 183.001 - 183.358; and High Pressure Piping M.S. 326.46 - 326.521. These services affect such diverse communities as small business (over 50% of total unit workload), agribusiness (about 33% of piping inspections), high tech firms (5-10% of boiler and piping inspections), energy producers, and the general public. Also, the clientele includes secondary parties such as contractors and subcontractors, architects, engineers, insurers, and installers and operators. The requirements of the Americans with Disabilities Act (ADA) has placed more emphasis on elevator activity. The ADA is now accounting for over 50% of the inspection and technical assistance of that work area. To achieve compliance with adopted national codes, education and technical assistance is emphasized. Legal sanctions are used only in cases of imminent danger or for repeated violations.

Special emphasis is being developed to modify the approach for inspection of elevators and escalators from inspection of new and altered units to pre-review of these installations, and higher profile inspection of existing units that have not been inspected since installation.

BUDGET ISSUES:

Current plans for this unit involve increased use of technology to provide for increased efficiencies. Further efficiencies will be gained by combining some staff functions. Internal restructuring can also be accomplished through normal attrition and operation without filling vacancies.

Planned use of technology includes:
- Use of intelligent systems for inspector scheduling
- Computerization for elevator site data

Efficiencies through staff function combination:
- Reduce boiler licensure examination frequency by analyzing demand, and by assigning specialized staff to reduce the number of inspection hours lost for examination administration and monitoring.

Internal restructuring:
- Change size of boiler inspection territories to reflect time available from reduced examination administration.
- Reduce reliance on inspection of new elevators by changing procedures to require more owner/contractor involvement in assuring the work is done properly, and increase inspection of older, unmaintained equipment by developing a data base of existing equipment.
- Continue work on identification of high pressure piping work that can be initiated prior to request for permit, and work for which inspection can be delayed without adverse impact on the client.

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Serious violations cited (High probability of causing an accident or injury)	728	830	900	950
Equipment ordered out of service	88	91	93	95
Inspections per person:				
Boiler	760	800	825	915
Elevator	225	230	235	300
Piping	150	160	165	200
Inspection and licensure revenue per person:				
Boiler	$83,000	$84,000	$84,000	$92,000
Elevator	$73,000	$76,000	$76,000	$99,000
Piping	$67,000	$67,000	$67,000	$80,000
Total activity	$62,300	$64,400	$64,400	$69,000
Client assistance per person phone:				
Boiler	1,975	2,000	2,100	2,300
Elevator	1,250	1,300	1,350	1,450
Piping	1,600	1,650	1,700	1,800
Administrative	225	250	275	400
Walk-in:				
Boiler	1,400	1,400	1,400	1,450
Elevator	250	260	270	300
Piping	365	375	390	425
Administrative	260	300	320	400

REVENUE:

This activity generates non-dedicated revenue for the General Fund.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Source of Revenue:					
Boiler Exemption Fees	$510	$493	$535	$535	$535
Boiler License Fees	551	554	565	565	565
Boiler Inspection Fees	403	358	361	361	361
Pipefitters Licenses	101	112	112	112	112
Pipefitters Permits/Inspections	114	202	200	200	200
National Board Exams	5	5	5	5	5
Elevators Permits	7	143	150	150	150
Elevator Inspections	2	3	3	3	3
Elevator Licenses	0	0	0	0	1
Total Revenue	$1,693	$1,881	$1,931	$1,931	$1,932

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: WORKPLACE_SERVICES
ACTIVITY: CODE_SERVICES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,313	1,338	1,473	1,479	1,393	1,346	1,479	1,389	1,341
EXPENSES/CONTRACTUAL SRVCS	118	130	101	101	101	101	101	101	101
MISC OPERATING EXPENSES	134	139	177	177	175	175	177	179	179
SUPPLIES/MATERIALS/PARTS	13	49	14	14	13	13	14	13	13
CAPITAL EQUIPMENT	22	16	17	17	17	17	17	17	17
SUBTOTAL STATE OPERATIONS	1,600	1,672	1,782	1,788	1,699	1,652	1,788	1,699	1,651
TOTAL EXPENDITURES	1,600	1,672	1,782	1,788	1,699	1,652	1,788	1,699	1,651
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<47>			<48>
TOTAL GOV'S INITIATIVES						<47>			<48>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,600	1,672	1,782	1,788	1,699	1,652	1,788	1,699	1,651
TOTAL FINANCING	1,600	1,672	1,782	1,788	1,699	1,652	1,788	1,699	1,651
POSITIONS BY FUND:									
GENERAL	33.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0
TOTAL POSITIONS	33.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0

BUDGET ACTIVITY: Occupational Safety and Health Act (OSHA) Compliance
PROGRAM: Workplace Services
AGENCY: Labor and Industry, Department of

ACTIVITY DESCRIPTION:

OSHA Compliance, as mandated in M.S. Ch. 182, and the Federal OSHA Act, Pubic Law 91-596, has as its mission to help assure every working man and woman in the state of Minnesota safe and healthful working conditions. In doing so, it promulgates rules, adopts federal standards, and conducts occupational safety and health inspections of fixed and mobile work-sites and investigations of fatalities, catastrophes, serious injuries, and employee complaints for the purpose of identifying and controlling hazards, enforcing compliance with adopted standards, preventing occupational injuries and illnesses to Minnesota's workers, and reducing the high cost of work related injuries and illnesses.

Legal services are provided to support enforcement efforts and to protect the legal rights of employers and employees. Citations, including proposed penalties, are issued which require correction of hazardous conditions by a specified date. Follow-up inspections assure compliance with citations.

This activity operates out of St. Paul with area offices in Brainerd, Duluth and Mankato. The Department of Labor and Industry subcontracts health investigations and laboratory services to the Health Department. Outreach training, education and public-sector consultation are also provided to assist employers and employees to better understand and apply the applicable OSHA standards, especially with the implementation of the A Workplace Accident and Injury and Reduction (AWAIR) Law and the bloodborne pathogens standard.

BUDGET ISSUES:

This activity is 50% federally funded under Sec. 23(g) of the Federal Occupational Safety and Health (OSHA) Act. The state funding portion was transferred in F.Y. 1993 from the General Fund to the Workers' Compensation Special Fund. To compensate for inflationary increases and maintain the same level of funding as in F.Y. 1993 it will be necessary to hold vacant 1 Senior Safety Investigator position in 1994 and another in 1995. Further adjustments can be made, if necessary, by reducing out-of-state travel by staff to federal OSHA training facilities. The impact of absorbing the projected inflation will be 110 fewer safety investigations conducted in 1994 and 220 fewer investigations in 1995 than the number anticipated with the staffing increases allowed by the 1992 Legislature. Formal training at the OSHA Training Institute and other similar facilities will have to be sharply curtailed or eliminated. These areas were selected for reduction because they will have the least impact on activity results. The department is required to maintain federal benchmark requirements for safety investigator staffing to retain the federal support of this activity. Out-of-state travel expenditures for training will be reduced by bringing 1 trainer from the OSHA Training Institute to Minnesota to conduct training sessions rather than sending several of our staff to Illinois for this purpose.

In F.Y. 1993 the legislature authorized 5 additional positions funded by the state to allow greater levels of outreach and investigation with the emphasis on ergonomics and the adoption of the comprehensive AWAIR Act; the bloodborne pathogens standard for Hepatitis-B, tuberculosis and the Human Immunodeficiency Virus (HIV); ergonomics; the process safety management standard; and others. Budget reductions will result in reduced ability to respond to the increasing outreach demand from employers and employees in these high hazard area.

Litigating contested citations is a cost that is difficult to project, but remains an essential part of our enforcement policy. The increasing complexity of cases (i.e., ergonomics, bloodborne pathogens, etc.) and the rising penalties mandated by Federal OSHA are raising the number of contested cases and the cost of litigation.

EFFICIENCY MEASURES:

	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Workers' compensation claims per 1,000 employees (est.)	77	77.1	76.4	75.7	76.1	76.3
Net cost per investigation	$493	$514	$575	$638	$621	$622
Net cost to State per investigations	$88	$128	$69	($87)	($113)	($113)
Number of investigations conducted	4,460	3,393	3,580	3,200	3,350	3,400

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Special					
Safety Seminars	$7	$7	$7	$7	$7
Non-dedicated - WC Special					
Non-compliance Penalties	$875	$1,108	$1,300	$1,400	$1,400

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: WORKPLACE_SERVICES
ACTIVITY: OSHA COMPLIANCE

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,246	2,390	2,493	2,493	2,699	2,948	2,493	2,753	3,002
EXPENSES/CONTRACTUAL SRVCS	924	943	861	862	912	1,721	863	923	1,022
MISC OPERATING EXPENSES	150	196	212	212	259	278	212	298	317
SUPPLIES/MATERIALS/PARTS	79	57	48	48	63	91	48	84	112
CAPITAL EQUIPMENT	43	28	15	15	21	26	15	37	42
OTHER	29	29	20	20	45	45	20	50	50
SUBTOTAL STATE OPERATIONS	3,471	3,643	3,649	3,650	3,999	5,109	3,651	4,145	4,545
TOTAL EXPENDITURES	3,471	3,643	3,649	3,650	3,999	5,109	3,651	4,145	4,545
GOV'S INITIATIVES:		FUND							
(A) TRANSFER OSHA HYGIENE PROG FROM HEALTH TO DOLI		WCS				444			444
(A) LITIGATION OF ERGONOMICS CASE		WCS				710			
(A) SALARY PLANNING ESTIMATES		WCS				<44>			<44>
TOTAL GOV'S INITIATIVES						1,110			400
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,349	1,374							
WORKERS COMP SPECIAL			1,593	1,594	1,593	2,703	1,594	1,592	1,992
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	2	7	7	7	7	7	7	7	7
FEDERAL	2,120	2,262	2,046	2,046	2,396	2,396	2,047	2,543	2,543
WORKERS COMP SPECIAL			3	3	3	3	3	3	3
TOTAL FINANCING	3,471	3,643	3,649	3,650	3,999	5,109	3,651	4,145	4,545

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: WORKPLACE_SERVICES
ACTIVITY: OSHA COMPLIANCE

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	27.5	26.5	.0	.0	.0	.0	.0	.0	.0
FEDERAL	28.5	26.5	26.7	29.7	29.7	40.7	29.7	29.7	40.7
WORKERS COMP SPECIAL	.0	.0	31.0	31.0	31.0	37.0	31.0	31.0	37.0
TOTAL POSITIONS	56.0	53.0	57.7	60.7	60.7	77.7	60.7	60.7	77.7

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F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Labor and Industry
PROGRAM: Workplace Services
ACTIVITY: OSHA Compliance

ITEM TITLE: OSHA Industrial Hygiene Program Transfer

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
Workers' Compensation Special Fund				
- State Operations	$444	$444	$444	$444

Statutory Change? Yes _____ No _X_
If yes, statute affected:

RECOMMENDATION:

The Governor recommends all industrial hygiene activity that is part of the Occupational Safety and Health Act (OSHA) and within the Department of Health be transferred to the Department of Labor and Industry. The state appropriation of $444,000 a year to the Department of Labor and Industry would come from the Workers' Compensation Special Fund. The Governor also recommends 6 Worker's Compensation Special Fund positions and 11 Federal Fund positions for the Department of Labor and Industry, to be transferred from the Department of Health.

The appropriations for the Department of Labor and Industry's OSHA program were transferred from the General Fund to the Workers' Compensation Special Fund by the 1992 Legislature. The state matching funds appropriated to the Department of Health remain in the General Fund. This transfer of personnel and funding into one agency and a single state funding source will increase the effectiveness and efficiency of operations.

PROGRAM OUTCOMES:

The consolidation of OSHA activities into one agency and the transfer of funding to the Workers' Compensation Special Fund result in savings to the General Fund in the Department of Health's agency plan, eases accounting procedures, assists budget planning, streamlines management, and allows better staff utilization through cross-training and cross-assignments. This consolidation should also result in less confusion for the general public who often times have had to contact 2 agencies to get assistance from appropriate OSHA personnel.

LONG-TERM IMPACT:

The long-range impact of this transfer will result in a better-managed OSHA division, less general public confusion about where to contact appropriate OSHA officials, better strategic and budget planning, better utilization of personnel, and no cost to the General Fund. The additional cost to the Workers' Compensation Special Fund should not increase the assessment for insurers and self-insurers. Since workplace safety is an employer's responsibility, it makes more sense to fund OSHA compliance, education, and training services by employers (through their insurance premiums) rather than by the general public. National studies reveal that workplace safety directly impacts workers' compensation costs.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Labor and Industry
PROGRAM: Workplace Service Division
ACTIVITY: OSHA Compliance

ITEM TITLE: Litigation of Ergonomics Case

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
Workers' Compensation Special				
- State Operations	$710	$-0-	$-0-	$-0-

Statutory Change? Yes _____ No X
If yes, statute affected:

RECOMMENDATION:

The Governor recommends that funding be provided for the Department of Labor and Industry to prosecute a civil case, through the Attorney General's Office, for alleged violations of OSHA ergonomic standards in the Minnesota meatpacking plant of a large national corporation.

The employer has contested a Willful citation for an ergonomics related violation and an additional 8 Serious and 21 Nonserious violations, for hazards to employees. Total penalties proposed were in excess of $38,000. The employer has been noncooperative and confrontational with the inspection team. Ergonomic violations, based on the failure to correct work conditions which contribute to cumulative trauma disorders to employees, are a key special emphasis area for both MnOSHA and Federal OSHA. Overall, cumulative trauma disorders account for about 50% of all workers' compensation injuries. In the absence of specific standards that address this recognized hazard, MnOSHA cited the General-Duty Clause of M.S. Chapter 182. This adds to MnOSHA's burden of proof.

Minnesota OSHA has not litigated an ergonomics case thus far because most contested cases are settled at an informal conference. This employer, however, appears to assume that we will not prosecute this case because of the costs involved. If MnOSHA does not pursue this case, other employers will undoubtedly challenge MnOSHA's authority under M.S. Chapter 182 and fail to provide safe and healthful working conditions for their employees. This would be the first ergonomics case that MnOSHA would litigate involving citations for hazardous conditions that result in cumulative trauma disorders and disability to large numbers of workers. Failure to pursue this case is expected to result in more frequent and costly litigation in the future.

MnOSHA has a budget of approximately $150,000 to cover legal costs for the year. The Attorney General estimates that this case will cost $710,000 to litigate through the trial.

PROGRAM OUTCOMES:

The employer will be required to comply with the obligation to protect employees from these costly and disabling injuries. It will need to develop a safety and health program and take proactive steps to prevent the cumulative trauma injuries that account for a large portion of its workers' compensation insurance costs. Experience with other employers indicates that the short-term costs of implementing such a program will be more than compensated for by the long-term savings to the company. Employees will be protected and the company's workers' compensation costs would be reduced. Also, other employers would be informed through the media and professional contacts of their obligations and of MnOSHA's commitment to enforce ergonomic safety.

LONG-TERM IMPACT:

Minnesota employers would believe that MnOSHA will prosecute ergonomics violations and thereby take voluntary steps to protect their employees and prevent these disabling injuries. The long-term effect of this will be reduced workers' compensation costs and lost time injuries for employers as well as decreased financial loss, disability, and suffering to employees.

BUDGET ACTIVITY: Occupational Safety and Health Act (OSHA) Consultation
PROGRAM: Workplace Services
AGENCY: Labor and Industry, Department of

ACTIVITY DESCRIPTION:

OSHA Consultation provides private sector employers with consultative services to assist them in implementing and maintaining effective safety and health programs that will reduce workplace injury costs and provide places of employment which are safe and healthful.

This 90% federally-funded activity provides non-enforcement safety and health consultative services at no cost to requesting employers. The activity helps them prevent or reduce the occurrence of injuries and illnesses which may result from exposure to hazardous workplace conditions or from hazardous work practices. Small companies in high-hazard industries, who might not otherwise have assistance in their efforts to reduce the human and financial costs of job-related injuries and illnesses, are specifically targeted in promotional activity and given a high priority in scheduling. Assistance is primarily provided at the work-site, but may also be provided by phone or at another location convenient to the employer.

BUDGET ISSUES:

The consultation activity is 90% federally funded under Sec. 7(c)(1) of the Federal OSHA Act, (100% federal funding is provided for required out-of-state travel and expenses). The 10% state match is funded from Workers' Compensation Special Fund.

To reduce costs and improve efficiency of operations, we have: (1) pulled the industrial hygienists from the Health Department to work alongside the safety consultants in this unit, (2) implemented computerization in research, report writing, and scheduling of consultations, and (3) conducted more training/education seminars for small high-hazard businesses around the state to reduce our 6 month consultation backlog.

Minnesota's safety consultants averaged 115 visits per year compared with the national average of 95 visits. Health consultants averaged 41 visits compared to the national average of 57 visits. The cost per health unit is higher than a safety visit due to scientific sampling associated with health visits. The costs of hazards identified are factored into the average costs per visit. Each staff person spends an average of .09% of their time on phones compared to the national average of 1.01%.

EFFICIENCY MEASURES:

	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Safety:						
On-site consultation visits	227	268	407	447	469	492
Training/education sessions	24	28	46	51	70	92
Follow-up consultation visits	6	8	9	10	14	18
Total safety visits	257	299	462	508	553	602
Number of consultants	3	3	4	4	4	4
Funding	$229,325	$195,110	$276,258	$283,164	$297,322	$312,188
Average cost per safety visit	**$892**	**$652**	**$598**	**$557**	**$538**	**$518**
10% state cost	$89	$65	$60	$56	$54	$52
Health:						
On-site consultation visits	79	74	67	74	78	82
Training/education sessions	11	10	6	7	9	12
Follow-up consultation visits	3	2	9	10	13	17
Total health visits	93	86	82	91	100	111
Number of consultants	3	2.3	2	2	2	2
Funding	$144,521	$127,193	$107,937	$110,635	$116,167	$121,975
Average cost per health visit	**$1,554**	**$1,479**	**$1,316**	**$1,216**	**$1,162**	**$1,099**
10% state cost	$155	$148	$132	$122	$116	$110

REVENUE:

This activity does not generate revenue.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: WORKPLACE_SERVICES
ACTIVITY: OSHA CONSULTATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	274	326	431	431	432	431	431	433	432
EXPENSES/CONTRACTUAL SRVCS	35	37	30	30	30	30	30	30	30
MISC OPERATING EXPENSES	29	28	20	20	20	20	20	20	20
SUPPLIES/MATERIALS/PARTS	8	5	10	10	10	10	10	10	10
CAPITAL EQUIPMENT		2							
OTHER	6	8	8	8	8	8	8	8	8
SUBTOTAL STATE OPERATIONS	352	406	499	499	500	499	499	501	500
TOTAL EXPENDITURES	352	406	499	499	500	499	499	501	500
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		WCS				<1>			<1>
TOTAL GOV'S INITIATIVES						<1>			<1>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	35	39							
WORKERS COMP SPECIAL			48	48	49	48	48	50	49
STATUTORY APPROPRIATIONS:									
FEDERAL	317	367	451	451	451	451	451	451	451
TOTAL FINANCING	352	406	499	499	500	499	499	501	500
POSITIONS BY FUND:									
GENERAL	1.0	1.0	.0	.0	.0	.0	.0	.0	.0
FEDERAL	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: WORKPLACE_SERVICES
ACTIVITY: OSHA CONSULTATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
WORKERS COMP SPECIAL	.0	.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL POSITIONS	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5

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PROGRAM: General Support
AGENCY: Labor and Industry, Department of

PROGRAM PURPOSE:

The General Support unit supports the agency's mission by providing the necessary administrative functions to the department's various divisions.

The Commissioner and an advisory board of directors provide the leadership and policy direction for the department. Supporting the Commissioner's leadership on policy directives are the Deputy Commissioner and 3 Assistant Commissioners. Rounding out the agency's management support team are the Assistant to the Commissioner, the Directors of Research and Education, Human Resources, IMS and Accounting.

The board is responsible for providing up-to-date management advice and counsel to the department's leadership on the efficient operation of the department and the management of its employees. The leadership team is responsible for internal guidelines, planning and allocation of resources.

The support activities provided by the General Support Program include:

- Information Management Services coordinates the agency wide information management systems. This unit supports the agency's requirements to process, store and retrieve its information making it possible to assess, manage, research and report on its activities. Further, this unit is responsible for the agency's mail, word processing and photocopying services.

- Research and Education is responsible for the agency's dissemination of information through publications and seminars. In addition, this unit conducts highly sophisticated research for programs throughout the agency, including workers' compensation and prevailing wage.

- Legal Services is responsible for the legal review and interpretation of statutory amendments and judicial and administrative decisions for all activities and programs within the agency. It also provides drafting services on agency legislative initiatives and rule making responsibilities. Further, it provides legal review, advice, and education to employer, insurer, professional and employee groups throughout the state.

- Accounting provides the financial oversight and management for all programs and activities. This includes administering the biennial budget at program levels, ensuring the timely payment of agency obligations, and the preparation of the agency's biennial budget. This unit also coordinates the procurement, stocking, and distribution of supplies and equipment agency wide.

- Human Resources manages the agency's employee recruitment, selection, classification, training and development, and collective bargaining agreement administration functions. The agency has a firm commitment to recruit and maintain a culturally diverse and skilled work force which is implemented by this activity.

- Investigative Services coordinates the agency's investigative functions and duties. The unit provides services to protect the public from fraudulent criminal and civil activities related to the workers' compensation duties of the agency. The unit will also provide investigation training to all units involved in enforcement activities (i.e., Occupational Safety and Health Act (OSHA) discrimination complaints, child labor violations).

PROSPECTS:

1. Workplace Safety

   - Minnesota has over 97,000 employers with some 1.9 million total jobs. According to the Bureau of Labor Statistic's annual survey, Minnesota had an injury and illness rate below the national average in all major industrial classes giving it an overall ranking of 6th best in the nation. Minnesota has over 150,000 workers injured on the job each year. Seventy-five percent are medical only injuries. Increasing our emphasis on workplace safety throughout the agency's programs and activities will help improve our state's ranking and allow corresponding Milestone objectives to be achieved.

   - OSHA penalties were increased in 1991 and 1992 in order to maintain Minnesota's status as an approved state plan. In addition, the OSHA complaint process was streamlined to provide a more efficient resolution of contested cases and provide faster abatement of dangerous workplace conditions. There has been an increase in the OSHA contested cases, but in cooperation with the Attorney General's staff and the Office of Administrative Hearings, there has been a timely processing of the citations. The agency will provide support to employers and employees through labor-management initiatives, the A Workplace Accident and Injury Reduction Act (AWAIR) program provision in M.S. 182.653, and other cooperative programs to ensure compliance with all safety mandates in the public and private sectors under the jurisdiction of the agency. The new bloodborne pathogen standard, the new AWAIR Act, new safety committee requirements and new penalty increases are greatly increasing demand for outreach and education programs.

2. Work Force Preparedness

   - The department is charged with the statutory responsibility of promoting apprenticeship and other forms of on the job training for young persons over the age of 16. Over 46,000 Minnesotans have completed an apprenticeship program and become substantial taxpayers in the 53 years since federal and state law established the program at the Department of Labor and Industry (DOLI). The apprenticeship programs are not just short-term "make work" activities, but courses of study and skill acquisition equipping young people for profitable employment and citizenship. This statutory directive is carried out in conjunction with state officials for other agencies, notably the Department of Education and Board of Technical Colleges. The department will continue to focus on improving the opportunities for minority and women to enter approved apprenticeship programs and will establish pilot programs for youth apprenticeship. Additionally, the federal government has required all states to do yearly EEO compliance reviews for sponsors with 5 or more apprentices and staff will need to add this requirement to their workload.

3. Workers' Compensation

   - The department is required to continue to identify areas needing further examination for policy makers. The studies include employee leasing and independent contractor status,

status of monitoring rehabilitation services, studying the use of high tech medical services by physicians, hospitals, consumers, and others, 24-hour medical coverage, non-compliance with insurance requirements, and the review and identification of health problems associated with video display terminals. The department is looking at innovative proposals for employee involvement in the delivery of workers' compensation benefits where the employee is involved through a mechanism of an individual benefit account where the employees have the choice of selecting the services appropriate to their requirements.

4. Outreach

- The General Support program has the primary responsibility for providing information about workplace safety, workers' compensation, and other agency activities to the general public. The Commissioner is involved in over 100 meetings a year with community, labor, business and professional groups each year. Likewise, the Deputy Commissioner and Assistant Commissioners are involved in similar activities to provide information about the department and any administrative or statutory changes in the areas covered by the agency.

- The Commissioner responds to over 700 letters each year on case and policy issues needing attention and response. The Research and Education and Legal Service activities provide information to as wide an audience as possible, through formal and informal meetings and seminars. The department-provided seminars reached some 1900 employers, 400 insurers and countless employee and union members last biennium. DOLI personnel from the General Support division are counted on to be the information resources for conferences and local area meetings. The Research and Education unit publishes brochures and booklets for all parties in the workers' compensation system. Over 85,000 booklets to employers, employees, and injured workers are distributed each year.

- The agency publishes pamphlets and posters informing the public of the rights and duties under the various statutory requirements administered by the agency. In addition, special reports and quarterly updates are published and made available to the general public on topics related to safety and workers' compensation.

OUTCOMES:

The agency has historically been given a wide range of duties involving many differing areas of workplace regulation and enforcement.

1. Workers' Compensation. The department manages over 1.1 million files. In circulation at any one time are over 25,000 files on individuals. Our data entry, retrieval and storage needs are growing each year. Safety initiatives could stem the increase in cases filed each year. Promulgation of agency rules to implement 1992 legislation will likely result in savings in the area of health care and litigation costs.

2. OSHA Compliance. Backlog of contested cases reduced; employee training enhanced; procedure for more uniform inspection adopted; training in bloodborne pathogen standard undertaken; new team management instituted. Establish a Promote, Evaluate, Enforce and Report (PEER) program at Mall of American, first joint safety effort of major contractors and unions in the nation. National reports show Minnesota safety records better than the national average in all industry categories.

3. Apprenticeship. The division named a new acting director, accomplished 100 EEO compliance reviews which were newly mandated by the federal government and re-created the Advisory Council to reflect greater emphasis on recruiting minorities and women. Established symposium on women in apprenticeship and established a youth apprenticeship pilot program in N.E. Metro area. This despite losing a field staff person due to budget cuts.

4. Safety Consultations. The OSHA Consultation activity is responsible for working with small Minnesota employers to identify hazardous workplace conditions and practices and assisting in developing a plan for abatement of the conditions. This activity along with the AWAIR, PEER and joint labor-management safety committee requirements work to make Minnesota workplaces safer for the employees and general public.

5. Accounting. The accounting unit has been able to maintain the statewide goal of 98% of payments made within 30 days. This agency's percentages have consistently been in excess of 99%.

OBJECTIVES:

1. Workers' Compensation.

   Reduce workers' compensation costs by 16% based on 1992 legislation.

2. Outreach.

   Promote safety in workplaces by continuing special emphasis safety programs for grain elevators, fire departments, health care facilities, electric utilities and meat and poultry processing plants.

   Holding 12 annual employer and insurer seminars statewide serving 1,500 attendees.

   Increasing on-site OSHA Consultation activities to 480 in 1994 and 500 in 1995.

3. Apprenticeship.

   Increase minority and female participation by 3% each year.

4. Investigations.

   Begin active case investigations into allegations of fraud in our workers' compensation system. Train employees in investigation, preparation and presentation of civil and criminal cases to assist the appropriate enforcement agency in the prosecution of case files.

5. Accounting.

Maintain the high level of prompt payment of agency bills within 30 days.

	F.Y. 1993	F.Y. 1994	F.Y. 1995
Paid within 30 days	99.2%	99.2%	99.2%
Number of payment transactions	32,000	32,300	32,100

PROGRAM PLAN:

The General Support program will continue to provide leadership on the numerous statutory responsibilities it has been given by the legislature and federal government. In order to provide the optimum labor-management cooperative opportunities, the agency will continue to explore, and implement where appropriate, self-directed work teams and other types of employee involvement activities.

The General Support unit will have a reduction in the number of personnel from its current levels.

- Commissioner's Office (1 clerical) — 2 positions
- Information Management Services (1 clerical, 2 professional) — 3 positions
- Research and Education (professional) — 1/2 position

Remaining staff will be assigned additional duties resulting in an increase in workloads. Functions involving non-essential activities and requests for services will be delayed or discontinued. Overall the department's mission will still be attainable with a leaner complement.

Due to space constraints, the department is looking for larger but less expensive space to house the department's employees. A location that would be more convenient for the department's clientele is a priority in selecting a new location. In addition, a larger facility would allow for consolidation of employees from other leased space away from the main building housing department employees at this time and offer additional budgetary savings.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the program plan except for the following adjustments:

1. The Governor recommends $120,000 from the Workers' Compensation special fund and 2 positions each from that fund and the federal fund to develop and implement the Redesigned Occupation Safety and Health System (ROSH) under federal OSHA. $120,000 in additional federal funds are also anticipated under the recommendation.

2. The proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: GENERAL SUPPORT

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
AGENCY ADMINISTRATION	2,504	3,237	3,173	3,175	3,220	3,161	3,175	3,249	3,191
INVESTIGATIVE SERVICES			350	350	350	342	295	295	288
INFORMATION MGT SVS	2,226	2,600	2,669	2,671	2,665	2,738	2,671	2,665	2,739
TOTAL EXPENDITURES BY ACTIVITY	4,730	5,837	6,192	6,196	6,235	6,241	6,141	6,209	6,218
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<23>			<23>
(A) SALARY PLANNING ESTIMATES		WCS				<91>			<88>
(P) REDESIGNED OCCUPATION SAFETY & HEALTH SYSTEM		FED				60			60
(P) REDESIGNED OCCUPATION SAFETY & HEALTH SYSTEM		WCS				60			60
TOTAL GOV'S INITIATIVES						6			9
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,347	1,304	1,329	1,333	1,267	1,244	1,333	1,267	1,244
WORKERS COMP SPECIAL	2,907	3,849	4,329	4,329	4,395	4,364	4,274	4,340	4,312
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	106	157	161	161	170	170	161	184	184
FEDERAL	370	324	373	373	403	463	373	418	478
AGENCY		203							
TOTAL FINANCING	4,730	5,837	6,192	6,196	6,235	6,241	6,141	6,209	6,218
POSITIONS BY FUND:									
GENERAL	16.9	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4
SPECIAL REVENUE	.0	.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
FEDERAL	3.6	2.1	2.1	2.1	2.1	4.1	2.1	2.1	4.1
WORKERS COMP SPECIAL	51.0	61.0	68.0	68.0	68.0	70.0	66.0	66.0	68.0
TOTAL POSITIONS	71.5	78.5	86.5	86.5	86.5	90.5	84.5	84.5	88.5

BUDGET ACTIVITY: Agency Administration
PROGRAM: General Support
AGENCY: Labor and Industry, Department of

ACTIVITY DESCRIPTION:

This activity maintains the functions of the Commissioner's Office, Human Resources, Research and Education, Accounting and Legal Services. These functions provide for the overall policy and leadership direction for the entire agency. The statutory authority given to the Department is quite diverse. It includes workers' compensation administration and regulation, the special compensation fund and related issues, prevailing wage, child labor, lie detectors, Occupation Safety and Health Act (OSHA) compliance, boiler licenses and inspections, elevator inspections, OSHA consultation, and fee employment agency licensing.

The various components of this activity deliver the support services to all the various divisions and associated activities. Competent and motivated staff, internal and external education, efficient and cost effective purchasing, timely and accurate advise to the activity managers and staff, as well as to employees, employers, unions, insurers, legislators, executive branch employees, and all other interested parties, are the objectives of this activity group.

Members of the leadership team operating out this activity are involved in outreach programs at formal and informal sessions throughout the state. The functions of this activity allow other divisions to function in a timely, efficient manner to achieve their stated goals and objectives.

BUDGET ISSUES:

It is anticipated that holding 2.5 positions vacant over the biennium will have no impact on service levels. Increased use of PCs and reassignment of other duties among remaining employees will allow the Commissioner to meet goals for advocacy and policy development.

The Apprenticeship activity in this agency is changing to emphasize the recruitment of women and minorities in apprenticeable occupations. It is anticipated that this change will negate the impact of the $11,000 annual budget reduction in the LEAP grants.

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Accounting				
Provision of accounting, payroll and procurement services				
Complement approved	351	409.5	409.5	379.5
Cost per employee	$696	$621	$614	$625
Research and Education				
Reduce the cost of employer seminars from $75 to $50 to attract more attendees.	800	800	800	-
Eliminated duplicates from *CompAct* mailing list	2,600	2,000	2,000	-

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Special					
W.C. Seminars	$62	$50	$49	$49	$49

GRANTS:

This activity administers the Labor Education and Advancement Program (LEAP) grants. The purpose of LEAP is to make awards to organizations assisting minorities in preparing for and obtaining apprenticeship positions. The awards last biennium went to the Minneapolis and St. Paul Urban Leagues, the Anishinabe Indian organization and Chicanos Latinos Unidos En Servicio (CLUES). Rules have been adopted to standardize applications and review the award of grants to eligible organizations.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: GENERAL SUPPORT
ACTIVITY: AGENCY ADMINISTRATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,199	1,692	1,806	1,808	1,767	1,708	1,808	1,762	1,704
EXPENSES/CONTRACTUAL SRVCS	626	665	691	691	763	763	691	768	768
MISC OPERATING EXPENSES	63	110	82	82	84	84	82	86	86
SUPPLIES/MATERIALS/PARTS	67	96	73	73	83	83	73	95	95
CAPITAL EQUIPMENT	52	248	16	16	16	16	16	16	16
OTHER	291	243	290	290	303	303	290	318	318
SUBTOTAL STATE OPERATIONS	2,298	3,054	2,958	2,960	3,016	2,957	2,960	3,045	2,987
LOCAL ASSISTANCE	206	183	215	215	204	204	215	204	204
TOTAL EXPENDITURES	2,504	3,237	3,173	3,175	3,220	3,161	3,175	3,249	3,191
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<13>			<13>
(A) SALARY PLANNING ESTIMATES		WCS				<46>			<45>
TOTAL GOV'S INITIATIVES						<59>			<58>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	841	857	884	886	843	830	886	843	830
WORKERS COMP SPECIAL	1,267	1,780	1,843	1,843	1,909	1,863	1,843	1,909	1,864
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	106	157	161	161	170	170	161	184	184
FEDERAL	290	240	285	285	298	298	285	313	313
AGENCY		203							
TOTAL FINANCING	2,504	3,237	3,173	3,175	3,220	3,161	3,175	3,249	3,191

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: GENERAL SUPPORT
ACTIVITY: AGENCY ADMINISTRATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	7.5	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
SPECIAL REVENUE	.0	.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
WORKERS COMP SPECIAL	22.5	29.5	29.5	29.5	29.5	29.5	29.5	29.5	29.5
TOTAL POSITIONS	30.0	36.5	37.5	37.5	37.5	37.5	37.5	37.5	37.5

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BUDGET ACTIVITY: Investigative Services
PROGRAM: General Support
AGENCY: Labor and Industry, Department of

ACTIVITY DESCRIPTION:

This is a new activity within the General Support program. The activity will coordinate and provide support to all the agency's enforcement functions. It will develop an expertise on investigating, preparing and presenting criminal and civil cases to the appropriate authorities. Training opportunities, in cooperation with the attorney general's office, will be developed and presented to our internal clients.

A major portion of the activity's functions are driven by legislation enacted in 1992. Under Laws of 1992, Chapter 510, the agency was to establish a workers' compensation fraud unit to investigate fraudulent and other illegal practices. The Investigative Services unit will investigate and compile case files relating to complaints received, establish a network with the public and professional groups and individuals, and initiate actions with the appropriate authorities to protect the public from the articulated fraudulent activities.

BUDGET ISSUES:

The unit is new and objectives are theoretical at this time. Cases are expected to be reviewed after an initial allegation is received within 2 working days. If there are grounds to continue the case, a written investigatory plan will be drawn up and assigned to an investigator. Guidelines for investigations will range from 30-45 days for administrative cases to 60-90 days for criminal cases. This will be a labor intensive activity, using technology to the fullest extent possible.

EFFICIENCY MEASURES:

Closure of 4 cases per month per investigator.

Timely review of cases within guidelines established by unit's director:

Administrative cases	30-45 days
Civil cases	60 days
Criminal cases	60-90 days
Multi-vendor cases	120-250 days

REVENUE:

This activity does not generate dedicated and non-dedicated revenue.

GRANTS:

This activity does not disburse grants.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: GENERAL SUPPORT
ACTIVITY: INVESTIGATIVE SERVICES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES			250	250	250	242	195	195	188
EXPENSES/CONTRACTUAL SRVCS			100	100	100	100	100	100	100
SUBTOTAL STATE OPERATIONS			350	350	350	342	295	295	288
TOTAL EXPENDITURES			350	350	350	342	295	295	288
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		WCS				<8>			<7>
TOTAL GOV'S INITIATIVES						<8>			<7>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
WORKERS COMP SPECIAL			350	350	350	342	295	295	288
TOTAL FINANCING			350	350	350	342	295	295	288
POSITIONS BY FUND:									
WORKERS COMP SPECIAL	.0	.0	7.0	7.0	7.0	7.0	5.0	5.0	5.0
TOTAL POSITIONS	.0	.0	7.0	7.0	7.0	7.0	5.0	5.0	5.0

BUDGET ACTIVITY: Information Management Services (IMS)
PROGRAM: General Support
AGENCY: Labor and Industry, Department of

ACTIVITY DESCRIPTION:

To provide agency-wide coordinated information management systems and support to process, store and retrieve information required for records management, research and statistical analysis; and to provide agency-wide mail, data entry, data coding, word processing and photocopy services to facilitate the effective and efficient use of resources in accomplishing the department's goals. IMS provides information services to internal clients, to other state agencies, and to workers' compensation insurers.

To collect and report 1) the Bureau of Labor Statistics (BLS) annual survey and 2) the annual Census of Fatal Occupational Injuries (CFOI) for Minnesota as required by the federal Occupational Safety and Health Act (OSHA) grant. The clients include the federal government, internal clients, the legislature, and the public.

BUDGET ISSUES:

Budget cuts will make it difficult to maintain current levels of operation. This budget consists of large portions of fixed costs for equipment which make it difficult to reduce the budget without affecting the staff and supplies necessary to conduct both the operations for this activity and for the entire agency. For example, vacant positions for salary savings in data entry will mean 30 day backlogs that may delay all subsequent functions of the Workers' Compensation Division. As we struggle to do more with less, we will need to rely on automation more and more. However, this may be undermined if staffing is inadequate to support the computer systems that are necessary for automation.

The BLS annual survey is currently budgeted at about 66% of the amount necessary to conduct a full survey. This activity is 50% federally funded through the federal OSHA grant. Further state-match cuts will reduce the level of effectiveness of this activity. Smaller samples will further reduce the usefulness of the results in identifying state level issues and concerns, perhaps rendering the entire survey unpublishable for any disaggregated state data. National level results (aggregate state data) will be largely unaffected. Budget cuts will make it likely that we will be late or incomplete in conducting the BLS survey and CFOI census, thereby endangering the 18B federal contract status of this activity and other OSHA activities.

EFFICIENCY MEASURES:

	F.Y. 1990	F.Y. 1991	F.Y. 1992
Word processing pages	125,469	133,483	135,011
Cost per page	$1.76	$1.45	$1.58
Central photo copies (000s)	2,543	3,927	2,847
Cost per copy	$0.0356	$0.0323	$0.0368
BLS survey units	9,004	8,993	5,189
Cost per survey unit	$18.84	$19.79	[1]$34.30
CFOI Census units	N/A	179	[2]154
Cost per unit	N/A	$122.91	$142.86
Data process forms	204,642	228,593	291,285
Cost per form	$1.31	$1.40	$1.19
Mail processed (000s)	1,051	1,168	1,280
Cost per item	$0.22	$0.21	$0.20

[1] This is the first year of the new survey which collects detailed characteristics for the first time.

[2] Projected for calendar 1992.

REVENUE:

This activity does not generate revenue.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: GENERAL SUPPORT
ACTIVITY: INFORMATION MGT SVS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,398	1,417	1,462	1,464	1,436	1,509	1,464	1,418	1,492
EXPENSES/CONTRACTUAL SRVCS	277	243	305	305	325	325	305	343	343
MISC OPERATING EXPENSES	180	209	203	203	203	203	203	203	203
SUPPLIES/MATERIALS/PARTS	48	89	37	37	37	37	37	37	37
CAPITAL EQUIPMENT	322	641	660	660	660	660	660	660	660
OTHER	1	1	2	2	4	4	2	4	4
SUBTOTAL STATE OPERATIONS	2,226	2,600	2,669	2,671	2,665	2,738	2,671	2,665	2,739
TOTAL EXPENDITURES	2,226	2,600	2,669	2,671	2,665	2,738	2,671	2,665	2,739

GOV'S INITIATIVES:	FUND								
(A) SALARY PLANNING ESTIMATES	GEN					<10>			<10>
(A) SALARY PLANNING ESTIMATES	WCS					<37>			<36>
(P) REDESIGNED OCCUPATION SAFETY & HEALTH SYSTEM	FED					60			60
(P) REDESIGNED OCCUPATION SAFETY & HEALTH SYSTEM	WCS					60			60
TOTAL GOV'S INITIATIVES						73			74

SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	506	447	445	447	424	414	447	424	414
WORKERS COMP SPECIAL	1,640	2,069	2,136	2,136	2,136	2,159	2,136	2,136	2,160
STATUTORY APPROPRIATIONS:									
FEDERAL	80	84	88	88	105	165	88	105	165
TOTAL FINANCING	2,226	2,600	2,669	2,671	2,665	2,738	2,671	2,665	2,739

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: LABOR & INDUSTRY,DPT
PROGRAM: GENERAL SUPPORT
ACTIVITY: INFORMATION MGT SVS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	9.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4
FEDERAL	3.6	2.1	2.1	2.1	2.1	4.1	2.1	2.1	4.1
WORKERS COMP SPECIAL	28.5	31.5	31.5	31.5	31.5	33.5	31.5	31.5	33.5
TOTAL POSITIONS	41.5	42.0	42.0	42.0	42.0	46.0	42.0	42.0	46.0

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Labor and Industry
PROGRAM: General Support
ACTIVITY: Information Management Services

ITEM TITLE: Redesigned Occupation Safety and Health System

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
Workers' Compensation Special Fund				
- State Operations	$60	$60	$60	$60
Federal Fund				
- State Operations	$60	$60	$60	$60
Revenues: ($000s)				
- Federal	$60	$60	$60	$60

Statutory Change? Yes _____ **No** X
If yes, statute affected:

RECOMMENDATION:

The Governor recommends the appropriation of $60,000 a year from the Workers' Compensation Special Fund to develop and implement the Redesigned Occupation Safety and Health System (ROSH) in order to comply with the collection, compilation and analysis requirements of Public Law 91-596, the Occupational Safety and Health Act of 1970, Section 24(a). Federal funds in the same amount would also be provided as the program is eligible for federal matching funding at the 50% level. Two positions from each fund are also requested to increase the clerical staffing level necessary to carry out the recommendation.

Minnesota is an approved 18(b) state, meaning OSHA enforcement is conducted at the state level. As a state-administered program, Minnesota will be required to implement the ROSH system. The revised ROSH system collects nationally standardized incidence rates of work-related injuries and illnesses and at the same time codes the data elements that relate to the causes of the injuries and illnesses.

Under this system, Minnesota's Bureau of Labor Statistics Survey will be expected to code occupation, nature and source of injury, part of body affected, and cause of injury or illness for approximately 34,000 lost work day cases each year.

BLS data is used to review the effectiveness of the state's OSHA enforcement program. Failure to implement the ROSH system could result in a crippling of the Minnesota OSHA program and eventually in its elimination as constituted under Section 18(b).

PROGRAM OUTCOMES:

There are a number of significant benefits to the implementation of the redesigned ROSH system.

- Better targeting for OSHA inspections to prevent injuries and illnesses for Minnesota's 1,900,000 jobs.
- Allowing OSHA Compliance to target inspections on the more costly workers' compensation cases.
- Expands the data for OSHA Consultation in order to facilitate their safety inspection program.
- Access to computer software through the U.S. Department of Labor that would cost close to $1,000,000 to develop under state resources.
- More timely compilation and dissemination of workplace data.
- Development of data which will allow comparison of Minnesota's safety and illness record to that of other states and federal OSHA.
- Availability of state and national data bases for research and analysis.
- Continuation of the state-administered OSHA Compliance function.

LONG-TERM IMPACT:

The BLS function is an integral part of the on-going OSHA Compliance and Consultation programs in Minnesota. By implementing the redesigned ROSH system the department will be able to measure its effectiveness in addressing workplace injuries and illnesses. In addition, the collection, compilation and analysis of workplace statistics assist in determining policies related to workers' compensation matters.

Because the ROSH system is the data collection instrument under the Occupational Safety and Health Act of 1970, its implementation will insure that Minnesota will continue to provide one of the most effective safety programs in the country.

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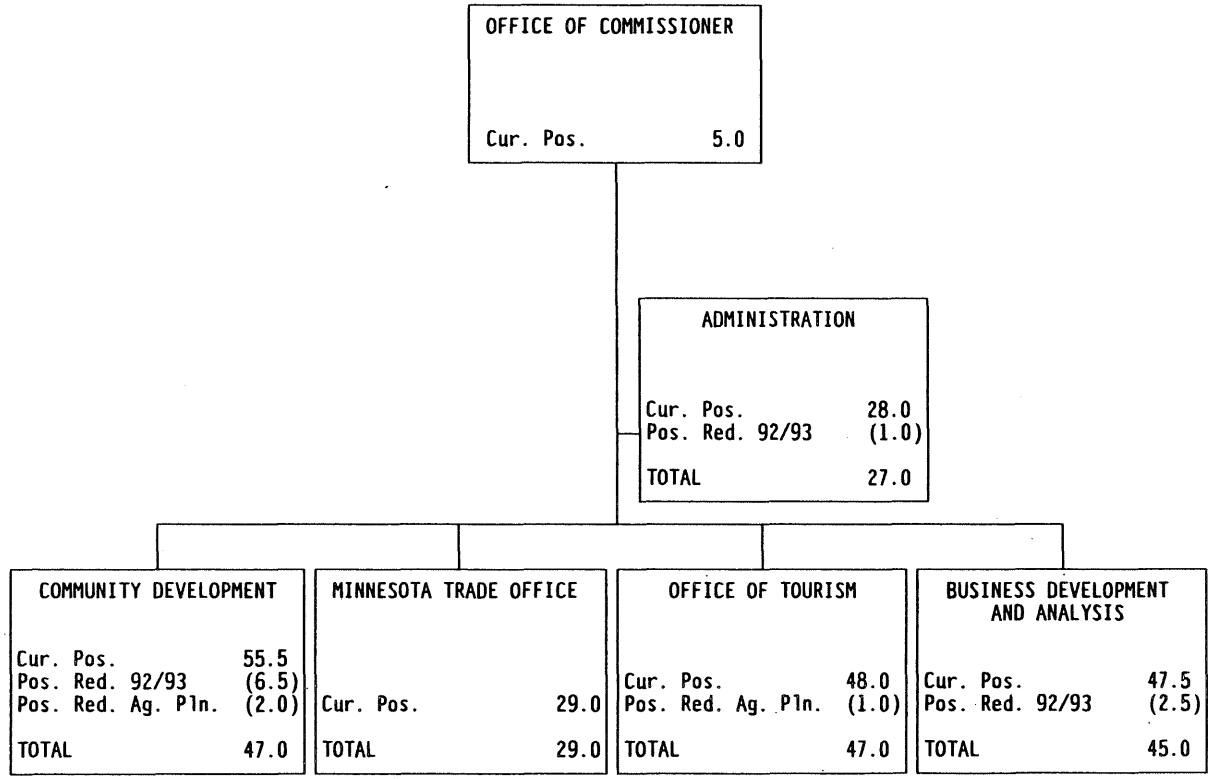
1994-95 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

Department of Trade and Economic Development
Organization Chart 7-1-92



Department of Trade and Economic Development

Position and Employee Status Information

Position Reconciliation:

Authority	Current F.Y. 1993	Requested for 6/30/95
Legislative Complement:		
General Fund	173.0	160.0
Special Revenue	3.0	3.0
Trunk Highway	16.0	15.0
Federal	18.0	19.0
Environmental	3.0	3.0
Total Permanent Positions	213.0	200.0
Other Complement (FTE)	43.3	43.3
TOTAL Positions	256.3	243.3
Employees on 6/30/92	249.0	

Employees by Employment Status:

	6/30/92
Full-Time Unlimited	170.0
Full-Time Temporary	12.0
Full-Time Emergency	1.0
Full-Time Seasonal	2.0
Part-Time Unlimited	41.0
Part-Time Temporary	8.0
Part-Time Seasonal	13.0
Intermittent Unlimited	2.0
TOTAL	249.0

1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Trade and Economic Development, Department of **Fund: General**

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$29,208	$29,236	$58,444
Forecast Adjustments	282	282	282
			564
AGENCY BASE	$29,490	$29,518	$59,008
Inflation Cost Increases	481	962	1,443
Agency Management Decisions			
Community Development			
Eliminate 2 vacant positions	$(60)	$(60)	$(120)
Reduce phone expense	(12)	(12)	(24)
Regional Parks Dept. Service	(1,422)	(1,422)	(2,844)
Metro Parks Maintenance	(118)	(118)	(236)
Community Resource Program	(156)	(156)	(312)
Inflation-Operational Savings	(70)	(140)	(210)
Subtotal	$(1,838)	$(1,908)	$(3,746)
Trade Office			
Reduce out-state travel	$(20)	$(20)	$(40)
Trade lead program	(20)	(20)	(40)
Reduce publication production	(40)	(40)	(80)
Inflation-operational savings	(62)	(124)	(186)
Subtotal	$(142)	$(204)	$(346)
Office of Tourism			
Reduce travel indicator	$(12)	$(12)	$(24)
Eliminate special mailing projects	(40)	(40)	(80)
Reduce marketing	(60)	(60)	(120)
Productivity improvements	(127)	(127)	(254)
Inflation-operational savings	(197)	(394)	(591)
Subtotal	$(436)	$(633)	$(1,069)
Business Development			
Job skills operations	$(7)	$(7)	$(14)
Job skills grants	(55)	(55)	(110)
Womens' venture	(15)	(15)	(30)
MN Film Board	(14)	(14)	(28)
Business incubator	(45)	(45)	(90)
Inflation-operational savings	(88)	(176)	(264)
Subtotal	$(224)	$(312)	$(536)
Administration			
Eliminate student workers	$(9)	$(9)	$(18)
Reduce printing support	(100)	(100)	(200)
Reduce out-state travel	(2)	(2)	(4)
Reduce employee training	(3)	(3)	(6)
Delay equipment upgrade	(5)	(5)	(10)
Reduce supply expense	(1)	(1)	(2)
Inflation-operational savings	(64)	(128)	(192)
Subtotal	$(184)	$(248)	$(432)
TOTAL AGENCY PLAN	$27,147	$27,175	$54,322
Governor's Initiatives			
Reinvest in Challenge Grant Program	$6,000		$6,000
Metropolitan Initiative Fund	6,000		6,000
Capital Access Program	1,000		1,000
Tourism Loan Program	1,000	-0-	1,000
State Reinvestment in SBDCs	500	500	1,000
Improve System Access to Business & Eco. Info.	137	227	364
MN Int'l. Information Network for Trade Office	105	105	210
NCAA Womens' Final Four	300		300
Transfer Comm Res Prog to Dept of Children and Education Services	(2,959)	(2,959)	(5,918)
Transfer Metro Parks M&O to DNR	(2,238)	(2,238)	(4,476)
Transfer Job Skills Partnership to DJT	(1,088)	(1,088)	(2,176)
Salary Planning Estimates	(261)	(268)	(529)
Lake Superior Center Authority	25	25	50
Subtotal	$8,496	$(5,721)	$2,775
	$8,521	$(5,696)	$2,825
GOVERNOR'S RECOMMENDATION	$35,643	$21,454	$57,097
	$35,668	$21,479	$57,147

Revised 3-4-93

Brief Explanation of Agency's Overall Actions:

The department has evaluated each program's role in the department's mission of job creation and the goals for economic growth and renewal, employment opportunities for all citizens in all regions and to sustain a diversified industry mix.

Programs that do not fully complement the department's role in job creation are recommended for transfer and funding through other agencies that better reflect the program's policy impact. These recommendations are included as Governor's Investment Initiatives.

The department is also recommending the elimination of the regional parks debt service, a subsidy provided to only 2 of the metropolitan regional parks. These parks should be considered under the Metropolitan Council's ranking system.

The department will absorb inflation costs for non-salary and salary expenditures through across-the-board operational savings through delaying of equipment purchases, printing and other administrative costs.

	F.Y. 1994	F.Y. 1995
2. **Impact on Staffing:**		
Positions left Vacant or Eliminated	(2.0)	(2.0)

	F.Y. 1993	F.Y. 1994	F.Y. 1995
3. **Impact on Revenue Generation:**			
	$-0-	$-0-	$-0-

4. **Affected Statutes:**
M.S. 116L
M.S. 466A.05
M.S. 473.351, Subd. 2

5. **Governor's Recommendation**

The Governor recommends funding levels as requested in the agency plan except for the following adjustments:

1. As part of the Governor's Jobs Initiative, $6,000,000 is recommended for reinvestment in the Challenge Grant Program. This funding would be matched by non-state dollars to provide assistance in Greater Minnesota for business start-ups and expansions through grants and loans.

2. As part of the Governor's Jobs Initiative, $6,000,000 is recommended for a Metropolitan Initiative Fund to dedicate new dollars for working capital, equity and fixed-asset financing for small business start-ups and expansions in Minneapolis and St. Paul. Emphasis for program financing would be on minority-owned businesses.

3. As part of the Governor's Jobs Initiative, $1,000,000 is recommended for transfer to a special reserve account under the Capital Access Program to guarantee up to $14 million in private bank financing for small to medium sized businesses. The Capital Access Program is a state guaranteed loan reserve fund to provide incentives to banks to make higher risk loans.

4. As part of the Governor's Jobs Initiative, an additional $1,000,000 is recommended for the Tourism Loan Program. That program, which makes loans to tourism-related businesses in Minnesota, would be expanded to include acquisition of those businesses by new owners and additional financing mechanisms, such as loan guarantees and interest rate subsidies.

5. The Governor recommends $1,000,000 for state reinvestment in Small Business Development Centers (SBDC) to provide the required cash match for federal assistance to that program. That same amount of state matching funds, which is currently provided by state-funded higher education systems, would be reduced from those systems' budgets.

6. The Governor recommends $364,000 and 1.0 position to upgrade existing computer services to provide timely and accurate information to businesses on site availability issues and investment opportunities and to communities on business location leads.

7. The Governor recommends $210,000 for a Minnesota International Information Network. The Trade Office would contract with Minnesota representatives to represent Minnesota and Minnesota businesses exporting in foreign countries; and

8. The Governor recommends $300,000 from the general fund to be matched by non-state sources for development and promotion of the 1995 NCAA Womens' Final Four Basketball Championships.

9. The Governor recommends that the Community Resources Program ($5,918,000) be transferred to the new Department of Children and Education Services, to facilitate the merger of the program with closely related family and children strategies.

10. The Governor recommends that the pass-through grant to the Metropolitan Council for metropolitan parks maintenance and operations ($4,476,000) be transferred to the Department of Natural Resources (DNR). DNR would be better able to understand and integrate services provided by the metropolitan parks system with state parks.

11. The Governor recommends transferring the Job Skills Partnership Board to the Department of Jobs and Training (DJT), to more clearly align the mission and responsibilities of DTED and DJT. General fund savings are $2,176,000 and 3.0 positions in DTED. The Board would be funded and staffed out of the Minnesota Workforce Investment Fund in DJT.

12. The proposed funding has been reduced due to revised salary planning estimates.

13. The Governor recommends $50,000 for certain operating costs of the Lake Superior Center Authority.

1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Trade and Economic Development, Department of Trunk Highway

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$721	$721	$1,442
Forecast Adjustments	-0-	-0-	-0-
AGENCY BASE	$721	$721	$1,442
Inflation Cost Increases	25	50	75
Agency Management Decisions			
Tourism			
Eliminate Positions/Reduce Staff Hours	$(36)	$(36)	($72)
Operational Savings	(25)	(50)	(75)
Subtotal	$(61)	$(86)	$(147)
TOTAL AGENCY PLAN	$685	$685	$1,370
Governor's Initiatives			
Salary Planning Estimates	$(18)	$(18)	$(36)
GOVERNOR'S RECOMMENDATION	$667	$667	$1,334

Brief Explanation of Agency's Overall Actions:

The department will reduce staff hours and operation in its Travel Information Centers, which will limit services provided to travelers. No funds are available to open the St. Cloud Information Center summer 1993.

2. Impact on Staffing:

	F.Y. 1994	F.Y. 1995
Positions left Vacant or Eliminated	0.0	0.0

3. Impact on Revenue Generation:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
Agency Plan	$-0-	$-0-	$-0-

4. Affected Statutes:

None.

5. Governor's Recommendation:

The Governor concurs with the agency's plan, however the proposed funding has been reduced due to revised salary planning estimates

1994-1995 B I E N N I A L B U D G E T
INVESTMENT INITIATIVES
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT

ITEM DESCRIPTION:	FUND	EXPENDITURES FY 1994	EXPENDITURES FY 1995	EXPENDITURES BIENNIUM	REVENUES FY 1994	REVENUES FY 1995	REVENUES BIENNIUM
(A) NON-POINT SOURCE POLLUTION	MNR	500		500			
(A) SALARY PLANNING ESTIMATES	GEN	<261>	<268>	<529>			
	THI	<18>	<18>	<36>			
	ENV	<4>	<4>	<8>			
(P) CAPITAL ACCESS POOL	GEN	1,000		1,000			
(P) GOVERNOR'S LCMR ALTERNATIVE FUNDING	MET	<4,444>		<4,444>			
	MNR	<3,423>		<3,423>			
(P) LAKE SUPERIOR CENTER AUTHORITY	GEN	25	25	50			
(P) METROPOLITAN INITIATIVE FUND	GEN	6,000		6,000			
(P) REINVEST IN CHALLENGE GRANT PROGRAM	GEN	6,000		6,000			
(P) TOURISM LOAN GUARANTEE	GEN	1,000		1,000			
(P) TRANSFER METRO PARKS M&O TO DNR	GEN	<2,238>	<2,238>	<4,476>			
(P) TRSFR COMM RES PROG TO DEPT OF CHILDREN	GEN	<2,959>	<2,959>	<5,918>			
(P) MN INTL INFO NETWORK FOR TRADE OFFICE	GEN	105	105	210			
(P) NCAA WOMENS' FINAL FOUR	GEN	300		300			
(P) IMPROVE SYS ACCESS TO BUSINESS/ECON INFO	GEN	137	227	364			
(P) STATE REINVESTMENT IN SBDCS	GEN	500	500	1,000			
(P) TRANSFER JOB SKILLS PARTNERSHIP TO DJT	GEN	<1,088>	<1,088>	<2,176>			
TOTAL BY FUND	GEN	8,521	<5,696>	2,825			
	MET	<4,444>		<4,444>			
	MNR	<2,923>		<2,923>			
	THI	<18>	<18>	<36>			
	ENV	<4>	<4>	<8>			
TOTAL INVESTMENT INITIATIVES		1,132	<5,718>	<4,586>			

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AGENCY: Trade and Economic Development, Department of (DTED)

MISSION STATEMENT:

To employ all of the available state government resources to facilitate an economic environment that produces net new job growth in excess of the national average, and to increase nonresident tourism revenues.

The department's goal is to promote the state's economic climate in both domestic and international markets to enhance job creation.

Primary clients of the department are businesses and communities. The department's Office of Tourism provides direct services to consumers seeking information about Minnesota travel, tourism and recreational opportunities.

The department is organized under M.S. 116J into 4 divisions:

- Community Development: The Community Development division provides comprehensive planning and financial assistance to communities and businesses. The division also provides support for the Public Facilities Authority, the Rural Development Board, the SBA OMNI program, Agriculture and Economic Development Board, Federal Small Cities Block Grant monies and the Outdoor Recreation Grant Program.

- Business Development and Analysis Division: The Business Development and Analysis Division promotes economic development growth and healthy, self-sustaining communities through marketing, technical assistance, analysis evaluation, publications and information services, training assistance and partnership activities. Services are provided directly to businesses and to communities.

- Office of Tourism: The Office of Tourism markets Minnesota's products and services that relate to travel, provide joint venture marketing partnerships with local and regional organizations and deliver tourist information through a statewide network of travel information centers and telecommunications systems. Travel related organizations, tourism businesses, and tourists are the clientele of this division. Travelers are the office customers with tourism businesses and organizations as primary stakeholders.

- Minnesota Trade Office: The Minnesota Trade Office assists small and medium sized businesses and those new to exporting through general export and market specific education programs, a network of public/private supported individualized foreign trade offices, foreign export counseling, export financing, trade shows and foreign trading delegations, targeted market research and selected reverse investment strategies to identify and expand export markets for Minnesota products.

The department also has an administrative services unit that provides financial and management support to department operating divisions through policy development, management assistance, fiscal services, personnel and the department's Communications office. This unit includes the commissioner's office.

MINNESOTA MILESTONES/ECONOMIC BLUEPRINT:

The department, working in concert with Minnesota Planning, has expanded on the "Prosperous People" section of Minnesota Milestones by preparing a document called the "Economic Blueprint."

During the Fall 1991, the department began soliciting ideas from the public and private sector on what appropriate economic goals for the state should be. This process has become known as "the Economic Blueprint" and has been discussed during several hours of personal interviews and public hearings. The Economic Blueprint establishes 7 goals for Minnesota's economy through the year 2000. Those goals are:

- Above Average Sustained Economic Growth Consistent with Environmental Protection
- Internationally Competitive Levels of Productivity Growth
- Personal Incomes Adequate to Provide a Quality Standard of Living
- Capital Investment in the State Sufficient to Ensure Economic Renewal and Competitiveness
- A Business Environment that Stimulates New Business Creation and Innovation
- Improved Employment and Economic Opportunity for all Citizen in all Regions
- A diversified Industry Mix to Insulate the State Economy from Surprises, Shocks and National Business Cycles

The department has developed and quantified indicators to establish measures for each goal through the year 2000. These goals, with the department's mission statement, will be used to develop, focus and measure the Administration's job creation programs.

CLIMATE:

- **Helping Minnesota Businesses Grow.** With shrinking state funds available for increasing demands on government services, the obvious alternative is to look to expanding the state's economic base. The "3rd wave" in economic development is to help current businesses in the state thrive, rather than to "smokestack chase". Minnesota currently ranks 44th in the nation in new business startups and the department will focus all programs on helping the state's home based industries to expand and grow.

- **Regionalizing Services.** Minnesota's economic development programs are based on the philosophy of empowering local units of government to visualize and develop their own economic base. This concept must evolve to a regional level, realizing that every community is interdependent on communities in their region. The department is emphasizing programs that encourage regional cooperation in economic development efforts.

- **Client Responsive Services.** The department was one of the first ever to institute outcome based indicators to measure the success of its programs. In 1990, the department was picked by the Urban Institute to become a case study in measuring economic development services administered by the Business Development division and the Minnesota Trade Office. The department intends to expand its outcome based measurements to other divisions within the department.

AGENCY BUDGET PLAN:

During the previous biennium, the department focused on realigning staff efforts on activities that directly impact upon meaningful job creation. Continuing that effort, the department will also concentrate on quality of services, improved service delivery and doing more for less.

The department is concentrating on developing outcome based indicators based on programs, building on the work the department did with the Urban Institute in 1990. The department was 1 of 2 states to develop measures for economic development program based on outcome indicators. Outcome-based measures were developed and are being used in the Minnesota Trade Office and the Business Development and Analysis division. The development of outcome-based measures for the Community Development division and the Office of Tourism are currently underway.

For F.Y. 1994-95, the department has evaluated all programs to meet: 1) the department's mission to provide for meaningful job creation or enhanced revenues to the state and 2) does the program facilitate achieving the 7 goals set forth in the Economic Blueprint.

Programs which achieve 1 or both of these objectives will be measured or continued to be measured for outcome-based service delivery. Programs which are not integral to the mission of the department or the goals of the Blueprint are either recommended for discontinuation or transfer to another agency that better reflects the program's objective.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the agency plan except for the following adjustments:

1. As part of the Governor's Jobs Initiative, $6,000,000 is recommended for reinvestment in the Challenge Grant Program. This funding would be matched by non-state dollars to provide assistance in Greater Minnesota for business start-ups and expansions through grants and loans.

2. As part of the Governor's Jobs Initiative, $6,000,000 is recommended for a Metropolitan Initiative Fund to dedicate new dollars for working capital, equity and fixed-asset financing for small business start-ups and expansions in Minneapolis and St. Paul. Emphasis for program financing would be on minority-owned businesses.

3. As part of the Governor's Jobs Initiative, $1,000,000 is recommended for transfer to a special reserve account under the Capital Access Program to guarantee up to $14 million in private bank financing for small to medium sized businesses. The Capital Access Program is a state guaranteed loan reserve fund to provide incentives to banks to make higher risk loans.

4. As part of the Governor's Jobs Initiative, an additional $1,000,000 is recommended for the Tourism Loan Program. That program, which makes loans to tourism-related businesses in Minnesota, would be expanded to include acquisition of those businesses by new owners and additional financing mechanisms, such as loan guarantees and interest rate subsidies.

5. The Governor recommends that the Community Resources Program ($5,918,000) be transferred to the new Department of Children and Education Services, to facilitate the merger of the program with closely related family and children strategies.

6. The Governor recommends that the pass-through grant to the Metropolitan Council for metropolitan parks maintenance and operations ($4,476,000) be transferred to the Department of Natural Resources (DNR). DNR would be better able to understand and integrate services provided by the metropolitan parks system with state parks.

7. The Governor recommends $500,000 from the Minnesota Future Resources Fund to provide matching grants of up to $10,000 to resorts and related tourism businesses located on lakes and rivers for replacement of failing or non-conforming septic tank systems. The Governor acknowledges the process and allocations of the Legislative Commission on Minnesota Resources; Commission recommendations are reflected in agency plans. However, the Governor encourages the Legislature to review allocations of LCMR funds within the context of the overall budget. The Governor has prepared alternative recommendations that build upon the Commission's allocations in areas that coincide with the Governor's environmental priorities. See the LCMR section in the Environment and Natural Resources budget volume for overall comparison of Commission recommendations with the Governor's proposals.

8. The Governor recommends $300,000 from the general fund to be matched by non-state sources for development and promotion of the 1995 NCAA Womens' Final Four Basketball Championships.

9. The Governor recommends $1,000,000 for state reinvestment in Small Business Development Centers (SBDC) to provide the required cash match for federal assistance to that program. That same amount of state matching funds, which is currently provided by state-funded higher education systems, would be reduced from those systems' budgets.

10. The Governor recommends transferring the Job Skills Partnership Board to the Department of Jobs and Training (DJT), to more clearly align the mission and responsibilities of DTED and DJT. General fund savings are $2,176,000 and 3.0 positions in DTED. The Board would be funded and staffed out of the Minnesota Workforce Investment Fund in DJT.

11. The Governor recommends $364,000 and 1.0 position to upgrade existing computer services to provide timely and accurate information to businesses on site availability issues and investment opportunities and to communities on business location leads.

12. The Governor recommends $210,000 for a Minnesota International Information Network. The Trade Office would contract with Minnesota representatives to represent Minnesota and Minnesota businesses exporting in foreign countries; and

13. The proposed funding has been reduced due to revised salary planning estimates.

14. The Governor recommends $50,000 for certain operating costs of the Lake Superior Center Authority.

15. The Governor also recommends supplemental funding of $500,000 for Job Skills Partnership Grants in F.Y. 1993, with funding to be provided in the F.Y. 1993 deficiency bill.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT

PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
COMMUNITY DEVELOPMENT	166,514	92,568	54,542	54,384	59,583	61,000	54,384	51,824	46,608
MN TRADE OFFICE	2,182	1,976	2,225	2,191	2,111	2,172	2,205	2,125	2,186
TOURISM	8,944	9,100	8,518	7,998	7,723	7,928	7,998	7,723	7,628
BUS DEVELOP & ANALYSIS	7,868	5,715	6,310	6,061	5,925	5,414	6,061	5,925	5,499
ADMINISTRATION	1,723	1,566	2,884	1,739	1,901	1,861	1,753	1,916	1,874
TOTAL EXPENDITURES BY PROGRAM	187,231	110,925	74,479	72,373	77,243	78,375	72,401	69,513	63,795
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					4,444				
GENERAL	36,711	28,162	30,117	29,208	27,147	35,668	29,236	27,175	21,479
MN RESOURCES					3,423	500			
TRUNK HIGHWAY	718	725	718	721	685	667	721	685	667
ENVIRONMENTAL	281	215	214	214	214	210	214	214	210
STATUTORY APPROPRIATIONS:									
PFA BOND FUND	116,433	50,811	15,319	15,319	14,912	14,912	15,319	15,021	15,021
GENERAL	6	29							
SPECIAL REVENUE	4,068	3,195	3,826	3,826	3,333	3,333	3,826	3,333	3,333
FEDERAL	28,966	27,759	23,061	23,061	23,061	23,061	23,061	23,061	23,061
AGENCY			1,200						
GIFTS AND DEPOSITS	48	29	24	24	24	24	24	24	24
TOTAL FINANCING	187,231	110,925	74,479	72,373	77,243	78,375	72,401	69,513	63,795
POSITIONS BY FUND:									
GENERAL	181.7	173.0	173.0	162.0	160.0	158.0	162.0	160.0	158.0
SPECIAL REVENUE	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TRUNK HIGHWAY	16.0	16.0	16.0	15.0	15.0	15.0	15.0	15.0	15.0
FEDERAL	15.0	18.0	18.0	19.0	19.0	19.0	19.0	19.0	19.0
ENVIRONMENTAL	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL POSITIONS	218.7	213.0	213.0	202.0	200.0	198.0	202.0	200.0	198.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: TRADE & ECONOMIC DEVELOPMENT

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	74,479	74,479	30,117	30,117	21,301	21,301	23,061	23,061
TECHNICAL ADJUSTMENTS								
ONE-TIME APPROPRIATIONS	<150>	<150>	<150>	<150>				
APPROPRIATIONS CARRIED FWD	<427>	<427>	<427>	<427>				
NON-RECURRING EXPENDITURES	<1,200>	<1,200>			<1,200>	<1,200>		
DOCUMENTED RENT/LEASE INC/DEC	56	84	56	84				
INSURANCE PREMIUM HOLIDAY	45	45	42	42	3	3		
1992 SESSION REDUCTIONS	<430>	<430>	<430>	<430>				
SUBTOTAL TECH. ADJ.	<2,106>	<2,078>	<909>	<881>	<1,197>	<1,197>		
CURRENT SPENDING	72,373	72,401	29,208	29,236	20,104	20,104	23,061	23,061
FORECAST ADJUSTMENTS								
LEG-DIRECTED ADJUSTMENTS	282	282	282	282				
DED STAT APPROP SPENDING	<900>	<791>			<900>	<791>		
SUBTOTAL FORECAST ADJ.	<618>	<509>	282	282	<900>	<791>		
AGENCY BASE	71,755	71,892	29,490	29,518	19,204	19,313	23,061	23,061

PROGRAM: Community Development
AGENCY: Trade and Economic Development, Department of

PROGRAM PURPOSE:

The Community Development Division, through a community-based approach, achieves the department's mission and goals by focusing on job creation and by enhancing communities ability to attract and support new jobs and enhance regional diversity. (M.S. 116J.980)

The financial programs administered by the division assist communities in attracting businesses to create jobs, help regions of the state diversify their economic base, assist in business start-ups, retention and expansion and provides for capital investment in community infrastructure to ensure economic renewal and competitiveness.

The division administers programs in 3 basic areas: business financial assistance, community financial assistance and community technical assistance.

- Business financial assistance includes grant and loan programs made directly to businesses and to communities for job creation. It includes the Economic Recovery Grant and Economic Set-Aside Program, the Capital Access Program, the Agriculture and Economic Development Board, the SBA OMNI program and the Tourism Loan program.

- Community financial assistance includes all grant and loan programs for Community infrastructure improvement to create an environment to enhance and attract business opportunities. This includes the Small Cities Development Program, the Enterprise Zone program, the Public Facilities Authority, the Outdoor Recreation Grant program and Special Appropriations.

- Community technical assistance is provided through the Rural Development Board, which administers the Challenge Grant program (matching McKnight Initiative Fund money), the Rural Investment Guide and the Community Needs Assessment program.

- Community Development Administration provides centralized service for all programs in the division. Centralized oversight of fiscal management provides a complete audit process for federal and state dollars. The administration unit also provides funds for staff costs associated with non-program related activities and clerical support.

The Community Development Division continues to improve service delivery to its principal clients: communities and business. Through a single-application process, applicants receive a minimal amount of paperwork to apply for assistance, and receive individualized staff assistance to evaluate their needs for proposed projects.

PROSPECTS:

1. Financing business start ups, expansions and retentions.

   - Minnesota ranks 28th in the nation for jobs created by new business startups and 44th in the nation for new business birth rates.

   - In 1991, Minnesota banks ranked 6th in the nation in the percent of loans made for commercial/industrial activity.

   The Business Finance Unit manages those programs that directly assist with job creation. Programs are designed to leverage state resources with other public and private funds to create jobs.

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
No of loans and grants made	47	56	82	102	131
No of jobs associated with funding	2,624	2,039	1,875	2,025	2,175
Total amount of Loans (000's)	$21,157	$9,541.3	$9,872	$10,542	$12,042.0
Other funds leveraged (000's)	49,093.0	62,512.4	50,975	53,875.0	57,750.0

2. Assisting communities with funding infrastructure needs to accommodate job creation.

   - 1990 Census shows 32% of all housing units in rural Minnesota were built before 1939.

   - A 1992 EPA survey approximates Minnesota's wastewater needs at $1.068 billion.

   - 1990 Census data ranks Minnesota 5th highest of 12 Midwestern states in minority unemployment.

   The Community Financial Assistance programs provide assistance for housing, sewer, commercial rehabilitation, wastewater treatment programs, local recreation facilities and administers Enterprise Zone credits. Funds available through these programs are primarily federal dollars.

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
$ of Federal (000's)	$54,815.6	$53,752.6	$53,077.4	$50,750.0	447,750.0
$ of State (000's)	10,903.4	9,587.4	7,970.5	7,367.2	6,629.8
No of grants made	141	117	83	77	73
No of applicants	199	179	180	122	171

The above does not show monies appropriated as special appropriations.

3. Assisting communities with planning and technical assistance to accommodate future growth.

   - A 1992 study by the Center for Enterprise Development ranks Minnesota 1 of the bottom 10 states in the nation for high disparity between rural/urban income and employment growth.

   Technical assistance is provided to assist small to medium size communities with planning and technical assistance in a changing economic environment. The *Rural Investment Guide* is just 1 tool used in gathering critical data to assist trends in changing demographics.

OUTCOMES/OBJECTIVES F.Y. 1994-95:

1. Financing Business start-ups, expansions and retentions.

   Goals for F.Y. 1994-95:

   - Increase loans and grants from 82 to 131.

- Continuing to maximize private leverage on all loan programs.
- Increasing loans made from the Agriculture and Economic Development bond pool from 2 to 6 over 2 years by making smaller loans.
- Increasing loans made from the Capital Access Program from 35 to 75 by improving marketing strategies.
- Develop measures of loan and grant processing time to achieve internal efficiencies.

2. Assisting communities with funding. Infrastructure needs to accommodate job creation.

Goals for F.Y. 1994-95:

- Develop technical assistance program for communities to reduce lag-time between application for grants and HUD approval.
- Implement the Wastewater Infrastructure Financing program to bring local communities into a partnership with the state under the State Revolving Loan program, decreasing dependence on grants to build treatment facilities, and increasing SRF applications from 14 to 16.
- Develop measures of loan and grant processing time to achieve internal efficiencies.

The Community Development division is currently processing a division-wide client survey to collect data to develop additional outcome based indicators. Currently, the division can measure number of loans made, the amount of assistance, etc, but this survey information will assist the division in measuring internal efficiencies such as timeliness of loan application, service delivery, etc. The survey was mailed October 1992 and results will be made available in February 1993.

PROGRAM PLAN:

The agency plan reduces this division's budget by $1,768,000 in F.Y. 1994 and $1,768,000 in F.Y. 1995. This division will reduce their budget through the following recommendations:

- Reduce division operations, thus, eliminating 2 vacant positions and delaying telephone and equipment purchases ($144,000)
- Reduce the following grants:

Community Resource Program	($312,000)
Metro Parks Operations and Maintenance	($236,000)
Regional Parks Debt Service	($2,844,000)

Inflationary costs will be absorbed through other operational savings.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the program plan except for the following adjustments:

1. As part of the Governor's Jobs Initiative, $6,000,000 is recommended for reinvestment in the Challenge Grant Program. This funding would be matched by non-state dollars to provide assistance in Greater Minnesota for business start-ups and expansions through grants and loans.
2. As part of the Governor's Jobs Initiative, $6,000,000 is recommended for a Metropolitan Initiative Fund to dedicate new dollars for working capital, equity and fixed-asset financing for small business start-ups and expansions in Minneapolis and St. Paul. Emphasis for program financing would be on minority-owned businesses.
3. As part of the Governor's Jobs Initiative, $1,000,000 is recommended for transfer to a special reserve account under the Capital Access Program to guarantee up to $14 million in private bank financing for small to medium sized businesses. The Capital Access Program is a state guaranteed loan reserve fund to provide incentives to banks to make higher risk loans.
4. As part of the Governor's Job Initiative, an additional $1,000,000 is recommended for the Tourism Loan Program. That program, which makes loans to tourism-related businesses in Minnesota, would be expanded to include acquisition of those businesses by new owners and additional financing mechanisms, such as loan guarantees and interest rate subsidies.
5. The Governor recommends that the Community Resources Program ($5,918,000) be transferred to the new Department of Children and Education Services, to facilitate the merger of the program with closely related family and children strategies.
6. The Governor recommends that the pass-through grant to the Metropolitan Council for metropolitan parks maintenance and operations ($4,476,000) be transferred to the Department of Natural Resources (DNR). DNR would be better able to understand and integrate services provided by the metropolitan parks system with state parks.
7. The Governor recommends $500,000 from the Minnesota Future Resources Fund to provide matching grants of up to $10,000 to resorts and related tourism businesses located on lakes and rivers for replacement of failing or non-conforming septic tank systems. The Governor acknowledges the process and allocations of the Legislative Commission on Minnesota Resources; Commission recommendations are reflected in agency plans. However, the Governor encourages the Legislature to review allocations of LCMR funds within the context of the overall budget. The Governor has prepared alternative recommendations that build upon the Commission's allocations in areas that coincide with the Governor's environmental priorities. See the LCMR section in the Environment and Natural Resources budget volume for overall comparison of Commission recommendations with the Governor's proposals; and
8. The proposed funding has been reduced due to revised salary planning estimates.
9. The Governor recommends $50,000 for certain operating costs of the Lake Superior Center Authority.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: COMMUNITY DEVELOPMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
COMMUNITY_DEVELOPMENT ADMINISTRATI	117	140	648	540	551	535	540	550	534
BUSINESS FINANCE ASSISTANCE	7,264	6,670	7,535	7,535	7,001	8,992	7,535	7,001	6,992
COMMUNITY FINANCE	158,965	85,758	46,359	46,309	44,164	50,973	46,309	44,273	39,082
COMMUNITY ASSISTANCE	168								
COMMUN DEVELOP LCMR					7,867	500			
TOTAL EXPENDITURES BY ACTIVITY	166,514	92,568	54,542	54,384	59,583	61,000	54,384	51,824	46,608

GOV'S INITIATIVES:	FUND								
(A) NON-POINT SOURCE POLLUTION	MNR					500			
(A) SALARY PLANNING ESTIMATES	GEN					<44>			<44>
(P) REINVEST IN CHALLENGE GRANT PROGRAM	GEN					6,000			
(P) METROPOLITAN INITIATIVE FUND	GEN					6,000			
(P) CAPITAL ACCESS POOL	GEN					1,000			
(P) TRANSFER METRO PARKS M&O TO DNR	GEN					<2,238>			<2,238>
(P) TRSFR COMM RES PROG TO DEPT OF CHILDREN	GEN					<2,959>			<2,959>
(P) GOVERNOR'S LCMR ALTERNATIVE FUNDING	MET					<4,444>			
(P) GOVERNOR'S LCMR ALTERNATIVE FUNDING	MNR					<3,423>			
(P) TOURISM LOAN GUARANTEE	GEN					1,000			
(P) LAKE SUPERIOR CENTER AUTHORITY	GEN					25			25
TOTAL GOV'S INITIATIVES						1,417			<5,216>

SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					4,444				
GENERAL	19,095	12,949	14,821	14,663	12,895	21,679	14,663	12,894	7,678
MN RESOURCES					3,423	500			
STATUTORY APPROPRIATIONS:									
PFA BOND FUND	116,433	50,811	15,319	15,319	14,912	14,912	15,319	15,021	15,021
SPECIAL REVENUE	3,340	2,380	2,754	2,754	2,261	2,261	2,754	2,261	2,261
FEDERAL	27,646	26,428	21,648	21,648	21,648	21,648	21,648	21,648	21,648

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: COMMUNITY DEVELOPMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TOTAL FINANCING	166,514	92,568	54,542	54,384	59,583	61,000	54,384	51,824	46,608
POSITIONS BY FUND:									
GENERAL	44.5	40.5	40.5	33.0	31.0	31.0	33.0	31.0	31.0
FEDERAL	12.0	15.0	15.0	16.0	16.0	16.0	16.0	16.0	16.0
TOTAL POSITIONS	56.5	55.5	55.5	49.0	47.0	47.0	49.0	47.0	47.0

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BUDGET ACTIVITY: Community Development Administration
PROGRAM: Community Development
AGENCY: Trade and Economic Development, Department of

ACTIVITY DESCRIPTION:

The Community Development Administration activity is responsible for direction and management of the division and its programs. This activity also includes all support and technical services provided to the division at large. In order to maintain maximum efficiency in the use of resources and to increase productivity and reduce costs, the division has operated effectively with centralized support staff functions and operational methods including the single application and optical disk document management system.

BUDGET ISSUES:

A work study assessment has enabled the division to recently eliminate 2 full-time support position. The position duties have been further automated and will be absorbed by the division's centralized data unit.

Fiscal impacts of the agency plan are addressed at the program level.

EFFICIENCY MEASURES:

- Reduced staffing requirements and maximized utilization of support staff resources.
- Continued reduction of administrative and constituent costs as a result of efficiencies in the single application process, optical desk scanning, etc.
- Reduced printing needs due to consolidated program management and marketing publications.
- Enhanced records management and reduced storage requirements due to the Optical Disk Document Management System.
- Yearly successful completion of federal and state audits.
- Streamlined administrative management through reduction in 2 vacant positions.

REVENUE:

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-Dedicated - General	$12.0	$1.0	$1.0	$1.0	$1.0
Dedicated - Agency	178.0				
Total	$190.0	$1.0	$1.0	$1.0	$1.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: COMMUNITY DEVELOPMENT
ACTIVITY: COMMUNITY_DEVELOPMENT ADMINISTRATI

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	58	92	495	502	452	436	502	473	457
EXPENSES/CONTRACTUAL SRVCS	29	30	103	<12>	71	71	<12>	51	51
MISC OPERATING EXPENSES	2	8	28	28	24	24	28	22	22
SUPPLIES/MATERIALS/PARTS	10	4	12	12	2	2	12	2	2
CAPITAL EQUIPMENT	8	6	10	10	2	2	10	2	2
SUBTOTAL STATE OPERATIONS	107	140	648	540	551	535	540	550	534
LOCAL ASSISTANCE	10								
TOTAL EXPENDITURES	117	140	648	540	551	535	540	550	534
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<16>			<16>
TOTAL GOV'S INITIATIVES						<16>			<16>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	117	140	648	540	551	535	540	550	534
TOTAL FINANCING	117	140	648	540	551	535	540	550	534
POSITIONS BY FUND:									
GENERAL	8.5	14.0	14.0	13.0	11.0	11.0	13.0	11.0	11.0
TOTAL POSITIONS	8.5	14.0	14.0	13.0	11.0	11.0	13.0	11.0	11.0

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BUDGET ACTIVITY: Business Finance Assistance
PROGRAM: Community Development
AGENCY: Trade and Economic Development, Department of

ACTIVITY DESCRIPTION:

The Business Finance Unit administers all grant and loan programs that assist in business start-ups, retention or expansions. Programs include the Economic Recovery Grant Program, the Small Cities Development set-aside program, the Capital Access Program, the Small Business Administration (SBA) Opportunities Minnesota, Inc. (OMNI) loan program and the Agriculture and Economic Development Program.

Grants through the Economic Recovery Fund are made to communities, which in turn loan the monies to businesses for specific job creation projects. Loans made through the Capital Access program, SBA OMNI, the Tourism Loan Program, and the Agriculture and Economic Development program are made directly to businesses. These grants and loans are fundamental to the department's mission of stimulating job creation and retention. The unit also administers the former Minnesota Employment and Economic Development Act (MEEDA) loan portfolio.

BUDGET ISSUES:

These activities were previously administered by 2 units within the Community Development division. The units have been combined into 1 to coordinate all financial program directly related to business financing and to allow staff to provide client service in smaller geographic regions with a $115,000 savings each year. Senior level management staff will be dedicated to provide special assistance for loan applicants to ensure public and private funds are leveraged to the fullest extent possible. As a result of this efficiency, 2 vacant positions were eliminated.

Fiscal impacts of the agency plan are addressed at the program level.

GRANTS:

1. ECONOMIC RECOVERY FUND AND SMALL CITIES DEVELOPMENT PROGRAM (ECONOMIC DEVELOPMENT SET ASIDE) (M.S. 116J.873)

The purpose of this program is to help local units of government improve and strengthen their business and economic base. Approved economic development grants must meet at least 2 of the following state objectives:

- Create or retain permanent private sector jobs primarily for low-and moderate income persons;
- Stimulate new private investment in business and economic development projects; and
- Increase the local tax base through new business development.

BUDGET ISSUES:

Loans repaid to the community may be used to help establish a locally administered revolving loan fund for future development projects. $5,517,000 is appropriated each year for this program.

Efficiency Measures:

Through F.Y. 1992, the department awarded 328 Economic Development Grants which resulted in the establishment of 280 local revolving loan funds. These grants leveraged more than $320 million in new private financing for business development projects and assisted in the creation or retention of approximately 12,800 private sector jobs. Each $1 of state assistance leveraged $5 new private investment in business development financing. Program requirements mandate 1 job per $20,000 of state dollars allocated to the project.

Objectives for F.Y. 1994-95:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
No. of jobs	2,128	1,725	1,500	1,500	1,500
No. of jobs for low-moderate income	1,440	1,286	1,050	1,050	1,050
No. other funds leveraged	$40 mil	$57 mil	$40 mil	$40 mil	$40 mil
No. communities assisted	27	32	30	30	30
No. applications received	73	86	80	80	80
Total amount of grants (000's)	$5,517	$5,517	$5,517	$5.517	$5,517
Revenues from repayments (SR)(000's)	$271	$431	$600	$1,000	$1,000

The division is currently surveying clients and additional outcome based measures are being developed to measure number of clients that: 1) expand their business after a 5 year period and 2) that survived after a 5 year period.

2. AGRICULTURE AND ECONOMIC DEVELOPMENT BOARD (M.S. 41A.022)

The Agriculture and Economic Development Program was created by the Rural and Economic Development Act of 1987. The board administers the Agriculture Resource Project and the Small Business Development Loan Program. These programs make direct loans to business, participate in loans and purchase loans utilizing tax-exempt revenue bonds issued by the board. Loan funds may be used for the acquisition of land, building and machinery for the development or expansion of businesses, with particular emphasis on rural areas. Currently $12.3 million is in the loan pool and $34 million bonds outstanding.

BUDGET ISSUES:

The bond reserve fund has been leveraged to capacity and is unable to fund new projects at this time. Reduction of loan balances and increased interest earnings in the reserve account will allow additional projects be funded in F.Y. 1994-95.

Efficiency Measures:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
No. of loans	5	2	2	4	6
No. of jobs created	271	50	50	100	150
Total amount of loans (000's)	$13,605	$1,225	$1,000	$1,000	$2,000
Other funds leveraged (000's)	$4,535	$300	$1,375	$1,375	$2,750

BUDGET ACTIVITY: Business Finance Assistance
PROGRAM: Community Development
AGENCY: Trade and Economic Development, Department of
(Continuation)

3. OPPORTUNITIES MINNESOTA INCORPORATED (OMNI) LOAN PROGRAM (M.S.116J.985)

This program provides loans guaranteed by the U.S. Small Business Administration, to support the expansion or start-up of businesses. Projects must meet the federal criteria to create or retain 1 job for every $35,000 of OMNI program assistance.

BUDGET ISSUES:

The OMNI program will continue to be promoted to bankers and economic development professionals so that small business will be aware of this program. There are other OMNI organizations in the state that are competing directly with OMNI and have reduced OMNI's new loan activity. No state funds are allocated to this program. DTED staff provides administrative service to OMNI on a fee for service basis.

Efficiency Measures:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
No. of loans approved	15	11	15	18	20
OMNI fund approved (federal 000's)	$3,035	$2,750	$3,200	$3,800	$4,200
Private funds committed	$7,200	$4,558	$7,500	$9,500	$10,500
No. of jobs created/retained	225	178	250	275	300

4. CAPITAL ACCESS PROGRAM (M.S. 116J.876)

The Capital Access Program provides assistance to businesses, particularly small and medium sized businesses in obtaining conventional financing for start-up or expansion costs. The program enables lender's to address situations where a fundamentally good loan does not meet all of a bank's underwriting standards. The program works by setting up a special reserve fund for each participating bank that is established by equal contributions from the borrower and the lender of 1.5% to 3.5% of the loan amount and matched by the state.

BUDGET ISSUES:

Demand has been slow since the program was first created in 1990. Language clarifications and funding considerations were contributing factors and the program eventually started in F.Y. 1992. An identical program in Michigan has been highly successful. The department will continue to aggressively market this program and evaluate its performance next biennium. $500,000 was set aside in F.Y. 1992 from the Economic Recovery fund for this program and is available until expended.

Efficiency Measures:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
No. of loans made	-0-	11	35	50	75
State investment (000's)	$-0-	$49.3	$155	$225	$325
Private Investment (000's)	$-0-	$654.4	$2,100	$3,000	$4,500
No. of jobs created/retained	-0-	39	75	150	225

5. TOURISM LOAN PROGRAM (M.S. 116J.617)

The Tourism Loan Program exists to provide otherwise unavailable low-interest financing to existing tourism-related businesses that provide overnight lodging. The program features a revolving fund whereby interest and principal payments by borrowers are made available for additional tourism related loans.

BUDGET ISSUES:

Funds have not revolved back into the Tourism loan program pool at a sufficient return to process more loans. The balance as of 7-31-92 was $3,139.35. Without additional funds to recapitalize this loan program, the department is offering financing to this client group through the SBA OMNI and Capital Access program.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
1. Economic Recovery and Small Cities Development Program					
Non-dedicated - General	$ 90	$ 91	$ 90	$ 90	$ 90
Dedicated - Special	271	431	600	1000	1000
2. Agricultural and Economic Development Board					
Dedicated - Special	173	554	58	58	58
3. OMNI					
Dedicated - Special	170	237	200	200	200
5. Tourism Loan Program					
Dedicated - Special	91	221	200	213	239
	$795	$1,534	$1,148	$1,561	$1,587

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: COMMUNITY DEVELOPMENT
ACTIVITY: BUSINESS FINANCE ASSISTANCE

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	540	518	500	500	390	381	500	399	390
EXPENSES/CONTRACTUAL SRVCS	75	89	192	192	201	201	192	192	192
MISC OPERATING EXPENSES	96	348	49	49	65	65	49	65	65
SUPPLIES/MATERIALS/PARTS	24	10	17	17	16	16	17	16	16
CAPITAL EQUIPMENT	43	27	7	7	10	10	7	10	10
OTHER	562	440	653	653	202	2,202	653	202	202
SUBTOTAL STATE OPERATIONS	1,340	1,432	1,418	1,418	884	2,875	1,418	884	875
LOCAL ASSISTANCE	5,924	5,238	6,117	6,117	6,117	6,117	6,117	6,117	6,117
TOTAL EXPENDITURES	7,264	6,670	7,535	7,535	7,001	8,992	7,535	7,001	6,992
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<9>			<9>
(P) CAPITAL ACCESS POOL		GEN				1,000			
(P) TOURISM LOAN GUARANTEE		GEN				1,000			
TOTAL GOV'S INITIATIVES						1,991			<9>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	6,119	5,702	6,083	6,083	6,000	7,991	6,083	6,000	5,991
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	1,145	968	1,452	1,452	1,001	1,001	1,452	1,001	1,001
TOTAL FINANCING	7,264	6,670	7,535	7,535	7,001	8,992	7,535	7,001	6,992

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: COMMUNITY DEVELOPMENT
ACTIVITY: BUSINESS FINANCE ASSISTANCE

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
POSITIONS BY FUND:									
GENERAL	9.0	8.5	8.5	6.3	6.3	6.3	6.3	6.3	6.3
TOTAL POSITIONS	9.0	8.5	8.5	6.3	6.3	6.3	6.3	6.3	6.3

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Trade and Economic Development
PROGRAM: Community Development
ACTIVITY: Business Finance Assistance

ITEM TITLE: Capital Access Pool

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$1,000	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No _X_
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor is recommending, as part of his job creation initiative, $1 million for transfer to a special reserve account under the Capital Access Program to guarantee up to $14 million in private bank financing for small to medium size businesses. This increase to the Capital Access program is recommended to spur growth in manufacturing in the state. Under the current Capital Access program, the state provides a total of $1 million to guarantee the bank loans. The Capital Access Program is a state guaranteed loan reserve fund to provide an incentive to bank to make higher risk loans. For every $1 dollar contributed by the state, approximately $14 is leveraged by the private lender.

PROGRAM OUTCOMES:

The Capital Access program has been underway since July 1991 and demands are steadily growing on the available funds. Additional dollars for this program will allow banks to take additional risks to make loans to small and medium size growing companies.

LONG-TERM IMPACT:

With increased program marketing and increased funds, the department anticipates making 250 loans over the next 4 years.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Trade and Economic Development
PROGRAM: Community Development
ACTIVITY: Business Finance Assistance

ITEM TITLE: Tourism Loan Program

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$1,000	$-0-	$-0-	$-0-

Statutory Change? Yes __X__ No ____
If yes, statute affected: M.S.116J.617

GOVERNOR'S RECOMMENDATION:

The Governor is recommending, as part of his job creation initiative, an additional appropriation of $1 million for the Tourism Loan Program in F.Y. 1994. Those funds would be transferred to the tourism loan account in the special revenue fund for making loans to tourism related businesses in Minnesota.

The existing Tourism Loan Program provides direct loans and loan participations in cooperation with local financing institutions for tourism related businesses in Minnesota for upgrading, renovating or expanding those businesses by their current owners. The Governor recommends that the program be expanded to include the acquisition of tourism related businesses by new owners to facilitate the transfer of existing businesses with potential for improvements, such as resorts, rather than their sale for break-up or liquidation. The Governor also recommends that the program be expanded to include loan guarantees and interest rate subsidies to further enhance the flexibility, effectiveness, and participation within the program.

Minnesota businesses in the tourism related industry must compete for revenues within the tourism industry nationwide. To enhance interest in tourism related activities and stimulate the economy generally within the state, businesses must be able to interest and attract a sufficient number of tourists and consumers year-around. By providing funding incentives, businesses will be able to upgrade and maintain their facilities to compete more effectively for a greater portion of the tourist trade.

PROGRAM OUTCOMES:

An expanded program that provides additional funding incentives for targeted businesses in the tourism and related industry for purposes of stimulating the economy and attracting a greater share of the tourist trade nationally.

LONG-TERM IMPACT:

- Increased revenues locally and general stimulation of the economy.
- Increased banking activity.
- Greater competitiveness with the tourism industry nationally.
- Linkages between the banking community and other private lenders will be strengthened.
- Retain lake shore and other outdoor recreation opportunities.

BUDGET ACTIVITY: Community Finance
PROGRAM: Community Development
AGENCY: Trade and Economic Development, Department of

ACTIVITY DESCRIPTION:

Minnesota's economic development and community development programs focus on empowering communities to provide their own economic opportunities. In addition to the assistance provided to businesses for expansions and start-ups, the division assists communities in identifying and prioritizing their overall needs and coordinating those needs with available resources (federal, state, other).

From an economic development perspective, it is important to distinguish between the programs the department administers to assist businesses, and the programs the department administers to assist communities in attracting businesses. The latter may include a hard-to-quantify "quality of life" investments of federal, state and local dollars.

Within the area of Community Financing programs are: Small Cities Development Program (SCDP) (federal block grant dollars), the Public Facilities Authority (PFA), the Outdoor Recreation Grant program (federal U.S. Department of Interior Land and Water Conservation Fund (LAWCON) money) and a category called, "Special Appropriations, which administers tax credits such as enterprize zones and other programs that the legislature appropriates, which are directed to assist specific communities or regions, but are required to have a pass-through state agency.

BUDGET ISSUES:

The most critical issue for the department is to evaluate how the programs it administers fits into the department's mission of job creation and the goals set forth in the Economic Blueprint.

Fiscal impacts of the agency plan are addressed at the program level.

GRANTS:

1. SMALL CITIES DEVELOPMENT PROGRAM (M.S. 116J.403)

This program assists Minnesota communities by providing federal Community Development Block Grant (CDBG) funds to rehabilitate owner-occupied or rental housing, construct new and rehabilitate public facilities, and rehabilitation of commercial structures. The program must, under federal criteria, primarily benefit people of low and moderate incomes. The SCDP administers grants to non-entitlement townships and cities of under 50,000 population and to counties of under 200,000 population on a competitive basis. A state match for the administration of federal allocation is required by federal law.

The division receives an estimated $17 million a year in CDBG money. SCDP funds are frequently used in conjunction with other public funds to complete a project, including fund administered by the U.S. Farmers Home Administration, the Minnesota Housing Finance Agency, U.S. EDA, the Department of Natural Resources (DNR) and the U.S. Army Corp of Engineers. Other funds administered by the Community Development division, such as the PFA and the Outdoor Recreation program are frequently used in conjunction with this program.

Efficiency Measures:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
$ Small Cities (CDBG) fed monies	$16,834.2	$17,729.4	$17,750.0	$17,750.0	$17,750.0
No. of grants made (000's)	34	34	35	35	35
No. of applications	63	76	83	90	98
No. of other fund leveraged (000's)	$14,798.4	$10,106.0	$12,000.0	$12,000.0	$12,000.0
$ of state funds (Admin) (2%) (000's)	$336.6	$354.5	$355.0	$355.0	$355.0

2. SPECIAL APPROPRIATIONS

This program provides administrative support to ensure proper management, contractual negotiation and enforcement, and monitoring of all special appropriations assigned to the Community Development Division by the legislature. Special Appropriations made by the legislature include the Enterprise Zone tax credit program, pass through of funds to the Metropolitan Council for metropolitan and regional parks fund, pass through of funds for the Community Resource Program, review of County Improvement project requests (no dollars), and various special projects appropriated through rider language.

BUDGET ISSUES:

This program was created to administer the pass-through of funds appropriated each session through special legislation.

During F.Y. 1992 and F.Y. 1993, the following programs administered under the category of "Special Appropriations":

	F.Y. 1992	F.Y. 1993
■ Metro Parks Maintenance and Operations State General Fund $ (000's)	$2,759.0	$2,356.0
■ Regional Parks Debt Service State $ (000's)	$-0-	$1,422.0
■ Metro Parks Acquisition and Betterment (Bonding)	$6,275.0	$4,550.0
■ Community Resource Program State $ (000's)	$3,115.0	$3,115.0
■ Enterprise Zone Tax credits - Tax Credits Awarded (000's) - Tax Credits Drawn (000's)	$1,700.0 $2,111.0	$$502.0 $1,962.0
■ County Improvement Program Applications processed (no dollars)	6	6
■ Special Appropriation for Brooklyn Center State $	$50.0	$-0-
■ Special appropriation: County Tax Credit for Job Creation Tax Credits Awarded (000's)	$-0-	$200.0

Efficiency Measures:

Efficiency Measures are not developed for this program due to the nature and diversity of projects and activities administered under this category. The Community Development Division ensures proper management to efficiently and effectively process and administer grants made by special appropriations through this activity.

3. PUBLIC FACILITIES AUTHORITY (M.S. 446A)

The PFA is responsible for providing financial assistance for the construction of essential treatment facilities to communities through the water Pollution Control Revolving Fund and the Wastewater Infrastructure Fund (WIF).

Financial packaging for wastewater projects is the highest priority of the PFA because it is vital and essential infrastructure for the residential, commercial and industrial areas throughout the state. Because wastewater treatment projects involve significant costs, the PFA uses the Community Development division's single application process to identify other forms of assistance available from the division to bring projects to fruition.

It is important to remember that the PFA is the state's only financing mechanism for wastewater treatment facilities. Each project must be certified through the regulatory process at the Minnesota Pollution Control Agency (MPCA) before it can be eligible for financing through the PFA.

The PFA finances wastewater treatment projects mainly through 2 programs: The State Water Pollution Control Revolving Fund (SRF), and the WIF.

State Water Pollution control Revolving Fund (SRF): was created to replace the shrinking federal wastewater assistance. Recognized and heralded as a national model by EPA, the SRF was designed to provide eligible communities with long-term, below-market rate loans from the proceeds of bonds issued by the PFA and capitalized by the Federal grants received annually. The SRF is the primary source of capital for financing wastewater infrastructure.

Wastewater Infrastructure Funding (WIF): The State Independent Grant Program was created in 1984 to address declining federal funding for wastewater treatment projects. The State Independent Grant Program provided a fixed percentage grant based on population and the total eligible costs.

Realizing that the state cannot afford to continue providing grants to cities for wastewater treatment, the PFA and MPCA jointly proposed the WIF program. The WIF program will address eligibility for grant or loan monies based on communities ability to pay. The practical effect will be to move the number of communities waiting for financing off the grants list to a low-interest loan program through the WIF program.

Other programs: Historically, the PFA has also administered other financing programs for wastewater treatment set-aside from the State Independent Grant program. The set aside programs include the Corrective Action grants, the Capital Cost Component grants, and the Individual On-site Treatment grants:

- The Corrective Action Grant program set aside $1.5 million to assist communities that experience failed systems on newly constructed projects to correct problem while they pursue appropriate legal action.
- Capital Cost Component grants program was designed to encourage privatization and has not been funded since 1988.
- The Individual On-site Treatment grant program addresses wastewater problem in areas that municipal system are not a cost-effective means of treating wastewater.

No funding will be requested for the Corrective Action Grant program. The $100,000 annual appropriation for the Individual On-site Treatment Grant program which was appropriated to the MPCA will be transferred to the PFA for financial administration.

The 1992 Legislature authorized the PFA to establish a once-through cooling conversion loan program to assist building owners that currently use aquifer water as a source of cooling buildings. The authority will implement the program if money is appropriated to implement the program and the portion of the fees collected by the DNR are appropriated to the authority. The program is scheduled to begin in F.Y. 1994.

Efficiency Measures:

	F.Y. 1991	F.Y. 1992	F.Y. 1993*	F.Y.1994*	F.Y.1995*
No. of loans	8	11	14	14	16
No. of projects funded **	12	15	19	21	22
Revenue Bonds (000's)	$71,030	$64,055	$55,549	$ 0***	$60,000
Amount of loans to be made (000's)	$73,924	$75,165	$63,373	$58,000	$68,000

* These estimates are based on projected need.
** Number of projects funded counts borrowers with multiple projects (i.e., Metropolitan Waste Control Commission.
*** F.Y. 1994, the PFA anticipates making only direct loans, without issuing revenue bonds. The PFA anticipates needing increased bonding authority in F.Y. 1995.

The WIF program will begin in F.Y. 1994. Efficiency and effectiveness measures will be determined after program start-up.

BUDGET ISSUES:

There are 3 budget issues facing the PFA.

- **State Water Pollution Control Revolving Fund:** Since the establishment of the program, the SRF has leveraged grants from the EPA Capitalization Grant program through 5 revenue bond sales for a total of $238 million. The program has continued to maintain its AA+ bond rating in the last 3 issues, and continues to be the highest rated SRF program in the nation. The practical effect has been to minimize the cost of borrowing by communities for these expensive but critical facilities.

The authority is not requesting to increase its bonding authority for the next biennium. Using current fund balance, the authority could issue approximately $30 million of bonds each year to provide subsidized loans.

The federal capitalization dollars currently are scheduled to expire in 1994. The program is expected to be reauthorized and continue for 4 more years. When the funding ends, the federal dollars for administrative costs will also end.

BUDGET ACTIVITY: Community Finance
PROGRAM: Community Development
AGENCY: Trade and Economic Development, Department of
(Continuation)

There will be request in the capital budget for the necessary state funds to match the federal capitalization grant dollars available through 1994. If the program is continued, the department projects the following need:

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Federal Dollars	$37,720.8	$35,712.7	$35,327.4	$33,000.0	$30,000.0
State Match	$7,544.2	$7,142.5	$7,065.5	$6,600.0	$6,000.0

The state monies leverage federal dollars at a 1:5 ratio.

- **SRF Administrative costs:** Costs to administer the program are incurred by MPCA and DTED. With the reduction and elimination of federal capitalization grants in the future, federal administrative funding will also decline and end completely. Current legislation authorizes the authority to set fees on loans and loan repayments to cover a small portion of the administrative costs incurred by DTED and MPCA. The total cost of administering the program will be transferred to the state when federal funds expire.

- **Wastewater Infrastructure Fund (WIF):** Rules for the WIF program will be promulgated during the late fall 1992. The WIF program will be capitalized from the unencumbered fund balances in the State Independent Grant program held by the authority and unencumbered funds from the state match to the federal construction grants program. It is projected that $2 million will be available for awards in F.Y. 1994 and up to 4 projects.

Activity Description:

4. ENERGY LOAN PROGRAM (M.S. 446A.10, Subd. 2)

The Energy Conservation Investment Loan Program was created to reduce energy consumption in public-owned buildings by providing low-interest loans to municipalities and school districts for energy efficient improvement projects. Loans must be paid back in 10 years or less.

BUDGET ISSUES:

The PFA does not issue bonds for the Energy Loan program or executive contracts for grant administration, which is done by the Department of Finance. The PFA provides an extra level of review for projects in addition to the review by the Department of Public Service. No PFA staff time or dollars are allocated to this function. The department recommends that this program be transferred to the Department of Public Service, with continued loan portfolio administration provided by the Department of Finance.

5. OUTDOOR RECREATION GRANT PROGRAM (M.S. 116J.406)

The Outdoor Recreation Grant Program exists to help local government meet the outdoor recreation needs of their citizens in accordance with the recreational priorities and goals established in the State Comprehensive Outdoor Recreation Plan (SCORP). The program is administered in coordination with, and receives additional federal funding from the LAWCON fund.

Funds go to finance recreational facilities and non-state trail systems. Since 1965, the state has invested $100 million into outdoor recreation projects. During F.Y. 1990 to F.Y. 1992, a total of 152 applications were received representing over $11.6 million in grant requests. Approximately $4 million in grant monies were available.

BUDGET ISSUES:

No state dollars are being requested for grants this biennium and $175,000 in federal dollars will be available for projects.

Efficiency Measures:

	F.Y. 1991	F.Y. 1992	Est. F.Y. 1993	Est. F.Y. 1994	Est. F.Y. 1995
State (000's) (General Fund)	$1,025.99	$1,019.9	$-0-	$-0-	$-0-
Fed LAWCON (000's)	$402.0	$104.0	$175.0	$175.0	$175.0
No. of grants made	25	27	10	10	10
No. of applications	54	47	45	45	45
No. of Other fund leveraged	1,933.8	1,440.5	200.0	200.0	200.0

Indicators are being developed to measure number of local and non-local visitors to area recreation facilities.

6. RURAL DEVELOPMENT BOARD: CHALLENGE GRANT PROGRAM (M.S. 116J.980 and M.S. 116N.08)

The Rural Development Board provides a forum in state government for rural development issues. The board is comprised of executive branch agencies representing agriculture, education economic development and technology. The board also has 7 rural community leaders from various geographic locations around the state.

The board's primary responsibility is the Challenge Grant program. In 1987, the state matched $6 million against an equal private funded source to generate 6 revolving funds around the state to be used for low-interest loans to new or expanding businesses. Loans are higher risk than those which would receive private funding and projects are often leveraged against private and other public funds.

Efficiency Measures:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
No. of loans	74	45	24	18	12
State Funds disbursed (000's) (special revenue)	$1,996.7	$1,065.5	$550.0	$412.2	$274.8
Private Funds leveraged (000's)	$1,926.7	$862.9	$450.0	$337.5	$225.0

Based on projection of current average loan activity, this would assist an estimated 20 businesses, of which 6 would be start-ups and 14 would be expansions. Since decisions are primarily made at the regional level, it is impossible to predict what types of loans will be made.

For F.Y. 1994-95, a survey will be conducted to determine longer-term goals for program outcomes. These include number of full-time jobs created, number of new businesses assisted and jobs created, promotion of regional economic diversity relative to the existing mix, and expected loan-loss ratios for projects with the higher degree of risk and the proportion of new businesses in the portfolio.

BUDGET ACTIVITY: Community Finance
PROGRAM: Community Development
AGENCY: Trade and Economic Development, Department of
(Continuation)

BUDGET ISSUES:

Based on current levels of loan repayments, approximately $1 million will be available each of the next several years for additional loans.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
1. Small Cities Development Program					
Dedicated - Federal	$27,208	$26,058	$21,066	$21,066	$21,066
3. Public Facilities Authority					
Dedicated - Special	154,639	73,662	-0-	-0-	-0-
Dedicated - Federal	36	266	407	407	407
4. Energy Loan Program					
Non Dedicated - General	1,233	1,216	1,200	1,200	1,200
5. Outdoor recreation Grant Program					
Dedicated - Federal	402	104	175	175	175
6. Rural Development Board; Challenge Grant					
Dedicated - Special	1,283	1,372	1,318	1,405	1,405
	$184,765	$102,678	$ 24,166	$24,253	$24,253

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: COMMUNITY DEVELOPMENT
ACTIVITY: COMMUNITY FINANCE

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,726	1,458	1,351	1,351	1,356	1,337	1,351	1,378	1,359
EXPENSES/CONTRACTUAL SRVCS	550	425	732	732	722	722	732	700	700
MISC OPERATING EXPENSES	76	78	89	89	94	94	89	94	94
SUPPLIES/MATERIALS/PARTS	38	20	30	30	30	30	30	30	30
CAPITAL EQUIPMENT	169	81	10	10	10	10	10	10	10
OTHER	117,925	51,836	16,392	16,392	15,985	27,985	16,392	16,094	16,094
SUBTOTAL STATE OPERATIONS	120,484	53,898	18,604	18,604	18,197	30,178	18,604	18,306	18,287
LOCAL ASSISTANCE	38,481	31,860	27,755	27,705	25,967	20,795	27,705	25,967	20,795
TOTAL EXPENDITURES	158,965	85,758	46,359	46,309	44,164	50,973	46,309	44,273	39,082
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<19>			<19>
(P) REINVEST IN CHALLENGE GRANT PROGRAM		GEN				6,000			
(P) METROPOLITAN INITIATIVE FUND		GEN				6,000			
(P) TRANSFER METRO PARKS M&O TO DNR		GEN				<2,238>			<2,238>
(P) TRSFR COMM RES PROG TO DEPT OF CHILDREN		GEN				<2,959>			<2,959>
(P) LAKE SUPERIOR CENTER AUTHORITY		GEN				25			25
TOTAL GOV'S INITIATIVES						6,809			<5,191>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	12,691	7,107	8,090	8,040	6,344	13,153	8,040	6,344	1,153
STATUTORY APPROPRIATIONS:									
PFA BOND FUND	116,433	50,811	15,319	15,319	14,912	14,912	15,319	15,021	15,021
SPECIAL REVENUE	2,195	1,412	1,302	1,302	1,260	1,260	1,302	1,260	1,260
FEDERAL	27,646	26,428	21,648	21,648	21,648	21,648	21,648	21,648	21,648

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: COMMUNITY DEVELOPMENT
ACTIVITY: COMMUNITY FINANCE

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TOTAL FINANCING	158,965	85,758	46,359	46,309	44,164	50,973	46,309	44,273	39,082
POSITIONS BY FUND:									
GENERAL	24.0	18.0	18.0	13.7	13.7	13.7	13.7	13.7	13.7
FEDERAL	12.0	15.0	15.0	16.0	16.0	16.0	16.0	16.0	16.0
TOTAL POSITIONS	36.0	33.0	33.0	29.7	29.7	29.7	29.7	29.7	29.7

F.Y. 1994-95 INVESTMENT INITIATIVE

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AGENCY: Trade and Economic Development, Department of
PROGRAM: Community Development
ACTIVITY: Community Finance

ITEM TITLE: Lake Superior Center Authority

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- Grants	$25	$25	$-0-	$-0-

Statutory Change? Yes ____ No _X_
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends $25,000 in F.Y. 1994 and $25,000 in F.Y. 1995 as a grant to pay for administrative and other contractual costs of the Lake Superior Center Authority. No further operating funding would be provided beyond the 1994-1995 biennium. The Lake Superior Center was created as a private, non-profit corporation in 1989 to connect the general public with Lake Superior and other large lakes in the world. The plan is to do this through exhibits, programs, laboratory exercises and trips utilizing a site already acquired on the Duluth Harbor. The Lake Superior Center Authority was created in the 1990 laws as an "instrumentality" of the state to oversee the use of any public funds in the design and construction of the Center. The Authority will be the owner of the land and building. State bond proceeds in the amount of $2 million dollars were made available to the Authority in the 1992 bonding bill, with $1.5 million of that amount requiring a one-for-one non-state match.

PROGRAM OUTCOMES:

When fully developed, the Center will be the hub of many Lake Superior related activities. The facility will include both aquarium and science museum exhibits. Program delivery will utilize those exhibits, as well as classrooms, lab space, and presentation areas. The public will become familiar with Lake Superior and the importance of freshwater bodies in the world.

LONG-TERM IMPACT:

No further operating funding would be sought after the 1994-1995 biennium.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Trade and Economic Development
PROGRAM: Community Development
ACTIVITY: Community Finance

ITEM TITLE: Reinvestment in Challenge Grant Program

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- Grants	$6,000	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No _X_
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor is recommending as part of his job creation initiative that $6 million be appropriated to the Challenge Grant Program, to be matched by certified regional organizations. All state dollars go directly to help in business start-ups/expansions. No state dollars go for administrative costs.

Regional organizations receiving funds must provide a 50 percent match ($1 match for $1 in state funds) up to $1 million. Match must be cash and comprised of non-state funds.

The Rural Development Board (DTED) Challenge Grant Program, created through passage of the Rural and Economic Development Act of 1987, has produced a unique public/private partnership between the state of Minnesota and the Minnesota Initiative Funds.

The Minnesota Initiative Funds currently operate both grant and loan programs that have made a significant impact in rural Minnesota. Assets totaling over $75 million have been committed to projects and programs to address the social and economic needs of people throughout the six Initiative Fund regions. The six Initiative Fund regions also represent the Department's regional development map and the department often cooperates with the Initiative Funds to "provide" financial assistance to businesses.

Each of the six Initiative Funds pledged $1 million (capitalized by the McKnight Foundation) and the state of Minnesota pledged $1 million for each Initiative Fund region, totalling $12 million of new capital available to assist new and expanding businesses in Minnesota. The initial $6 million of the state's share of the Challenge Grant funds was appropriated from the Rural Rehabilitation trust account.

The original $12 million of Challenge Grant funds have been loaned out, and repayments available for relending are in limited supply, due to continuing demand for these monies as they revolve. Repayments on existing loans are insufficient to meet existing and projected increased demands for future projects.

PROGRAM OUTCOMES:

The purpose of the Challenge Grant Program is two-fold: to create and retain quality employment opportunities for low-income individuals; and to leverage private investment. The Initiative Fund loan programs measure these goals through:

- providing the capital needed for many small business startups and expansions. This allows more traditional lenders, such as banks, to invest in their local economies in partnership with the Initiative Funds.
- number of low-income individuals employed.
- amount of state to private financing leveraged.

LONG-TERM IMPACT:

The Challenge Grant program has been extremely successful in leveraging state-to-private funds for job creation in outstate Minnesota. Decisions are made at the local level, empowering communities in the six McKnight regions to assist in economic growth and diversity.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Trade and Economic Development
PROGRAM: Community Development
ACTIVITY: Community Finance

ITEM TITLE: Metropolitan Initiative Fund

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$6,000	$-0-	$-0-	$-0-

Statutory Change? Yes X **No** ____

If yes, statute affected: Create a new statute, M.S. 116

GOVERNOR'S RECOMMENDATION:

The Governor is recommending as part of his job creation initiative $6 million for transfer to the special revenue fund to create a Metropolitan Initiative Fund to dedicate new dollars for working capital, equity and fixed-asset financing for small business start-ups and expansions in Minneapolis and St. Paul. Emphasis for program financing will be on minority-owned businesses.

This proposal is a result of the Governor's Urban/Minority Employment work group and is part of the Governor's Jobs Initiative. The recommendation was to create a "Minority Seed Capital Fund" in the amount of $6 million dollars to be administered by the commissioner and the Initiative Fund.

The Metropolitan Initiative Fund would be similar in structure to the Minnesota Initiative Fund with emphasis on minority business owners and minority employment.

$6 million would be appropriated for match by a private source for "gap" financing for businesses, with an emphasis on minority-owned business, to create permanent, living-wage jobs.

PROGRAM OUTCOMES:

The Department of Trade and Economic Development's Economic Blueprint indicates that minority unemployment is currently at 14%, compared to 4.4% for non-minority populations. With a special emphasis on minority-owned business, this proposal will concentrate needed start-up dollars for targeted businesses in the metropolitan areas.

LONG-TERM IMPACT:

The program is modeled after the highly successful Challenge Grant program administered through the 6 regional McKnight Initiative funds in rural Minnesota.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Trade and Economic Development
PROGRAM: Community Development Division
ACTIVITY: Community Finance

ITEM TITLE: Transfer Metro Parks Maintenance and Operations to DNR

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- Grants	$(2,238)	$(2,238)	$(2,238)	$(2,238)

Statutory Change? Yes X **No** ____

If yes, statute affected: Amend M.S. 473.351, Subd. 2 to transfer Metro Parks M & O to DNR

GOVERNOR'S RECOMMENDATION:

The Governor recommends transferring the pass-through grant for metro parks maintenance and operation from the Department of Trade and Economic Development to the Department of Natural Resources.

There are no staff positions associated with this appropriation. This is a pass-through of funds to the metropolitan council.

The Department of Trade and Economic Development cannot provide the same comprehensive vision as DNR on how the metropolitan parks system integrates with the state parks system.

PROGRAM OUTCOMES:

This money is allocated to local parks in the metropolitan region through the Metropolitan Council.

LONG-TERM IMPACT:

By transferring this pass-through appropriation, the DNR will be better able to understand and integrate services provided by the metropolitan parks system with state parks, which also serve the seven-county metropolitan area.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Trade and Economic Development
PROGRAM: Community Development
ACTIVITY: Community Finance

ITEM TITLE: Transfer the Community Resource Program to Department of Children and Education Services (M.S. 466A.05)

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- Grants	$(2,959)	$(2,959)	$(2,959)	$(2,959)

Statutory Change? Yes X **No** ____

If yes, statute affected: Amend M.S. 466A.05 to transfer CRP program to Department of Children and Educational Services.

GOVERNOR'S RECOMMENDATION:

The Governor recommends transferring the Community Resource Program (CRP) from the Department of Trade and Economic Development to the new Department of Children and Education Services.

There are no staff positions associated with this transfer. The program requirements are to pass-through the grant monies to Minneapolis, St. Paul and Duluth on a formula basis. The department has no authority to veto or monitor programs, but to simply manage the contract for the state.

In 1991, the Community Resource Program was transferred to the Department of Trade and Economic Development during the reorganization of the State Planning Agency. At the time, CRP was thought of as the "sister" program to URAP, an urban housing initiative. URAP was line-item vetoed, leaving CRP in place.

CRP provides block grants to Minneapolis, St. Paul and Duluth. The cities solicit projects from local human service organizations for funding and submit those projects to the department.

The proposal to transfer the program to the Department of Children and Education Services would facilitate merger of the program with closely related family and children strategies. These strategies are further detailed in the Department of Children and Education Services and Children's Integrated Budget Investment Initiatives.

PROGRAM OUTCOMES:

In 1991 and 1992 the department was mandated to do 2 studies: 1) to analyze how the local government were operating the program; and 2) if the program should be expanded. The 1991 study made some changes to the program, instituting tighter control on local administrative costs charged to the program. The 1992 study discussed the possibility of expanding the program to the inner-ring suburbs. The study is not complete, waiting for the 1990 census data.

LONG-TERM IMPACT:

The local programs receiving funding through the Community Resource Program generally provide needed services to low-income residents of the 3 urban areas selected. As the program is phased down and merged within the new agency, close monitoring should be continued on the use of program dollars for local government administrative costs.

BUDGET ACTIVITY: Community Assistance
PROGRAM: Community Development
AGENCY: Trade and Economic Development, Department of

ACTIVITY DESCRIPTION:

The Community Development division also administers programs to provide technical assistance to communities and regions. The Rural Development Board provides staff assistance to develop the *Rural Investment Guide* and to administer the Community Needs Assessment program.

1. RURAL INVESTMENT GUIDE (M.S. 116N.06)

The *Rural Investment Guide* promotes an understanding of rural and regional conditions, assists businesses and communities in determine needs and opportunities, catalogs programs available for rural development, and serves as a resource for policy makers in the formulation of strategies and programs.

The *Guide* is an informational and educational tool which supports the department's initiatives towards a balanced, competitive statewide economy by strengthening the understanding of regional and structural economic conditions.

Budget Issues:

All new editions of the *Guide* will now be produced in the odd-numbered calendar years. Supplements with new data and new program information which become available will be prepared every other year, to save on production costs.

Efficiency Measures:

In F.Y. 1994-95, readers will be surveyed to determine ways in which the *Guide* can be improved or more helpful in documented rural economic development efforts.

2. COMMUNITY NEEDS ASSESSMENT (Session Laws 1989 Chapter 350 Article 2)

The Community Needs Assessment Program helps small communities (mostly under 1,000 people) with basic procedures to establish local priorities, to design workable plans for addressing those priorities, and then determine what role the community can plan in economic development and job creation. The process is run by the communities themselves and facilitated by Rural Development Board staff. Staff remains in contact through a follow-up period with the communities.

The board is currently looking at ways to coordinate and integrate this program with the department's "Star Cities" program, which also provides technical assistance to communities on economic development strategies.

Efficiency Measures:

The basic model for the community needs assessment program was developed with a legislative appropriation of $150,000. Staff are now trained in its use and can work with up to 24 new communities each year.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: COMMUNITY DEVELOPMENT
ACTIVITY: COMMUNITY ASSISTANCE

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	104								
EXPENSES/CONTRACTUAL SRVCS	46								
MISC OPERATING EXPENSES	10								
SUPPLIES/MATERIALS/PARTS	3								
CAPITAL EQUIPMENT	5								
SUBTOTAL STATE OPERATIONS	168								
TOTAL EXPENDITURES	168								
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	168								
TOTAL FINANCING	168								
POSITIONS BY FUND:									
GENERAL	3.0	.0	.0	.0	.0	.0	.0	.0	.0
TOTAL POSITIONS	3.0	.0	.0	.0	.0	.0	.0	.0	.0

BUDGET ACTIVITY: Community Development Legislative Commission on Minnesota Resources
PROGRAM: Community Development
AGENCY: Trade and Economic Development, Department of

ACTIVITY DESCRIPTION:

The Legislative Commission on Minnesota Resources has approved 1 program submitted by the department for a total $500,000 and has recommended appropriating 21 additional projects for a total $7,128,000 to be passed-through the department to various organizations.

GRANTS:

	Future Resources Fund	Trust Fund
1. Department of Trade and Economic Development		
Septic system replacement system for water-related tourism businesses. This appropriation is from the future resources fund to the Commissioner of Trade and Economic Development.	$ 500,000	
2. Special Appropriations		
Como Park Replanting Program ■ A contract with the Metropolitan Council	$93,000	
Developing Multi-Use Urban Green Space ■ A contract with the Minneapolis Park and Recreation Board	$220,000	
Minnehaha Park Environmental Interpretive Center ■ A contract with the Metropolitan Council		$337,000
Nicollet Conservation Club Swan Lake Interpretive Room ■ A contract with the Nicollet Conservation Club	$68,000	
Granite Quarry Park and Interpretive Center Planning ■ A contract with Stearns County	$50,000	
American With Disabilities Act: Retrofitting Regional Parks ■ A contract with the Metropolitan Council		$220,000
Trail Linkages, Metropolitan Regional Network ■ A contract with the Metropolitan Council		$2,000,000
Birch Lake Bikeway/Walkway ■ A contract with the Metropolitan Council		$450,000
Agissiz Recreational Trails ■ A contract with Norman County	$650,000	
Cedar Lake Trail Development ■ A contract with the Metropolitan Council		$610,000
Shingle Creek Trail Improvement ■ A contract with the Metropolitan Council		$130,000
Lilydale/Harriet Island Regional Park Trail ■ A contract with the Metropolitan Council		$246,000
Mesabi Trail Acquisition, Planning and Development ■ A contract with St. Louis Co. and Lake Co.	$350,000	
Peninsula Point Two Rivers Historical Park ■ A contract with the City of Anoka	$435,000	
Como Park East Lakeshore Reclamation ■ A contract with the Metropolitan Council		$163,000
Grain Belt Mississippi Riverfront Development ■ A contract with the Metropolitan Council		$300,000
Acquisition of Palace Restaurant Site on Mississippi River ■ A contract with the Metropolitan Council	$325,000	
Compost and Wood Utilization Program ■ A contract with the Metropolitan Council	$270,000	
Prairie Ecosystem Restoration in the Minneapolis Park System ■ A contract with the Minneapolis Park and Recreation Board	$60,000	
Theodore Wirth Park Tamarack Bog Preservation Proj. ■ A contract with the People for Minneapolis Parks Fund in cooperation with the Minneapolis Park and Recreation Board	$40,000	
Urban Community Garden Program ■ A contract with NR/SRC	$110,000	
TOTALS - 1. DTED	$ 500,000	
2. Special Appropriations	$2,671,000	$4,456,000
Grand Total	$7,627,000	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: COMMUNITY DEVELOPMENT
ACTIVITY: COMMUN DEVELOP LCMR

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE					7,867	500			
TOTAL EXPENDITURES					7,867	500			
GOV'S INITIATIVES:			FUND						
(A) NON-POINT SOURCE POLLUTION			MNR			500			
(P) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MET			<4,444>			
(P) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MNR			<3,423>			
TOTAL GOV'S INITIATIVES						<7,367>			
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					4,444				
MN RESOURCES					3,423	500			
TOTAL FINANCING					7,867	500			
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

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F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Trade and Economic Development
PROGRAM: Community Development
ACTIVITY: Community Development - LCMR

ITEM TITLE: Non-Point Source Pollution

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
MN Future Resources Fund	$500	$-0-	$-0-	$-0-

Statutory Change? Yes _____ No __X__

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of $500,000 from the Minnesota Future Resources Fund to provide matching grants of up to $10,000 to resorts and related tourism businesses located on lakes and rivers for replacement of failing or non-conforming septic systems. The Governor recommends this appropriation for the first year but to be available for both years of the biennium.

Previous state assistance in this area has been provided to a limited extent through the Tourism Loan Program. About 10 septic system projects have been funded to date which focus more on economic criteria than on environmental improvements. The Legislative Commission on Minnesota Resources recommends an appropriation of like amount which would allow funding at least 49 projects and with an objective of protecting water quality as well as the economic viability of the tourism businesses. The agency will develop rules and criteria to determine spending priorities and procedures. The Governor endorses this recommendation and finds it consistent with and important to his effort in the non-point source pollution area.

PROGRAM OUTCOMES:

This program is designed to protect water quality and promote the viability of tourism businesses. Grants will be awarded throughout the year to enable problems to be corrected promptly and allow flexibility for business owners to complete the project at the most convenient time. Staff will review and analyze each project proposal to determine which projects best meet the criteria established in the rules and the objectives of the program. At the end of the project period a summary status report will be completed categorizing the type of problems resolved: drinking water contamination, surface water pollution, failed systems, non-conforming systems, etc.

LONG-TERM IMPACT:

This program is expected to protect water quality and enhance the economic viability of the tourism businesses. Indicators of success include: correction of existing or potential health or safety problems, elimination of pollution of ground or surface water, and a better understanding of the extent of septic system problems associated with the tourism industry.

PROGRAM: Minnesota Trade Office
AGENCY: Trade and Economic Development, Department of

PROGRAM PURPOSE:

The Minnesota Trade Office (M.S. 116J.966) is the state's key resource in developing international trade and other contact activities.

The Minnesota Trade Office (MTO), a division of the Department of Trade and Economic Development, exists to raise Minnesota employment through increased Minnesota exports and international markets and to facilitate reverse foreign direct investment into the state.

The MTO works toward achieving specific goals as defined in the department's mission and the Economic Blueprint through:

- Information Services
- Education/Training
- Finance Program
- Marketing/Export Counseling
- International Information Network

PROSPECTS:

1. Growth of Minnesota Exports

   a. Manufactured Exports

   In 1991, Minnesota manufactured exports totaled $5.9 billion. In addition, agricultural commodity exports contributed approximately $1 billion to Minnesota's economy, and the service sector at an estimated $1.2 billion.

   Despite accounting for 1.9% of total U.S. manufactured production, Minnesota's $5.9 billion in manufactured exports represents 1.7% of total U.S. exports. This shows that we are "under-exporting" or, not exporting our share of manufactured goods. If Minnesota exported the same share of U.S. manufactured products as the state produced, Minnesota's manufactured exports would total $7.2 billion, bringing in an additional $1.3 billion of income to the state.

   Although Minnesota's manufactured exports have shown steady increases through the 1980s, growth in industrial machinery exports, including computers, has been flat or declining since 1988. Because this industry comprises 39% of Minnesota's manufactured exports, overall export growth has been slower than the U.S. average. In order to maintain or grow Minnesota's export position, significant growth in other industries is required. Lastly, when comparing market potential outside the U.S. compared to U.S. domestic market opportunities, international opportunities are larger. Therefore, exports should be a much larger share of Gross State Product.

   b. Agricultural Exports

   Minnesota is a leading agricultural state, ranking 5th in 1990 cash farm receipts. Minnesota is also a leader in value-added agricultural products with an above average concentration in the food and kindred products industry. This concentration is illustrated by the number of agribusiness and food processors such as General Mills, Land O' Lakes, Hormel, International Multifoods, Cargill and Pillsbury.

   While agricultural commodity exports are important, more income and jobs are generated if these commodities are processed (adding value) before they leave the state.

   Despite accounting for 3% of the nation's output of processed foods, Minnesota's share of exports for the food and kindred products industry is 1.67%.

   If Minnesota exported the same share of value-added food products as it produced, food and kindred product exports would have contributed an additional $247 million to the Minnesota economy in 1991. This would have boosted total manufactured exports by 4%.

   Given Minnesota's significant role in agricultural commodities and food processing, Minnesota's share of the processed food exports should equal its 3% share of national food and kindred products industry production by the year 2000. This sector warrants attention because jobs are more likely to stay in Minnesota than in industries not tied to natural resources.

2. Internationally Competitive Levels of Productivity

   Future economic growth in Minnesota can not be expected to come solely from increasing employment, because new entrants into the labor force will remain at low levels for another decade. More efficient production is necessary. Productivity levels also need to grow at nationally and internationally competitive rates so that the cost and quality of Minnesota goods will remain competitive with international producers.

   Minnesota's manufacturing sector experienced real annual average productivity growth of 3.3% between 1979 and 1989. This rate was exceeded by both the U.S. and Organization for Economic and Cooperation (OECD) countries. Furthermore, manufacturing productivity growth in Minnesota slowed from an average annual rate of 3.9% between 1979 and 1989 to only 2.9% between 1982 and 1989.

   The decline in the state's manufacturing productivity is in sharp contrast with the increases in manufacturing productivity growth across the nation and the OECD countries. Nationally, real average annual productivity growth in manufacturing increased from 2.5% between 1979 and 1982 to 4.2% between 1982 and 1989. Productivity growth in manufacturing across OECD nations also increased from 2.4% between 1979 and 1982 to 3.8% between 1982 and 1989. While Midwest productivity growth continues to be below Minnesota's, the Midwest growth rate is improving in contrast to the declining Minnesota growth rate.

   Due to the high capital and technological intensity in the manufacturing sector relative to other sectors, manufacturing productivity growth rates will exceed overall U.S. productivity growth projections of 1.3%. Acceleration of new technologies and resulting efficiencies increased productivity growth despite declines in capital investment toward the end of the 1980s. With

increases in both technological efficiencies and capital investment, increases in manufacturing productivity should be maintained during the 1990s.

Based on the history and national projections, Minnesota should match the U.S. and OECD productivity growth by 1994 and sustain it throughout the nineties. This goal reverses the declining growth rate and achieves a 4.2% annual growth rate in manufacturing productivity in the mid-1990s.

3. Growth of Foreign Direct Investment

Similar to investments in Minnesota by U.S. firms located outside the state, Foreign Direct Investment (FDI) is a source of additional capital for Minnesota's manufacturing industry. Capital investments, regardless of the source, can increase Minnesota's manufacturing capacity and create employment. Additionally, foreign investment has better opportunity to assess international markets.

Foreign direct investment is measured here by employment in Minnesota manufacturing affiliates of foreign companies. Employment is used as a measure for foreign investment.

In 1989, 40,800 Minnesota workers were employed by foreign-owned manufacturing firms. (Foreign direct investment includes all businesses with direct or indirect ownership of 10% or more of the voting securities of an incorporated business by individuals or companies of a foreign country.) This accounted for 1.9% of all U.S. manufacturing employment in foreign-owned companies.

The share of workers employed in foreign-owned manufacturing firms has steadily increased in both Minnesota and the U.S. since 1977. Minnesota's share of total U.S. manufacturing employment in foreign-owned firms has been increasing since 1988. However, employment in foreign-owned manufacturing firms accounts for 2% of U.S. manufacturing employment, suggesting that Minnesota is not getting its share of foreign investment.

Minnesota has had a steady increase in the number of workers employed by manufacturing affiliates for foreign firms in both absolute numbers and as a share of U.S. employment in manufacturing affiliates of foreign firms. Given Minnesota's dynamic manufacturing base and continued growth in foreign investment, it is reasonable to expect that Minnesota should achieve a 5% increase in its share of U.S. manufacturing employment.

OUTCOMES:

In an effort to measure the effectiveness and efficiency of program services, in 1989 the MTO established client survey instruments with the assistance of the Urban Institute. Evaluations were conducted in June 1989, August 1990 and scheduled for September 1992. The survey collects data to measure:

- Effectiveness, or outcome indicators.

MTO clients rate whether a particular MTO service contributed to the firm's export result by a rating scale of 1) did not occur; 2) none; 3) some; 4) a lot; 5) was essential; 6) don't know. This information assists the MTO in assessing the outcomes of the services delivered, and in determining if we are "doing the right things".

- Efficiency, or established standard indicators.

MTO clients rate service quality characteristics (timely, relevant, accurate and professionally rendered) by a rating scale of 1) poor; 2) fair; 3) good; 4) excellent.

In addition, outside of the Urban Institute survey, the MTO also measures its workload outputs.

- Workload, or output indicators.

Numbers of clients served and inquiries resolved are examples of workload output data the MTO collects on its services. This information, taken together with efficiency measures, help the MTO in assessing if the performance of its service delivery system is "doing things right".

Overall program effectiveness, as measured by the August 1990 Urban Institute survey of 600 Minnesota firms receiving a cross-section of MTO services, reflects the following export outcomes:

- Nearly 50% of the responding firms reported achieving an export-related result (e.g., increased pre-export activity, increased export sales, export to new countries, increased export-related employment, and signed license or joint venture agreements) after receiving MTO services; and

- Nearly one-third, 29%, reported increased export sales after receiving MTO services. The total value of increased export sales reported by surveyed firms, alone, grew between $19.3 million to $69.7 million.

In macro terms, the MTO can measure its performance against two primary objectives (exports, foreign investment) by ranking relative to other states, relative change, and relative change against U.S. and OECD rates.

Exports -

- Minnesota Exports (manufactured goods)
- Exports Per Capita
- Exports as a % of GSP

Foreign Direct Investment -

- Numbers of Foreign Affiliates in Minnesota
- Number of Employees
- Gross Book Value of Property, Plant and Equipment

PROGRAM: Minnesota Trade Office
AGENCY: Trade and Economic Development, Department of
(Continuation)

OBJECTIVES:

EXPORTS:

1. Minnesota Exports (Manufactured Goods)

	HISTORY				FORECAST		GOALS	
	1988	1989	1990	1991	1992	1993	1994	1995
Total $	4,664	5,010	5,861	5,975	6,100	6,250	6,450	6,600
State Rank	16	17	17	17	17	17	16	16
% Change		7%	15%	2%	2.5%	2%	3%	3%

2. Exports Per Capita

$ Per Capita	1,083	1,151	1,340	1,348	1,340	1,400	1,450	1,500
State Rank	13	13	13	14	14	13	13	12
% Change		6%	14%	.005%	2.5%	2%	3%	3%

3. Exports as Percent of G.S.P. (Manufactured Goods)

Exports	4,664	5,010	5,861	5,975	6,100	6,250	6,450	6,600
*G.S.P. (MAF?)	52,900	19,800	55,200	55,200	57,500	58,000	59,500	60,000
% Share	8.9	9.3	10.7	10.7	10.6	10.7	10.8	11

* includes all values not net

FOREIGN DIRECT INVESTMENT:

4. Number of Foreign Affiliates in Minnesota (all countries):

	HISTORY							FORECAST		GOALS	
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
# of Affiliates	365	382	403	599	623	670*	720*	770	820	870	920

5. Employment of Foreign Affiliates (in Thousands)

	HISTORY							FORECAST		GOALS	
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Employees	35.7	47.9	40.2	51.4	81.2	67.0*	72.0*	77.0	82.0	87.0	92.0

* Estimate - Data not yet released.

6. Foreign Affiliates: Gross Book Value of Property, Plant and Equipment (Millions of Dollars)

	HISTORY							FORECAST		GOALS	
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
$ TOTAL	4.3	4.4	4.3	5.5	11.4	12.5*	13.5*	14.5	15.5	16.5	17.5

* Estimate - Data not yet released.

PROGRAM PLAN:

The agency plan reduces this program by $80,000 in F.Y. 1994 and $80,000 in F.Y. 1995. The division will reduce their budget through the following recommendations:

- Reduce Trade Lead Program (40,000)
- Reduce out-of-country travel (40,000)
- Reduce publication production (80,000)

Inflation will be absorbed through other operational savings.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the program plan except for the following adjustments:

1. The Governor recommends $210,000 for a Minnesota International Information Network. The Trade Office would contract with Minnesota representatives to represent Minnesota and Minnesota businesses exporting in foreign countries.

2. The proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: MN TRADE OFFICE

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
MN TRADE OFFICE	2,182	1,976	2,225	2,191	2,111	2,172	2,205	2,125	2,186
TOTAL EXPENDITURES BY ACTIVITY	2,182	1,976	2,225	2,191	2,111	2,172	2,205	2,125	2,186
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<44>			<44>
(P) MN INTL INFO NETWORK FOR TRADE OFFICE		GEN				105			105
TOTAL GOV'S INITIATIVES						61			61
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,144	1,901	2,079	2,045	1,965	2,026	2,059	1,979	2,040
STATUTORY APPROPRIATIONS:									
GENERAL	1	29							
SPECIAL REVENUE	37	34	46	46	46	46	46	46	46
FEDERAL		12	100	100	100	100	100	100	100
TOTAL FINANCING	2,182	1,976	2,225	2,191	2,111	2,172	2,205	2,125	2,186
POSITIONS BY FUND:									
GENERAL	30.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0
TOTAL POSITIONS	30.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0

BUDGET ACTIVITY: Minnesota Trade Office
PROGRAM: Minnesota Trade Office
AGENCY: Trade and Economic Development, Department of

ACTIVITY DESCRIPTION:

The Minnesota Trade Office is the state's lead resource in developing and supporting international activities within Minnesota's overall economic development strategy.

The Minnesota Trade Office (MTO), exists to increase Minnesota employment through increased Minnesota exports to international markets, and to facilitate foreign direct investment.

The MTO functions work toward achieving specific goals as defined in the Economic Blueprint.

BUDGET ISSUES:

The agency plan reduces this program by $80,000 in F.Y. 1994 and $80,000 in F.Y. 1995. The division will reduce their budget through the following recommendations:

- Reduce Trade Lead Program ($40,000)
- Reduce out-of-country travel ($40,000)
- Reduce publication production ($80,000)

Inflation will be absorbed through other operational savings.

EFFICIENCY MEASURES:

1. GROWTH OF MINNESOTA EXPORTS

Increased Minnesota business knowledge of: export trade, available trade assistance, knowledge of export trade opportunities, and export-related knowledge, skills and abilities are required precursors to successful export trade for new-to-export companies, as well as long-term expansion of trade among existing Minnesota exporters.

The following are the outcomes of each of the program functions which target growth of Minnesota exports.

A. Information Services

- International Library

The MTO International Library provides a source of focused export information to private and public sectors; facilitated international information to other libraries in the state; and position Minnesota at the high-end of economic competitiveness.

	F.Y. 1994	F.Y. 1995	
Effective:	60%	65%	Services contributed to exports
Efficient:	90%	95%	Services rated good to excellent
Workload:	500	550	Clients/month

Cost Targets: $5.00 per outside information contact plus staff support

- Publications

The MTO produces trade-related directories featuring specific industry sectors (eg., AgriSource, Environmental Protection), international business service providers and trade data.

	F.Y. 1994	F.Y. 1995	
Effective:	65%	70%	Services contributed to exports
Efficient:	85%	90%	Services rated good to excellent
Workload:	5,000	5,000	Domestic distribution
	200	250	International distribution

Cost Targets: $.50 per impression

B. Education/Training

Company export-related knowledge, skills and abilities are increased through formal basic export training workshops and seminars. These training opportunities, offered throughout non-metro and metro areas of the state and, are offered approximately twice a week.

	F.Y. 1994	F.Y. 1995	
Effective:	70%	75%	Services contributed to exports
Efficient:	85%	90%	Services rated good to excellent
Workload:	100	100	Conduct seminars/year
	4,200	4,400	Attendees

Cost Targets: $28 per educated exporter

C. Finance Program

The MTO program provides Minnesota exporters with financial assistance, through loan guarantees, risk insurance and financial counseling through its Minnesota Export Finance Authority (MEFA). Applications for MEFA guarantees are reviewed by MEFA board members which are appointed to staggered 4-year terms by the Governor. Under current legislation, all interest earned and guaranteed fees collected are remitted to the General Fund.

- Loan Guarantees

	F.Y. 1994	F.Y. 1995	
Effective:	90%	95%	Services contributed to exports
Efficient:	80%	85%	Services rated good to excellent
Workload:	15	25	Number of loans guaranteed
	2.5 mil	3.0 mil	Value of loans/exports

Cost Targets: $.008 per export dollar increased

■ Finance Counseling

	F.Y. 1994	F.Y. 1995	
Effective:	80%	85%	Services contributed to exports
Efficient:	85%	90%	Services rated good to excellent
Workload:	400	440	Clients counseled
Cost Targets: $40 per client consulted			

D. Marketing/Export Counseling

The export status (eg., never exported, new-to-export, seasoned exporter) of Minnesota firms determines the appropriateness of a variety of training and development events sponsored by the MTO and/or available from other service providers. Through one-on-one client counseling, 15 MTO international business staff access a client's needs and recommend possible courses of action ranging from responding to a single information need (eg., providing an agent/distributor list) to the development of an effective export marketing strategy.

■ Agent/Distributor Services

	F.Y. 1994	F.Y. 1995	
Effective:	55%	60%	Services contributed to exports
Efficient:	65%	70%	Services rated good to excellent
Workload:	5,500	6,000	Identified names/year
Cost Targets: $4.50 per distributor contact			

■ Introduction to Foreign Buyers (staff arranged meetings at MTO between Minnesota companies and foreign buyers)

	F.Y. 1994	F.Y. 1995	
Effective:	40%	45%	Services contributed to exports
Efficient:	80%	85%	Services rated good to excellent
Workload:	50	100	Buyer contacts
Cost Targets: $50 per foreign buyer contact			

■ Trade Leads Service

	F.Y. 1994	F.Y. 1995	
Effective:	55%	60%	Services contributed to exports
Efficient:	60%	65%	Services rated good to excellent
Workload:	10,000	11,000	Leads disseminated
Cost Targets: $2.00 per trade lead provided			

■ On-call Program (daily on-call program to field general, incoming trade-related calls)

	F.Y. 1994	F.Y. 1995	
Effective: (data too expensive to collect)			Services contributed to exports
Efficient:			Services rated good to excellent
Workload:	3,000	3,000	Inquiries resolved/year
Cost Targets: $3.00 per trade-related call			

■ Specific Inquiry Program (inquiries/meetings requiring trade specialist assistance)

	F.Y. 1994	F.Y. 1995	
Effective:	65%	70%	Services contributed to exports
Efficient:	85%	90%	Services rated good to excellent
Workload:	20,000	22,000	Inquiries handled/year
Cost Targets: $14.00 per specific counseling inquiry			

■ Trade Missions (assist companies in matchmaking with international buyers)

	F.Y. 1994	F.Y. 1995	
Effective:	30%	35%	Services contributed to exports
Efficient:	80%	85%	Services rated good to excellent
Workload:	10	12	Trade missions/year
Cost Targets: $1,200.00 per trade mission			

■ Trade Shows/Catalog Shows (MTO represents Minnesota companies at international market shows)

	F.Y. 1994	F.Y. 1995	
Effective:	45%	50%	Services contributed to exports
Efficient:	85%	90%	Services rated good to excellent
Workload:	8	10	Trade shows/year
Cost Targets: $2.00 per contact at trade show			

■ MTO outreach program, servicing 6 initiative fund regions, is required to serve all Minnesota business customers. This geographic trade coverage of the state will permit future measurement of export results and % change in jobs/unemployment by region.

	F.Y. 1994	F.Y. 1995	
Effective:	50%	55%	Services contributed to exports
Efficient:	70%	75%	Services rated good to excellent
Workload:	50	60	Client visits/month
Cost Targets: $50 per client visit			

E. International Information Network (Foreign Offices)

In F.Y. 1992, the MTO budget of $232,000 for foreign Offices was eliminated and, contingent upon the development of a report outlining the criteria to be used for developing such a network, $100,000 was restored in F.Y. 1993. This report was submitted to the legislature during the 1992 session and an implementation plan is currently underway. Funding levels equal to F.Y. 1993 are expected in F.Y. 1994-95.

BUDGET ACTIVITY: Minnesota Trade Office
PROGRAM: Minnesota Trade Office
AGENCY: Trade and Economic Development, Department of
(Continuation)

	F.Y. 1994	F.Y. 1995	
Effective:	40%	45%	Services contributed to exports
Efficient:	80%	85%	Services rated good to excellent
Workload:	80	100	Specific clients served/month
Cost Target:	$40 per client serviced		
	$.75 per Minnesota impression		
	250 per advice/strategic recommendation		

REVENUE:

The MTO education/training effort has the facility to recover some variable costs. When seminars are provided throughout the state (estimate 75-100 per year), costs such as meals, coffee breaks, meeting room expenses, and some student materials are included. Students are charged these costs in registration fees. This allows the program to expand to meet the clients' needs.

In the F.Y. 1994-95 biennium, the MTO expects $45,000 each year in cost recovery.

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Special	$135.0	$147.0	$120.0	$120.0	$120.0
Dedicated - Federal		12.0	80.0	80.0	80.0
Non-Dedicated	8.0	14.0	5.0	5.0	5.0
	$143.0	$173.0	$201.0	$201.0	$201.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: MN TRADE OFFICE
ACTIVITY: MN TRADE OFFICE

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,184	1,145	1,244	1,249	1,292	1,248	1,249	1,334	1,290
EXPENSES/CONTRACTUAL SRVCS	713	581	583	544	470	575	558	457	562
MISC OPERATING EXPENSES	125	139	196	196	189	189	196	186	186
SUPPLIES/MATERIALS/PARTS	69	51	67	67	80	80	67	68	68
CAPITAL EQUIPMENT	4	20	55	55			55		
SUBTOTAL STATE OPERATIONS	2,095	1,936	2,145	2,111	2,031	2,092	2,125	2,045	2,106
AIDS TO INDIVIDUALS		31							
LOCAL ASSISTANCE	87	9	80	80	80	80	80	80	80
TOTAL EXPENDITURES	2,182	1,976	2,225	2,191	2,111	2,172	2,205	2,125	2,186
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<44>			<44>
(P) MN INTL INFO NETWORK FOR TRADE OFFICE		GEN				105			105
TOTAL GOV'S INITIATIVES						61			61
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,144	1,901	2,079	2,045	1,965	2,026	2,059	1,979	2,040
STATUTORY APPROPRIATIONS:									
GENERAL	1	29							
SPECIAL REVENUE	37	34	46	46	46	46	46	46	46
FEDERAL		12	100	100	100	100	100	100	100
TOTAL FINANCING	2,182	1,976	2,225	2,191	2,111	2,172	2,205	2,125	2,186

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: MN TRADE OFFICE
ACTIVITY: MN TRADE OFFICE

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	30.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0
TOTAL POSITIONS	30.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Trade and Economic Development
PROGRAM: Minnesota Trade Office
ACTIVITY: Minnesota Trade Office

ITEM TITLE: Minnesota International Information Network (Foreign Trade Offices)

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$105	$105	$105	$105

Statutory Change? Yes _____ No __X__
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends $105,000 each year to fund contractual agreements for Minnesota representatives in foreign countries (formerly foreign offices).

In 1991, the legislature unallotted $212,000 in F.Y. 1992 and $112,000 in F.Y. 1993 from the Minnesota Trade Office budget that was used to support Minnesota Foreign Trade Offices. The legislature also instructed the Trade Office to prepare a report on alternatives to provide services to represent Minnesota and Minnesota businesses exporting in foreign countries.

The report was completed and established a several-tiered approach to provide an "International Network" without the large overhead costs associated with actual offices in various countries.

The "network" will be established to provide accurate, timely, and pertinent information from international locations through a partnership of corporate contacts, resident representatives and shared government offices.

The appropriation would provide services in Japan, England, Germany, Belgium, Norway, Sweden, Taiwan, Mexico, Costa Rica and Australia, as recommended in the report. These contacts are critical to maintain the service to the Trade Office's clients, approximately 5,000 businesses (seasoned exporters, new-to-export businesses and high potential exporters) throughout the state.

PROGRAM OUTCOMES:

This is a new approach to the traditional foreign office structure. Outcomes will be measured through contacts and sales made by MTO's clients.

LONG-TERM IMPACT:

This request follows the instructions mandated by the legislature to develop a strategic plan for Minnesota's international exporting presence.

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PROGRAM: Tourism
AGENCY: Trade and Economic Development, Department of

PROGRAM PURPOSE:

The Office of Tourism's primary purpose is to generate and retain travelers to explore the state; thereby generating additional sales and sales tax revenues for the state; and to maintain and enhance employment opportunities through the travel industry for Minnesota residents, consistent with the goals in the Economic Blueprint and the department's mission statement. Tourism is a major economic force in Minnesota in terms of generating increased tax revenues for the state from non-residents and providing for a diversity in local economies, especially those in Greater Minnesota. The program is separated into 5 major areas.

- The first area is **generating and retaining travelers**, which is primarily the sales functions for the office, including advertising, public relations, group tours, both internationally and domestically.
- The 2nd area is **servicing travelers**. This is done through a network of information centers located throughout the state, as well as through a phone system and a fulfillment operation to send materials to respond to contacts.
- The 3rd area is **developing and maintaining information**. This area contributes by developing the product, collecting information and insuring its accuracy so that it can be provided and used by the office's customer service areas in fulfilling travelers' needs for information.
- The 4th area is in **industry relations**, which includes four outstate Minnesota offices and is partnered with regional associations to assist in developing marketing at a local level, as well as addressing broader travel policy issues, such as advocating compliance with Americans With Disability Act, currency availability for international travelers, scenic byways, etc.
- The 5th area is in **partnership programs** that are designed to provide financial assistance on a match basis with tourism organizations from small communities to major convention bureaus, as well as to capitalize on major events and projects that could leverage additional sales tax dollars to the state.

PROSPECTS:

1. Generating and Retaining Travelers

   - The ability to generate new travelers to Minnesota as well as retaining Minnesota resident travelers is directly related to the state's ability to compete with other states and regions of the country. The overall ability to continue to maintain and expand tourism will require the office to strategically out-market the competition by developing new information and services.
   - With the current economic situation, the potential for increased overseas and group travel to Minnesota is positive for the long term. Increases are expected, although at present they are not a major share of the market.

2. Servicing Travelers

   - The continuing costs to provide information are outstripping resources at 2 levels. The first is the cost to produce information, literature, etc. as well as mailing costs. These trends will continue and the office must continue to look for better ways to provide information in a more efficient and effective manner.
   - The number of travelers that the program services continues to grow. This will place extra burden on the overall program's finances, in order to maintain client services which generates travel dollars to the state.

3. Developing Tourist Information

   - Critical in the office's overall program is the ability to acquire, update, and disseminate, on a regular basis, quality information. The continued application of computer technology and data base management in this area will help, and in the long term, potentially contribute a great deal to developing more efficiency in the office's travel service area.

4. Industry Relations

   - Continuing to find ways and redefine roles between the overall state program and regional and local programs is critical. In the past, those roles have been unclear and, as a result, a great deal of focus needs to be placed on identifying ways in which the office can better apply resources for tourism locally and regionally, and statewide. Marketing has changed significantly in the last fifteen years and the office needs to find ways to apply those improvements to all facets of local and regional travel initiatives.

5. Partnerships

   - The office will apply the same rigorous outcome standards that have been applied to the overall statewide program to all of the partnership programs with local organizations, as well as regional organizations.
   - Finding ways to better leverage resources is key in the long-term to be able to have sustained travel and tourism activity throughout the state.

OUTCOMES:

The office has collected data on a variety of programs to demonstrate outcomes in order to measure the office's performance against its goals, as part of the annual work plan. The following along with objectives show specific outcomes and future goals.

1. Generating Travelers

   - Annually the office measures the number and type of advertising inquiries that are received as a result of its marketing, taking a look at the cost per inquiry.
   - Through a cooperative program with 8 other states, the office has established overall market share for Minnesota. In the F.Y. 1994-95 biennium, the office is setting specific goals and targets for market share which will better evaluate the program.

PROGRAM: Tourism
AGENCY: Trade and Economic Development, Department of
(Continuation)

2. Servicing Travelers

- The office looks at the total number of customers that it serves annually and, in turn, develops overall satisfaction goals as well as goals for the number of people that are first time travelers and response time to inquiries.

- Data is also collected and assessed per unit cost on serving customers data that details the relationship to the cost for retail customers, phone customers, and those that are ordering information through the mail.

3. Partnerships

- A primary outcome is the ability to generate additional support from the private sector required by law. The office regularly tracks the contributions the private sector is making to the overall programs and set specific goals each year with an eye towards increasing those contributions.

OBJECTIVES:

(NOTE: F.Y. 1994 would be the same as F.Y. 1995)

1. Generating Travelers

- Maintaining and increasing market share

	F.Y. 1989	F.Y. 1991	F.Y. 1995
Market Share			
North Central Region	9.8%	9.9%	10%

- Increase the number of group tours

	F.Y. 1989	F.Y. 1991	F.Y. 1995
Groups	1,504	2,644	4,000

- Increase number of international visitors

	F.Y. 1989	F.Y. 1991	F.Y. 1995
International visitors	627,000	842,000	1,000,000

2. Servicing Travelers

- Increased number of customers served

	F.Y. 1987	F.Y. 1991	F.Y. 1995
Customers	849,212	1,177,322	1,400,000

- Conversion rate (number of people who inquired that traveled to Minnesota)

	F.Y. 1987	F.Y. 1991	F.Y. 1995
Non-resident travelers	48.78%	54.4%	55.0%

3. Partnerships

- Increase non-state contributions to tourism program

F.Y. 1989	F.Y. 1991	F.Y. 1995
$1,925.0	$2,413.0	$2,413.0

PROGRAM PLAN:

The Office of Tourism's budget plan for F.Y. 1994-95 will require acceleration in the development of computer usages in terms of data collection and dissemination. This will hopefully help to reduce dependency on printed literature, thus reducing the number of materials produced. In addition, the office needs to look at specific services that it has provided in the past, such as distributing community brochures through the mail, and perhaps ask those communities to pay that cost. This example and similar actions over the next 2 biennia will generate greater efficiencies to hold costs down.

The agency plan reduces this program's General Funds by $239,000 in F.Y. 1994 and $239,000 in F.Y. 1995 and Trunk Highway Funds by $36,000 in F.Y. 1994 and $36,000 in F.Y. 1995. The division will reduce their budget through the following recommendation:

■ Reduce travel indicators	(24,000)
■ Eliminate service of mailing out community brochures	(132,000)
■ Reducing staff hours	(148,000)
■ Reduced staffing levels for St. Cloud Travel Information Center	(72,000)
■ Productivity improvements	(174,000)

Inflationary costs will be absorbed through other operational savings.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the program plan except for the following adjustments:

1. The Governor recommends $300,000 from the General Fund to be matched by non-state sources for developmental and promotion of the 1995 NCAA Women's Final Tour Basketball Championships; and;

2. The proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: TOURISM

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TOURISM MARKETING	8,944	9,100	8,518	7,998	7,723	7,928	7,998	7,723	7,628
TOTAL EXPENDITURES BY ACTIVITY	8,944	9,100	8,518	7,998	7,723	7,928	7,998	7,723	7,628
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<77>			<77>
(A) SALARY PLANNING ESTIMATES		THI				<18>			<18>
(P) NCAA WOMENS' FINAL FOUR		GEN				300			
TOTAL GOV'S INITIATIVES						205			<95>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	7,664	7,716	6,914	6,391	6,152	6,375	6,391	6,152	6,075
TRUNK HIGHWAY	718	725	718	721	685	667	721	685	667
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	562	659	886	886	886	886	886	886	886
TOTAL FINANCING	8,944	9,100	8,518	7,998	7,723	7,928	7,998	7,723	7,628
POSITIONS BY FUND:									
GENERAL	38.0	38.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0
TRUNK HIGHWAY	16.0	16.0	16.0	15.0	15.0	15.0	15.0	15.0	15.0
TOTAL POSITIONS	54.0	54.0	48.0	47.0	47.0	47.0	47.0	47.0	47.0

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BUDGET ACTIVITY: Tourism Marketing
PROGRAM: Tourism
AGENCY: Trade and Economic Development, Department of

ACTIVITY DESCRIPTION:

The Tourism program and activity are treated as one. This description highlights the areas of efficiency measures, grants and revenue.

The Office of Tourism's primary purpose is to generate and retain travelers to explore the state; to generate additional sales and sales tax revenues for the state; to maintain and enhance employment opportunities through the travel industry for Minnesota residents, consistent with the Economic Blueprint. The program is separated into 5 major areas.

- The first area is **generating and retaining travelers**, which is primarily the sales functions for the office, including advertising, public relations, group tour, both internationally and domestically.
- The 2nd area is in **servicing travelers**. This is done through a network of information centers located throughout the state, as well as through a phone system and a fulfillment operation to mail material to respond to contacts.
- The 3rd area is **developing and maintaining information**. This area contributes by developing the product, collecting information and insuring its accuracy so that it can be provided and used by the office's customer service areas in fulfilling travelers' needs for information.
- The 4th area is in **industry relations**, which includes 4 outstate Minnesota offices and is partnered with regional associations to assist in developing marketing at a local level, as well as addressing broader travel policy issues, such as advocating compliance with Americans With Disability Act, currency availability for international travelers, scenic byways, etc.
- The 5th area is in **partnership programs** that are designed to provide financial assistance on a match basis with tourism organizations from small communities, regional organization and major convention bureaus, as well as to capitalize on major events and projects that could leverage additional sales tax dollars to the state.

BUDGET ISSUES:

With the program and activity being the same, specific budget issues are reflected in the program narrative.

1. Generating and Retaining Travelers

   - The ability to generate new travelers to Minnesota as well as retaining Minnesota resident travelers is directly related to the state's ability to compete with other states and regions of the country. The overall ability to continue to maintain and expand tourism will require the office to strategically out-market the competition by developing new information and services.
   - With the current economic situation, the potential for increased overseas and group travel to Minnesota is positive for the long term. Increases are expected, although at present they are not a major share of the market.

2. Servicing Travelers

   - The continuing costs to provide information are outstripping resources at 2 levels. The first is the cost to produce information, literature, etc. as well as mailing costs. These trends will continue and the office must continue to look for better ways to provide information in a more efficient and effective manner.
   - The number of travelers that the program services continues to grow. This will place extra burden on the overall program's finances, in order to maintain client services which generates travel dollars to the state.

3. Developing Information

   - Critical in the office's overall program is the ability to acquire, update, and disseminate, on a regular basis, quality information. The continued application of computer technology and data base management in this area will help, and in the long term, potentially contribute a great deal to developing more efficiency in the office's travel service area.

4. Industry Relations

   - Continuing to find ways and redefine roles between the overall state program and regional and local programs is critical. In the past, those roles have been unclear and, as a result, a great deal of focus needs to be placed on identifying ways in which the office can better apply resources for tourism locally and regionally, and statewide. Marketing has changed significantly in the last fifteen years and the office needs to find ways to apply those improvements to all facets of local and regional travel initiatives.

5. Partnerships

   - The office will apply the same rigorous outcome standards that have been applied to the overall statewide program to all of the partnership programs with local organizations, as well as regional organizations.
   - Finding ways to better leverage resources is key in the long-term to be able to have sustained travel and tourism activity throughout the state.

EFFICIENCY MEASURES:

(NOTE: F.Y. 1994 would be the same as F.Y. 1995)

1. Advertising Cost per Inquiry

	F.Y. 1987	F.Y. 1992	F.Y. 1995
Cost per inquiry	$2.10	$2.66	$2.75

2. The cost of serving each inquiry. This measure is computed by dividing the cost of receiving and processing each request.

	F.Y. 1989	F.Y. 1992	F.Y. 1995
Cost per customer	$1.83	2.94	2.90*

* Estimated

3. The average cost of delivering a response to a consumer. While the shift in recent years has been to the delivery mechanism that best meets the needs of the consumer (telephone, audio text, fax) most replies are still delivered by the U.S. Postal Service. For that reason, only postage cost per response is presented here as a measure of efficiency.

	F.Y. 1989	F.Y. 1991	F.Y. 1995
Delivery cost per customer	$2.03	$3.14	$3.20

GRANTS:

Joint Venture Partnerships

1. **Destination Marketing Organization Joint Venture Partnerships** are operated according to M.S. 116J.58, Subd. 3. The purpose is to enhance the economic viability of the state through development, improvement, and the promotion of the travel, tourism, and convention industry of the state; to market and promote destination area travel opportunities, to increase the number of visitors into the State of Minnesota; and to encourage multi-community promotion efforts representing a minimum of 2 or more primary tourism promotion areas.

   Eligible applicants must be non-profit organizations formed for the primary purpose of tourism promotion, representing all facets of the travel industry within an area and designated as the primary tourism promotion organization for a city or area. The organization must provide sustained years around tourism marketing. Eligible applicants include convention and visitor bureaus, chamber of commerce and area-wide tourism promotion organizations.

   Funds must be used to attract non-resident leisure and consumer travelers or competitively bid conventions. Funding is computed as a percentage of the total of all local budgets submitted during certification. A minimum eligible request is $5,000 up to a maximum of $75,000.

2. **Local Joint Venture Partnerships** are designed for local non-profit tourism organizations formed for the primary purpose of tourism promotion, providing year around sustained tourism activities. This includes chambers of commerce, resort associations, civic clubs and convention and visitor bureaus. The program operates under M.S. 116J.58, Subd. 3. The purpose of the program is to generate a higher degree of private sector financial involvement in tourism marketing with a primary goal of generating increased travel into the state. The program encourages multi-community projects which improve local initiatives in developing tourism marketing plans and strategies. Top-priority is given to projects that attract non-resident travelers to the state and represent 2 or more primary tourism promotion areas. Additional weighting is provided to organizations representing 3 or more primary tourism promotion areas. Second priority will be given to projects that attract non-resident travelers to the state but do not represent multiple primary tourism promotion areas. Higher consideration will be given to organizations that demonstrate an active annual customer service training program. Projected quality of results is a factor in final funding decisions. Funding minimum amount is $1,000 and the maximum is $5,000 for a single community and $10,000 for a multi-community program.

3. Lastly, the office enters into **Special Joint Venture Partnerships** to generate additional sales tax revenue for the state with organizations and corporations. These vary from year-to-year based on need and potential revenue. The 1993 session laws directs that future joint venture partnerships be cost recovered and therefore, the entire program needs to be reassessed to insure maximum return to the state as it relates to sales and sales tax revenue generated.

REVENUE:

This activity generates dedicated revenue.

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Special	$590.0	$714.0	$882.0	$882.0	882.0
Non-Dedicated - General	13.0	4.0	6.0	6.0	6.0
	$603.0	$718.0	$887.0	$887.0	887.0

The office is required to raise $2,000,000 from non-state sources to match state General Funds. One-half can be in-kind services.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: TOURISM
ACTIVITY: TOURISM MARKETING

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,879	3,088	2,744	2,763	2,766	2,671	2,763	2,816	2,721
EXPENSES/CONTRACTUAL SRVCS	3,302	3,224	3,989	3,630	3,492	3,792	3,630	3,442	3,442
MISC OPERATING EXPENSES	728	817	823	823	781	781	823	781	781
SUPPLIES/MATERIALS/PARTS	354	153	304	304	206	206	304	206	206
CAPITAL EQUIPMENT	73	48	8	8	8	8	8	8	8
SUBTOTAL STATE OPERATIONS	7,336	7,330	7,868	7,528	7,253	7,458	7,528	7,253	7,158
LOCAL ASSISTANCE	1,608	1,770	650	470	470	470	470	470	470
TOTAL EXPENDITURES	8,944	9,100	8,518	7,998	7,723	7,928	7,998	7,723	7,628
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<77>			<77>
(A) SALARY PLANNING ESTIMATES		THI				<18>			<18>
(P) NCAA WOMENS' FINAL FOUR		GEN				300			
TOTAL GOV'S INITIATIVES						205			<95>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	7,664	7,716	6,914	6,391	6,152	6,375	6,391	6,152	6,075
TRUNK HIGHWAY	718	725	718	721	685	667	721	685	667
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	562	659	886	886	886	886	886	886	886
TOTAL FINANCING	8,944	9,100	8,518	7,998	7,723	7,928	7,998	7,723	7,628

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: TOURISM
ACTIVITY: TOURISM MARKETING

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	38.0	38.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0
TRUNK HIGHWAY	16.0	16.0	16.0	15.0	15.0	15.0	15.0	15.0	15.0
TOTAL POSITIONS	54.0	54.0	48.0	47.0	47.0	47.0	47.0	47.0	47.0

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Trade and Economic Development
PROGRAM: Tourism
ACTIVITY: Tourism Marketing

ITEM TITLE: 1995 Womens' Final Four

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$300	$-0-	$-0-	$-0-

Statutory Change? Yes _____ No __X__
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends $300,000 to be matched by non-state sources for development and promotion of the 1995 NCAA Women's Final Four Basketball Championships. Dollars currently appropriated in the Joint Venture Partnership program are earmarked to promote local and multi-community opportunities to attract non-resident travelers.

PROGRAM OUTCOMES:

This event will enhance non-resident tourism expenditures in Minnesota and promote Minnesota's identity on a national basis. The recipient will be required to repay the state of Minnesota any excess revenues over expenses.

LONG-TERM IMPACT:

Increased non-resident repeat travel as a result of first time exposure to Minnesota.

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PROGRAM: Business Development and Analysis Division (BDAD)
AGENCY: Trade and Economic Development, Department of

PROGRAM PURPOSE:

The goal of the Business Development and Analysis division (M.S. 116J.01) is to facilitate real economic growth throughout the state, reflecting in the net increase of quality jobs and a vibrant business community. Activities of the division are key to the department's mission and the goals in the Economic Blueprint. The primary customers of the division are entrepreneurs, employers and business enterprises.

The services provided by the division are designed to:

- strengthen critical state industrial sectors by providing specific data assistance and promoting supportive state policies and activities;
- facilitate access to regulatory and permitting requirements by providing specific information and assistance to business enterprises;
- encourage start-up business activity by providing knowledge, training and information to entrepreneurs and the small business community;
- achieve positive business retention, expansion and location decisions by providing specific information and assistance to prospective opportunities;
- promote business and economic opportunities throughout the state by establishing statewide data link between DTED and regions of the state;
- enhance the state policymaker's knowledge of state business activity and promote appropriate policies by establishing statewide business activity databases;
- enhance department-wide efficiencies and effectiveness through economic analysis and computer services;
- fulfill legislative mandates by administering grants to designated economic development organizations;

PROSPECTS:

1. Small business and entrepreneurship

   Current federal statistics indicate that in the past few years Minnesota has one of the lowest business start-up rates (44th) in the nation. Entrepreneurship and small business creates a needed vibrant business community that is diverse and provides opportunity for employment.

   Repeated surveys and anecdotal evidence indicate that the regulatory and permitting process may be seriously restricting opportunities for start up and growth of small businesses.

2. Business expansion and retention

   As corporations continue to readjust and re-tool, continuing retention issues face Minnesota as firms must decide whether to reinvest substantial capital in buildings, equipment, technology and worker training in Minnesota. In a recent survey of businesses done by the department, *The Challenge to Change,* a large majority of firms surveyed plan to increase research and development expenditures and use new technologies within the next 5 years.

   Multiple major industrial sectors have helped stabilize and diversify the Minnesota economy over the past 3 decades. New and emerging industrial sectors offer the opportunity to continue diversifying the economic base for a stable recession-proof economy. This may range from the wood industry that constitutes $5.5 billion and 33,000 employed of the state's economy to cosmetics and soaps, which comprises $726 million and employs 4,467.

3. Economic development policies and information

   Much attention focuses on the debate of the business climate without enough substantial information to make informed policy decisions. Currently there is no mechanism in state government to ascertain the ebb and flow of business activity throughout Minnesota. Our ability to promote economic growth depends on sound policies based in factual information.

   Many opportunities for statewide business retention and expansion prospects are lost due to inadequate exchange of updated data and information between DTED and communities.

OUTCOMES:

1. Small business assistance

   - Small Business Assistance Office (SBAO). During 1991, 22% of small business clients serviced by the Office actually started a business, 28% expanded current operations, and 31% made a significant change in the nature of their business or markets. Twenty-one percent solved a specific operating problem. 42% of those who started a business and 37% of those who expanded reported SBAO assistance as critical or contributing factors. 1992 and 1993 data is collected at time of budget submission.

   - Small Business Development Center (SBDC). During 1991, directly assisted 4,000 clients and assisted 400 clients in obtaining $40,000,000 in assistance. 50% of clients not in business at the time of assistance said SBDC made significant contribution in their decision to start a business or cancel plans. 1992 and 1993 data is being collected at time of budget submission.

2. Industrial expansion and retention

   Service activities of industrial expansion and recruitment are currently being evaluated. Initial data from surveys already returned indicates hundreds of serviced clients resulting in million of capital investment dollars and thousands of new jobs.

3. Economic development policies and information

   Service activities of information and analysis are currently being evaluated for their impact on business development. Initial data indicates that the information provided by this program in 1991 assisted decision making resulted in $185 million in capital investment and 18 positive industrial location/expansion decisions, resulting in 609 jobs. Other information services impact development of DTED and state policies in support of state position favoring business development.

OBJECTIVES:

Using the Economic Blueprint goals the division has developed program objectives for F.Y. 1994-95.

PROGRAM: Business Development and Analysis Division (BDAD)
AGENCY: Trade and Economic Development, Department of
(Continuation)

1. GOAL: Minnesota jobs created by new firms will exceed U.S. average rate.

   - F.Y. 1994: SBAO 22% of serviced small business clients will start a business, 28% expand current operations and 31% make significant change in the nature of their business or markets; SBDC directly assist 4,000 clients, assist 400 clients in obtaining $40,000,000 in assistance, 50% of clients not in business at the time of assistance will indicate that SBDC made significant contribution in their decision to start a business or cancel plans.

   - F.Y. 1995: SBAO 22% of serviced small business clients will start a business, 28% expand current operations and 31% make significant change in the nature of their business or markets; SBDC directly assist 4,000 clients, assist 400 clients in obtaining $40,000 in assistance, 50% of clients not in business at the time of assistance will indicate that SBDC made significant contribution in their decision to start a business or cancel plans.

2. GOAL: Minnesota's capital investment per manufacturing worker will exceed U.S. average.

   - F.Y. 1994: Of clients served by business specialists and Information, Analysis and Evaluation Office aggregate increase in capital investment will be $250 - 300 million, creating 3,000 - 4,000 new jobs.

   - F.Y. 1995: Of clients served by business specialists and Information, Analysis and Evaluation Office aggregate increase in capital investment will be $250 - 300 million, creating 3,000 - 4,000 new jobs.

3. GOAL: Minnesota will increase the diversity of its industrial base. Minnesota will have 2.30% of U.S. high tech employment and 2.45% of U.S. resource intensive employment.

   - F.Y. 1994: Of increased investment/jobs indicated in Goal #2, 35% of total investment and job creation will occur in resource based or high tech industries.

   - F.Y. 1994: Of increased investment/jobs indicated in Goal #2, 35% of total investment and job creation will occur in resource based or high tech industries.

4. GOAL: Per capita income for Minnesota's poorest counties will not be less than 66% of state per capita income level.

   - F.Y. 1994: Division will have community access program established throughout the state by end of F.Y. 1993. Division will increase its business referrals prospects by 25% to regions where 5 poorest counties are located.

   - F.Y. 1995: Division will increase its business referrals prospects by 50% to regions where 5 poorest counties are located.

PROGRAM PLAN:

Budget reductions have prompted reduction and a reallocation of funds into activities most associated with DTED mission and Economic Blueprint goals. However, this division will re-direct some funds to developing and maintaining first-ever business tracking database system and give state data to analyze and develop policies for response to growth or decline of industrial businesses, industry sector, by regions of the state. The division is prposing the creation of a statewide regional access program that will modernize community outreach efforts by linking DTED business opportunities with available community interest and resources throughout the state.

The agency's plan reduces this program by $136,000 in F.Y. 1994 and $136,000 in F.Y. 1995. The division will reduce their budget through the following recommendations.

SMALL BUSINESS DEVELOPMENT: The administrative (non-grant) portion of the Job Skills Partnership will be cut by the amount of $14,000.

OFFICE OF BUSINESS DEVELOPMENT: Grants will be cut in the amount of $258,000, as follows:

Job Skills Partnership	$110,000
WomenVenture	30,000
Film Board	28,000
Business Incubator	90,000

Inflation costs will be absorbed through other operational savings.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the program plan except for the following adjustments:

1. The Governor recommends $1,000,000 for state reinvestment in Small Business Development Centers (SBDC) to provide the required cash match for federal assistance to that program. That same amount of state matching funds, which is currently provided by state-funded higher education systems, would be reduced from those systems' budgets.

2. The Governor recommends transferring the Job Skills Partnership Board to the Department of Jobs and Training (DJT), to more clearly align the mission and responsibilities of DTED and DJT. General fund savings are $2,176,000 and 3.0 positions in DTED. The board would be funded and staffed out of the Minnesota Workforce Investment Fund in DJT.

3. The Governor recommends $364,000 and 1.0 position to upgrade existing computer services to provide timely and accurate information to businesses on site availability issues and investment opportunities and to communities on business location leads; and

4. The proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: BUS DEVELOP & ANALYSIS

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
BUS DEVELOP & ANALYSIS	7,868	5,715	6,310	6,061	5,925	5,414	6,061	5,925	5,499
TOTAL EXPENDITURES BY ACTIVITY	7,868	5,715	6,310	6,061	5,925	5,414	6,061	5,925	5,499
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<56>			<61>
(A) SALARY PLANNING ESTIMATES		ENV				<4>			<4>
(P) STATE REINVESTMENT IN SBDCS		GEN				500			500
(P) TRANSFER JOB SKILLS PARTNERSHIP TO DJT		GEN				<1,088>			<1,088>
(P) IMPROVE SYS ACCESS TO BUSINESS/ECON INFO		GEN				137			227
TOTAL GOV'S INITIATIVES						<511>			<426>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	6,147	4,099	4,719	4,470	4,334	3,827	4,470	4,334	3,912
ENVIRONMENTAL	281	215	214	214	214	210	214	214	210
STATUTORY APPROPRIATIONS:									
GENERAL	5								
SPECIAL REVENUE	67	53	40	40	40	40	40	40	40
FEDERAL	1,320	1,319	1,313	1,313	1,313	1,313	1,313	1,313	1,313
GIFTS AND DEPOSITS	48	29	24	24	24	24	24	24	24
TOTAL FINANCING	7,868	5,715	6,310	6,061	5,925	5,414	6,061	5,925	5,499
POSITIONS BY FUND:									
GENERAL	44.2	41.5	41.5	39.0	39.0	37.0	39.0	39.0	37.0
FEDERAL	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
ENVIRONMENTAL	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL POSITIONS	50.2	47.5	47.5	45.0	45.0	43.0	45.0	45.0	43.0

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BUDGET ACTIVITY: Business Development and Analysis Division
PROGRAM: Business Development and Analysis Division
AGENCY: Trade and Economic Development, Department of

ACTIVITY DESCRIPTION:

The Office of Information Analysis and evaluation (IAE) (M.S. 116J.58) promotes job creation and creates a positive environment for business formation and expansion in Minnesota by providing critical information, analysis and computer services to the department. Specific analytic functions include information for business expansion and location projects, impact analysis, strategic industrial analysis, and program outcome measurement. Computer and information services include hardware and software acquisition and maintenance, computer network support, database development and maintenance, and library reference services.

The Small Business Assistance Office (SBAO) (M.S. 116J.68) exists to facilitate the start-up, operation and expansion of small businesses in Minnesota by reducing the costs of information associated with the activities and by accessing the capability and resources of firms and individuals to make sound business decisions.

The Office of Business Development (BD) (M.S. 116J.58) is the lead effort in bringing the department's resources to the decision point of industrial retention, expansion and location opportunities. Generating capital investment and employment opportunity throughout Minnesota is the result of activity efforts. In addition, this activity strengthens critical industrial sectors within Minnesota, ensuring a diversified stable economy built on lead and supportive industrial sectors.

BUDGET ISSUES:

The agency plan reduces this program by $136,000 in F.Y. 1994 and $136,000 in F.Y. 1995. The division will reduce their budget through the following recommendations.

SMALL BUSINESS DEVELOPMENT: The administrative (non-grant) portion of the Job Skills Partnership will be cut by the amount of $14,000.

OFFICE OF BUSINESS DEVELOPMENT: Grants will be cut in the amount of $258,000, as follows:

Job Skills Partnership	$110,000
WomenVenture	30,000
Film Board	28,000
Business Incubator	90,000

Inflation costs will be absorbed through other operational savings.

EFFICIENCY MEASURES:

1. Business location projects assisted/analyst/year

F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
14	15	20	23	23

2. Time needed for detailed proposal

F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
5 weeks	4 weeks	3 weeks	3 weeks	3 weeks

3. Percent of businesses reporting information assistance "Excellent"

F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
40%	40%	50%	50%	55%

4. Measurable economic goals for Minnesota established: economic development strategy in place

F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
No	No	Yes	Yes	Yes

5. Business tracking system operating: a) "Realtime" lag, b) Quarterly reports produced

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
a.	NA	8 months	7 months	7 months	7 months
b.	0	0	3	4	4

6. Research and analysis: a) % of clients rating usefulness "Excellent", b) % of clients using product "A lot"

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
a.	30	30	40	45	50
b.	67	67	75	75	75

7. Number of staff linked to computer network/% of staff using network

F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
NA	35/75%	65/80%	110/80%	110/85%

8. Percent of time computer is down

F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
5	4	3	3	3

9. Staff time saved due to automation of databases, in hours

F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
400	600	1,200	1,500	1,500

BUDGET ACTIVITY: Business Development and Analysis Division
PROGRAM: Business Development and Analysis Division
AGENCY: Trade and Economic Development, Department of
(Continuation)

GRANTS:

Small Business Assistance Office: The Job Skills Partnership program provides grants-in-aid to a consortia of businesses, educational institutions and labor organizations to assist in new business development and expansion. These partnerships develop training programs which result in businesses obtaining needed employees, persons being trained and employed in skilled and technical jobs and market responsible change in the education systems.

Office of Business Development disburses the grants supporting Advantage Minnesota, Metropolitan Economic Development Association (MEDA) and WomenVenture.

Advantage Minnesota is a non-profit public private agency designed to bring the broad array of tools and skills synonymous with marketing disciplines to identify new expansion or retention opportunities in out-of-state targeted industries and/or to a few key in-state companies. It is working to bring new business prospects into the state and in conjunction with DTED bring the resources of our agency and state government to influence a positive decision on behalf of Minnesota.

MEDA and WomenVenture are operational grants that will support 2 non-profits dedicated to business development within minority or women-owned businesses in the community.

REVENUE:

This activity will generate dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-Dedicated - General	$4.0	$3.0	$1.0	$1.0	$.10
Dedicated - Federal	1,319.0	1,319.0	871.0	871.0	871.0
	$1,460.0	$1,388.0	$924.0	$924.0	$924.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: BUS DEVELOP & ANALYSIS
ACTIVITY: BUS DEVELOP & ANALYSIS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,203	1,918	2,014	2,022	2,064	1,930	2,022	2,129	1,990
EXPENSES/CONTRACTUAL SRVCS	1,964	1,800	2,071	1,814	1,847	2,375	1,814	1,829	2,377
MISC OPERATING EXPENSES	249	253	287	287	327	332	287	304	318
SUPPLIES/MATERIALS/PARTS	96	84	65	65	90	116	65	82	110
CAPITAL EQUIPMENT	113	80	86	86	42	62	86	26	105
OTHER	13	14	5	5	5	5	5	5	5
SUBTOTAL STATE OPERATIONS	4,638	4,149	4,528	4,279	4,375	4,820	4,279	4,375	4,905
AIDS TO INDIVIDUALS						<6>			<6>
LOCAL ASSISTANCE	3,230	1,566	1,782	1,782	1,550	600	1,782	1,550	600
TOTAL EXPENDITURES	7,868	5,715	6,310	6,061	5,925	5,414	6,061	5,925	5,499

GOV'S INITIATIVES:	FUND								
(A) SALARY PLANNING ESTIMATES	GEN					<56>			<61>
(A) SALARY PLANNING ESTIMATES	ENV					<4>			<4>
(P) STATE REINVESTMENT IN SBDCS	GEN					500			500
(P) TRANSFER JOB SKILLS PARTNERSHIP TO DJT	GEN					<1,088>			<1,088>
(P) IMPROVE SYS ACCESS TO BUSINESS/ECON INFO	GEN					137			227
TOTAL GOV'S INITIATIVES						<511>			<426>

SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	6,147	4,099	4,719	4,470	4,334	3,827	4,470	4,334	3,912
ENVIRONMENTAL	281	215	214	214	214	210	214	214	210
STATUTORY APPROPRIATIONS:									
GENERAL	5								
SPECIAL REVENUE	67	53	40	40	40	40	40	40	40

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: BUS DEVELOP & ANALYSIS
ACTIVITY: BUS DEVELOP & ANALYSIS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
FEDERAL	1,320	1,319	1,313	1,313	1,313	1,313	1,313	1,313	1,313
GIFTS AND DEPOSITS	48	29	24	24	24	24	24	24	24
TOTAL FINANCING	7,868	5,715	6,310	6,061	5,925	5,414	6,061	5,925	5,499
POSITIONS BY FUND:									
GENERAL	44.2	41.5	41.5	39.0	39.0	37.0	39.0	39.0	37.0
FEDERAL	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
ENVIRONMENTAL	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL POSITIONS	50.2	47.5	47.5	45.0	45.0	43.0	45.0	45.0	43.0

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Trade and Economic Development, Department of
PROGRAM: Business Development and Analysis
ACTIVITY: Business Development and Analysis

ITEM TITLE: State Reinvestment in the Small Business Development Centers

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$500	$500	$500	$500

Statutory Change? Yes ____ No _X_
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the budget of the Department of Trade and Economic Development be increased by $500,000 to provide cash match to the federal government for operation of the Small Business Development Centers (SBDC) network in Minnesota. The appropriations to the organizations presently providing this match would be reduced by the following amounts: State University System $260,000; Community College System $40,000; Technical College System $200,000.

By M.S. 116J.68(n) the Department of Trade and Economic Development administers the network of federally created small business development centers in Minnesota. Federal law (15 USC 648) requires that the majority of service sites be at institutions of higher education. Of 24 sites in Minnesota, 20 are located at institutions of higher education: 1 at the U of M, Duluth; 5 at the State University System; 5 at the Community College System; and 9 at the Technical College System.

The state receives $1.3 million each calendar year which must be matched dollar-for-dollar with non-federal monies. 50% of that match must be in cash. At present the majority of that match is derived from the instructional budgets of the participating higher educational institutions. This arrangement puts these funds at risk of cutbacks at each institution with resultant loss of federal funds.

The state appropriations to the State University System, the Technical College System and the Community College System would be reduced by amounts equal to their current cash match and the total amount would be added to the budget of the Department of Trade and Economic Development for cash match to the federal funds.

PROGRAM OUTCOMES:

With the department administering the program:

- Service delivery can be improved by coordinating the program objectives with the department objective of fulfilling Goal 5: A Business Environment that Stimulates New Business Creation and Innovation of the department's Economic Blueprint for Minnesota;
- Program quality can be improved and consistently administered with a stable funding source not at risk at individual centers;
- Participating institutions of higher education can focus on raising additional funds from the local community to meet local needs;
- Program will continue to be subjected to rigorous outcome-based performance measures.

LONG-TERM IMPACT:

By assuming the costs for this program, the department improves its regional service delivery in a cost-effective manner, preserves local service delivery sites responsive to local needs, and ensures an existing base of providers for any new business assistance initiatives which may result from state or federal action.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Trade and Economic Development
PROGRAM: Business Development and Analysis
ACTIVITY: Business Development and Analysis

ITEM TITLE: Transfer the Minnesota Job Skills Partnership Board from the Department to the Department of Jobs and Training

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$(138)	$(138)	$(138)	$(138)
- Grants	$(950)	$(950)	$(950)	$(950)

Statutory Change? Yes X **No** ____

If yes, statute affected: Amend M.S. 116L subd. 4 to transfer administrative support for the Job Skills Partnership Board

GOVERNOR'S RECOMMENDATION:

The Governor recommends transfer of the Job Skills Partnership Board from the Department of Trade and Economic Development to the Department of Jobs and Training. This results in budget savings of $1,088,000 each year in the Department of Trade and Economic Development and the reduction of 3.0 positions. The Board would be funded and staffed out of the Minnesota Workforce Investment Fund in the Department of Jobs and Training.

The Minnesota Job Skills Partnership board's mission is to act as a catalyst to bring together employers with specific training needs with educational or other nonprofit institutions which can design programs to fill those needs. The partnership works closely with employers to train and place workers in identifiable positions as well as assisting education or other nonprofit institutions in developing training programs that coincide with current and future employer needs.

The Department of Jobs and Training's mission is to provide programs and activities related to job training, job placement and job creation. The Department of Jobs and Training also administers the Governor's Job Council Board which makes similar grants to businesses for job creation/placement. The Department of Trade and Economic Development will continue to serve on the Job Skills Partnership Board, but the Job Skills Partnership Board will be better served by coordinating its administrative support and services with existing DJT programs.

PROGRAM OUTCOMES:

The Job Skills Partnership Board measures program outcomes through:

- 77 projects had been funded involving 190 companies. More than three-fourths of the projects (78%) served rural Minnesota.
- Partnership grants totaling $5,600,737 generated commitments of $12,709,918 in matching funds from businesses.
- 51% of trainees were women and 34% were either displaced homemakers or other unemployed individuals.
- The percentage of minority trainees recruited (5.4%) exceeded the percentage of minority population in the state.
- In the 46 Partnership projects completed by 9/30/91, 7,236 trainees either found or maintained employment.

LONG-TERM IMPACT:

The Job Skills Partnership program will be better served housed in the Department of Jobs and Training with the shift in focus on Workfore Reinvestment. Program dollars and projects can be leveraged from existing DJT programs and program promotion.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Trade and Economic Development, Department of
PROGRAM: Business Development and Analysis
ACTIVITY: Business Development and Analysis

ITEM TITLE: Increase Support for Minnesota Film Board

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$37	$38	$38	$38

Statutory Change? Yes _____ No __X__
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends additional funding for the Minnesota Film Board of $75,000. Total funding would be $425,000 for the biennium.

The Minnesota Film Board promotes the use of Minnesota locations, facilities, firms, and employees in the production of motion pictures. The board plays a major role in coordinating the use of these Minnesota resources during the actual production of films in the state. Film crews are spending money in the communities where filming and production take place and are employing increasingly greater numbers of Minnesotans for film production responsibilities. These additional dollars contribute directly to economic development in the state and further promote other Minnesota industries such as tourism and music recording and production. Current resources to the Film Board limit its ability to provide the promotion and coordinating functions needed maintain the increasing motion picture production industry in the state.

PROGRAM OUTCOMES:

The increased funding would allow the Minnesota Film Board to support additional film production efforts in the state.

LONG-TERM IMPACT:

Funding increase would be continued as part of the base appropriation.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Trade and Economic Development, Department of
PROGRAM: Business Development and Analysis
ACTIVITY: Business Development and Analysis

ITEM TITLE: Improve System Access to Business and Economic Information

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$137	$227	$148	$148

Statutory Change? Yes _____ No __X__
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor is recommending $364,000 be appropriated to the department and 1.0 position be added to upgrade existing computer services to provide timely and accurate information to businesses on site availability issues and investment opportunities and to communities on business location leads.

While Minnesota has experience faster growth in both gross state product and employment than the United States average through the years 1979-1989, it is vital that Minnesota continue to seek business expansion opportunities in order to remain competitive and to improve the local and state economic environment to create new jobs.

To date, strategic information on Minnesota's infrastructure and business opportunities, vital to businesses considering expansion and investment opportunities, is fragmented and cannot be easily accessed. Information provided by communities to the department on site availability and other local development tools is hand collected, without a sufficient computer capabilities to input and organize the information for use.

This proposal would allow the department to modernize and network a department-wide system to provide timely and accurate information to businesses and communities for economic development opportunities.

The Information Policy Office has reviewed and supports this project if funding is available consistent with any requirement identified in its analysis.

PROGRAM OUTCOMES:

This is a new initiative. The department would use the appropriation to:

- Complete the aggregation of data being compiled by the department currently on community development information;
- Establish a regional network of community service providers to provide timely information for the system;
- Use information to assist businesses and local development officials in location decisions.

LONG-TERM IMPACT:

The department is operating with an antiquated and fractionalized system of information gathering and retrieval to support its mission of job creation and assistance to communities and business in making business expansion decisions.

By investing in an upgraded system, an aggressive, state-of-the-art marketing tool will be available to the department, communities and business to pursue economic and job-creation opportunities.

PROGRAM: Administration
AGENCY: Trade and Economic Development, Department of

PROGRAM PURPOSE:

The Administration unit exists to provide centralized administrative, management, communications and legislative, executive branch and federal liaison support to department operating divisions. Administration develops and directs the implementation of organizational policies, providing management direction, fiscal services, personnel/employee relations services, and communication's services which include department publications, public relations and marketing materials.

This program is a support program and does not contribute directly to the Blueprint themes.

PROSPECTS:

The Administrative service unit is continually searching for ways to provide efficient and quality services to clients it services while recognizing budget constraints. Personnel, fiscal and office services need to be provided in an effective and efficient manner in order to maintain the operations of the department in the state's changing fiscal environment. Administration has made budget reductions and will be challenged to provide the necessary services. Assistance with financial and personnel planning will increase as the department strives to operate with less funding.

There are many short and long range prospects for improved internal services to departmental operating divisions as a result of the administrative review projects currently underway of CORE. The Administration unit has implemented economies in human resources and budget savings in the Communications Office and is continuing to use state of the art technology to improve quality and reduce costs in its service delivery.

The Statewide Systems Project also has major potential for long range service improvements and cost savings within the Administrative Offices. Savings and efficiencies would result from: elimination of redundant agency based systems; on-line data entry to eliminate paper based processing; capturing data not currently available to support planning and decision making. The new accounting and procurements systems are currently scheduled for implementation during the F.Y. 1994-95 biennium, and implementation of the human resource and payroll systems was delayed until C.Y. 1996.

OUTCOMES/OBJECTIVES:

1. Processing 99% of payments within 30 days to maintain a positive relationship with department vendors.

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
No. of payments within 30 days	99.3%	99.5%	99.5%	99.5%	99.5%

2. Overall management of the department's budget to insure that state funds are spent for the appropriate purposes.

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Leg. Auditor Audit Findings	N/A	N/A	N/A	0	0

3. Maintain and improve the positive image of the department by assisting Divisions in responding to the needs of the clients immediately or as set forth in established procedures.

4. Maintain and improve the positive image of the department by responding to the needs of the public through telephone and walk-in inquiries.

6. Successful hires and workforce diversity through implementation of a workforce planning process, sound recruiting strategies and appropriate applicant assessment methods.

	Act F.Y. 1991	Act F.Y. 1992	Est F.Y. 1993	Est F.Y. 1994	Est F.Y. 1995
No. permanent appointments	56	35	25	20	20
% protected group members	30.3	37.1	40	40	45

7. Optimal workforce deployment through workforce planning, effective employee training expenditures and prudent use of human resources.

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
% layoffs averted by state placement	86	67	100	100	100

8. Increased customer satisfaction through additional delegation from the Department of Employee Relations to reduce the overall cost and effort devoted to these activities

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
No. classes delegated	13	13	20	25	25
No. exams open continuous	0	3	4	6	6

9. Safe/secure work environment to reduce non-productive costs and improve employee morale.

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
No. worker's comp claims accepted	7	9	5	5	5
No. incidents reports filed	2	4	10	8	5
Non-admin Workers comp payments	38.6	.646	1	1	1

10. Develop and convey cohesive departmental messages and foster the perception of an agency whose programs and collateral materials are integrated into common, understandable themes.

11. Create quality, cost-efficient publications, media and public relations, and audio-visual and film services.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the program plan, except that the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: ADMINISTRATION

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
ADMINISTRATION	1,056	983	2,253	1,108	1,368	1,343	1,122	1,383	1,357
COMMUNICATIONS OFF	667	583	631	631	533	518	631	533	517
TOTAL EXPENDITURES BY ACTIVITY	1,723	1,566	2,884	1,739	1,901	1,861	1,753	1,916	1,874
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<40>			<42>
TOTAL GOV'S INITIATIVES						<40>			<42>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,661	1,497	1,584	1,639	1,801	1,761	1,653	1,816	1,774
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	62	69	100	100	100	100	100	100	100
AGENCY			1,200						
TOTAL FINANCING	1,723	1,566	2,884	1,739	1,901	1,861	1,753	1,916	1,874
POSITIONS BY FUND:									
GENERAL	25.0	24.0	30.0	29.0	29.0	29.0	29.0	29.0	29.0
SPECIAL REVENUE	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL POSITIONS	28.0	27.0	33.0	32.0	32.0	32.0	32.0	32.0	32.0

BUDGET ACTIVITY: Administration
PROGRAM: Administration
AGENCY: Trade and Economic Development, Department of

ACTIVITY DESCRIPTION:

The Administration Services activity provides and coordinates the department's management and support services. It provides direct services to the department's operating divisions and offices and it provides technical assistance to managers and employees in using resources effectively.

The commissioner's office is responsible for establishing overall department policy and management systems development in order to ensure that department resources are effectively and efficiently utilized.

The Fiscal/Office Services unit provides the budgeting, accounting, financial reporting, purchasing, payroll processing, accounts payable and general accounting functions and it ensures compliance with state and federal laws, rules, policies and guidelines for the proper use of fiscal resources. It provides support functions such as mail processing, records management and retention, fixed asset inventory, equipment leasing and maintenance, telecommunications support, and space allocation. It also staffs the department's reception area and general information telephone lines, thus providing direct assistance to the public.

The Personnel Services Office administers the department's personnel and labor relations programs including recruitment, selection, classification and compensation, benefits administration, organizational analysis, contract administration, affirmative action, employee development and training, employee assistance, and health and safety. The office assists managers in making the most effective use of staff and positions and in legally administering the state's personnel system. It also assists employees in resolving problems and in handling all aspects of their employment with the department.

BUDGET ISSUES:

The agency plan reduces this activity by $20,000 in F.Y. 1994 and $19,000 in F.Y. 1995. This activity will reduce their budget through the following recommendations:

- The elimination of one student worker ($18,000)
- Reduction in commissioner's office travel ($4,000)
- Reduction in unit employee training ($5,000)
- Equipment upgrading delays ($10,000)
- Reduction in supplies ($2,000)

The division proposes that further efficiencies will be achieved through the co-location of the department.

Inflationary costs will be absorbed through other operational savings.

EFFICIENCY MEASURES:

- Increased client satisfaction.
- Reduced cost per hire (need HRIS to measure).
- Increased responsiveness to needs of management, employees and applicants for timely and effective services.
- Minimal audit findings.
- Increased employer and vendor satisfaction.

REVENUE:

This activity generates revenue through the departments indirect cost plan. This revenue supports a portion of the services provided.

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Special	$64.0	$120.0	$80.0	$80.0	$80.0
Dedicated - Agency	0	0	1,200.0	0	0
Non-Dedicated - General	1.0	1.0	1.0	1.0	1.0
	$65.0	$121.0	$1,281.0	$81.0	$81.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: ADMINISTRATION
ACTIVITY: ADMINISTRATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	912	789	792	770	837	812	770	858	832
EXPENSES/CONTRACTUAL SRVCS	78	121	178	255	184	184	269	190	190
MISC OPERATING EXPENSES	32	46	51	51	42	42	51	36	36
SUPPLIES/MATERIALS/PARTS	17	11	19	19	16	16	19	14	14
CAPITAL EQUIPMENT	17	16	1,213	13	289	289	13	285	285
SUBTOTAL STATE OPERATIONS	1,056	983	2,253	1,108	1,368	1,343	1,122	1,383	1,357
TOTAL EXPENDITURES	1,056	983	2,253	1,108	1,368	1,343	1,122	1,383	1,357
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<25>			<26>
TOTAL GOV'S INITIATIVES						<25>			<26>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	994	914	953	1,008	1,268	1,243	1,022	1,283	1,257
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	62	69	100	100	100	100	100	100	100
AGENCY			1,200						
TOTAL FINANCING	1,056	983	2,253	1,108	1,368	1,343	1,122	1,383	1,357
POSITIONS BY FUND:									
GENERAL	18.0	17.0	17.0	18.0	18.0	18.0	18.0	18.0	18.0
SPECIAL REVENUE	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: ADMINISTRATION
ACTIVITY: ADMINISTRATION

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TOTAL POSITIONS	21.0	20.0	20.0	21.0	21.0	21.0	21.0	21.0	21.0

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BUDGET ACTIVITY: Communications Office
PROGRAM: Administration
AGENCY: Trade and Economic Development, Department of

ACTIVITY DESCRIPTION:

The Communications Office is responsible for providing professional public/media relations and communications services for all DTED divisions (Business Development and Analysis, Community Development, the Minnesota Trade Office and the Minnesota Office of Tourism) and the Commissioner's Office.

- The office has cost and production efficiencies in place with advanced computer technologies utilized for word processing, budgeting, design and desktop publishing projects. Advances in publicity releases are in place utilizing fax technology and electronic newswire for targeted, expeditious information dissemination.
- Through its planning/consultation and creative services, the office conveys professionalism, quality and a positive image by integrating the variety of divisional themes into cohesive messages.
- The office promotes and fosters an open exchange of ideas about how best to communicate to the department's clients in a manageable, cost-efficient and timely manner.

BUDGET ISSUES:

In F.Y. 1993 the Communications Office was consolidated with Tourism's Creative Services Unit to form a new office. In F.Y. 1993 the staff was reduced by 8 complement positions and the budget was reduced by $353,000. Savings were used as part of the agency's F.Y. 1993 budget reduction.

Reductions dictate economies, but do not necessarily need to hamper quality or efficiency.

- The office cannot deliver the volume of services once delivered by the separate Tourism Creative Services and DTED Communications Offices.
- The office is working with divisions on a solution-oriented approach to maximize services previously handled with significantly fewer resources.
- The office assists each program in addressing fiscal challenges by assessing the vital communications projects necessary to enhance an activity and/or promote the department's mission, with an emphasis on truly meeting the department's client needs.

The agency plan reduces this activity $100,000 in F.Y. 1994 and $100,000 in F.Y. 1995. This activity will reduce its budget through the following recommendation:

- A reduction of printing support given by this activity to program divisions ($200,000).

Inflationary costs will be absorbed through other operational savings.

EFFICIENCY MEASURES:

ACTIVITY COSTS:

With the consolidation of DTED's Communications Office and Tourism's Creative Services, these efficiencies were achieved and will extend into the F.Y. 1994-95 biennium:

Consolidation of Communication Offices

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
1. Compliment Staff				
DTED/Communications	23	15	13	13
2. Number of Publications				
DTED	32	25	22	22
3. Overall Budget (thousands)				
DTED	$986	$633	$533	$533

REVENUE:

None.

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRADE & ECONOMIC DEVELOPMENT
PROGRAM: ADMINISTRATION
ACTIVITY: COMMUNICATIONS OFF

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	277	299	432	432	445	430	432	461	445
EXPENSES/CONTRACTUAL SRVCS	323	242	176	176	67	67	176	51	51
MISC OPERATING EXPENSES	38	33	15	15	14	14	15	14	14
SUPPLIES/MATERIALS/PARTS	21	5	5	5	5	5	5	5	5
CAPITAL EQUIPMENT	8	4	3	3	2	2	3	2	2
SUBTOTAL STATE OPERATIONS	667	583	631	631	533	518	631	533	517
TOTAL EXPENDITURES	667	583	631	631	533	518	631	533	517
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<15>			<16>
TOTAL GOV'S INITIATIVES						<15>			<16>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	667	583	631	631	533	518	631	533	517
TOTAL FINANCING	667	583	631	631	533	518	631	533	517
POSITIONS BY FUND:									
GENERAL	7.0	7.0	13.0	11.0	11.0	11.0	11.0	11.0	11.0
TOTAL POSITIONS	7.0	7.0	13.0	11.0	11.0	11.0	11.0	11.0	11.0

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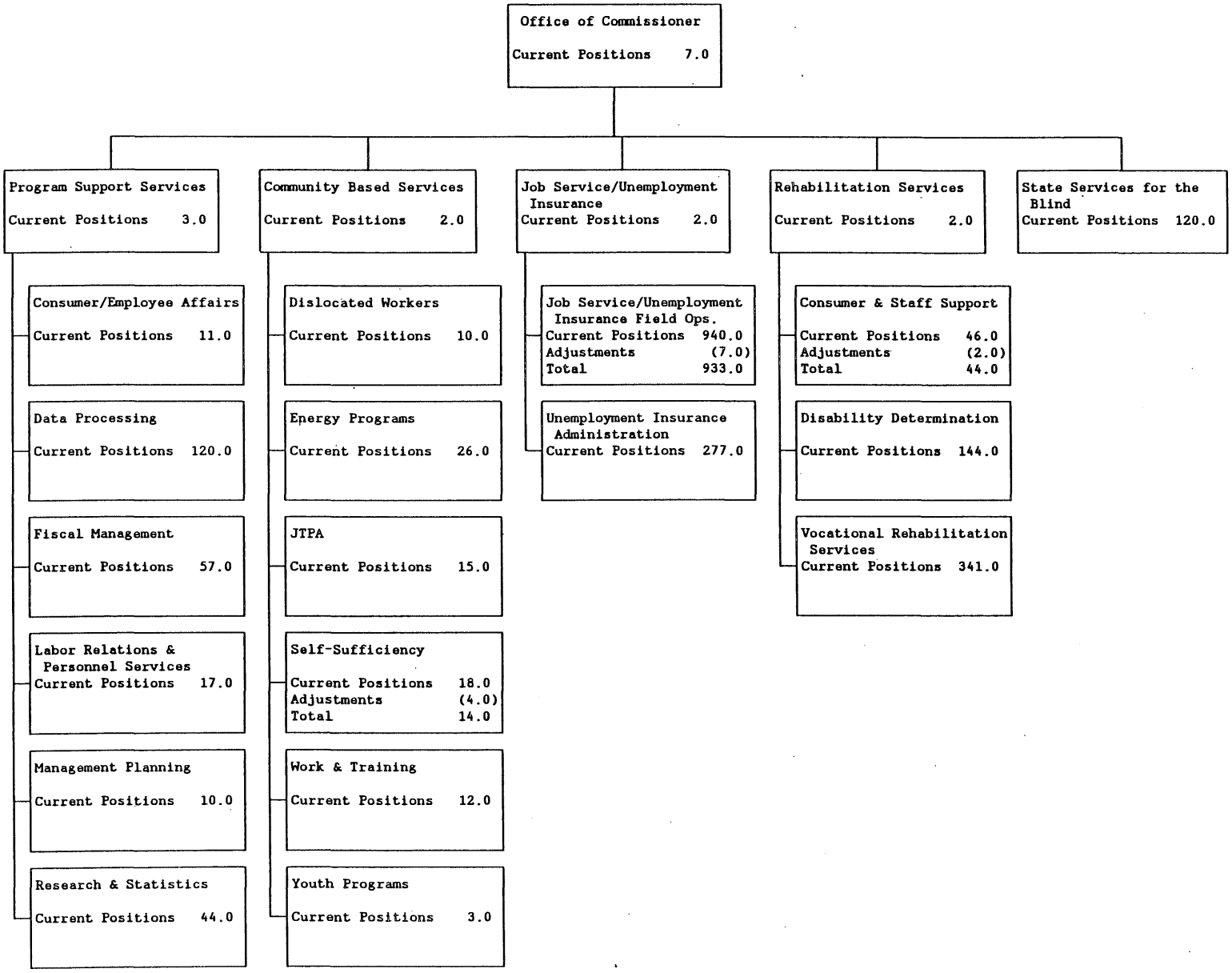
1994-95 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: JOBS AND TRAINING, DEPARTMENT OF

Department of Jobs and Training
Organization Chart 07-01-92



Department of Jobs and Training

Position and Employee Status Information

Position Reconciliation:

Authority	Current F.Y. 1993	Requested for 6/30/95
Legislative Complement:		
General Fund	84.5	82.5
State Gov. Special Revenue	2.0	2.0
Special Revenue	19.0	20.0
Federal	2,120.5	2,107.5
Budgetary Authorized:		
Special Revenue	1.0	0.0
Total Permanent Positions	2,227.0	2,212.0
Other Complement (FTE)	345.5	345.5
TOTAL Positions	2,572.5	2,557.5
Employees on 6/30/92	1,939.0	

Employees by Employment Status:

	6/30/92
Full-Time Unlimited	1,664.0
Full-Time Temporary	157.0
Full-Time Emergency	6.0
Full-Time Seasonal	17.0
Part-Time Unlimited	75.0
Part-Time Temporary	2.0
Part-Time Seasonal	5.0
Intermittent Unlimited	13.0
TOTAL	1,939.0

1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Jobs and Training, Department of **Fund:** General

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$38,059	$37,326	$75,385
Forecast Adjustments	-0-	-0-	-0-
AGENCY BASE	$38,059	$37,326	$75,385
Inflation Cost Increases	146	299	445
Agency Management Decisions			
Agency-Wide Operations:			
Salary savings due to vacancy management	$(120)	$(244)	$(364)
Lower supply & other non-personal services costs	(74)	(104)	(178)
Subtotal	$(194)	$(348)	$(542)
Rehabilitation Services:			
Eliminate Vinland grant	$(75)	$(75)	$(150)
Transfer Mental Health Employability grants from Human Services	120	120	240
Subtotal	$45	$45	$ 90
Community Based Services			
Transfer Displaced Homemaker services	$(1,361)	$(1,361)	$(2,722)
Eliminate Food Shelf grants	(400)	(400)	(800)
Subtotal	$(1,761)	$(1,761)	$(3,522)
TOTAL AGENCY PLAN	$36,295	$35,561	$71,856
Governor's Initiatives			
Restore Food Shelf grants	$400	$400	$800
Uniform Business Identifier	250	-0-	250
Transfer Headstart	(4,253)	(8,506)	(12,747)
Headstart Increase	2,000	-0-	2,000
Salary Planning Estimates	(117)	(117)	(234)
GOVERNOR'S RECOMMENDATION	~~$32,575~~ 34,575	$27,338	~~$59,913~~ 61,913

Brief Explanation of Agency's Overall Actions: Throughout the budget development process, the department assessed current state and federal programs by reviewing each with an eye toward how the agency best can meet mandates and help people help themselves. All programs in the 1992-93 base are worthy of continuation. An across the board approach to reducing the budget was unsatisfactory. Positive outcomes of all programs were reviewed; programs that best met with DJT's goals and mission, Minnesota Milestones, and the Governor's priorities are recommended to remain at the base level. A reduction in Rehabilitation could result in a diversion of clients to other programs at a greater cost and could impact federal matching. Community Based Services programs focus on providing self help assistance and promoting family well-being in addition to providing employment assistance. The programs not included for reduction are of a higher priority in meeting the agency goals and matching the Governor's priorities.

Agency-Wide Operations: Vacancy Management: Compensation increases will be controlled through vacancy management. Agency Non-personal Services: Corresponding non-personal service costs will not be allocated for unfilled positions. There will be no significant impact by this action.

Supply and other non-personal services costs: State Services for the Blind (SSB). ($48 in F.Y. 94 and $49 in F.Y. 95). $97 for supplies and other non-personal services will be eliminated for the biennium. However, SSB will have minimal administrative disruption because of its efficient use of federal funds in 1993 through a one-time reallocation process, and staffing reductions in the previous years. This reduction will have little or no effect on the level of clients served and will not affect the required match or maintenance of effort levels.

Rehabilitation Services: Vinland Program: Elimination of the program results in a reduction of $75/year, all in grants. This activity does not meet federal matching requirements. No state administrative funds exist for this program. Clients could obtain funding for this service from private/nonprofit sources.

Transfer: The Mental Health Employability grants activity in the Department of Human Services will be transferred to the Department of Jobs and Training to increase federal matching funds.

Community-Based Services: Displaced Homemaker Services: The transfer of funding for this service will result in a $1,255,000 one-year reduction in General Fund grants and a $106,000/year salary reduction equalling the cost of 2.0 positions. The 2,100 clients affected by these reduction will be accommodated through a Governor's initiative.

Food Shelf: Foodshelf programs have a history of functioning well without the interference of government agencies. Administrative requirements and costs associated with the program at the local level make proper implementation of the program difficult, if not impractical. The impact of the elimination of the foodshelf program would be minimal. The entire reduction is in grants. No State administrative funds are available for this program.

2. Impact on Staffing:

	F.Y. 1994	F.Y. 1995
Positions left vacant or eliminated	4.5	4.5

3. Impact on Revenue Generation:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
Agency Plan	$-0-	$-0-	$-0-

4. Affected Statutes:
None.

5. Governor's Recommendation:
The Governor recommends funding levels as requested in the agency budget plan except for the following adjustments: a biennial increase in funding above the agency plan level of $800,000 to restore Food Shelf grants proposed to be eliminated in the agency plan; a biennial increase of $250,000 to establish the feasibility of a uniform business identification process; a biennial reduction of ~~$12,747,012~~ $10,747,012 and 1 position for transfer of the Head Start activity to the new Department of Children and Education Services; the March supplemental budget recommendations decreased the Head Start transfer by $2,000,000 because the transfer will not be made until 1-1-94, and a biennial reduction of $234,000 due to revised salary planning estimates. Funding for Displaced Homemaker Services will be transferred to the Special Revenue Fund.

1994-1995 B I E N N I A L B U D G E T
INVESTMENT INITIATIVES
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING

ITEM DESCRIPTION:	FUND	EXPENDITURES FY 1994	EXPENDITURES FY 1995	EXPENDITURES BIENNIUM	REVENUES FY 1994	REVENUES FY 1995	REVENUES BIENNIUM
(A) SALARY PLANNING ESTIMATES	GEN	<117>	<117>	<234>			
(A) UNIFORM BUSINESS IDENTIFIER	GEN	250		250			
(B) TRANSFER MN OCCUPATIONAL INFO COORD	J&T	<134>	<134>	<268>	<134>	<134>	<268>
(B) HEAD START INITIATIVE	GEN	2,000		2,000			
(B) TRANSFER HEAD START	GEN	<4,253>	<8,506>	<12,759>			
	J&T	<50>	<100>	<150>	<50>	<100>	<150>
(B) FOOD SHELF GRANTS	GEN	400	400	800			
(B) MN WORKFORCE INVESTMENT FUND	SR	5,700	6,900	12,600	5,700	6,900	12,600
	J&T	1,600	1,600	3,200	1,600	1,600	3,200
TOTAL BY FUND	GEN	<1,720>	<8,223>	<9,943>			
	SR	5,700	6,900	12,600	5,700	6,900	12,600
	J&T	1,416	1,366	2,782	1,416	1,366	2,782
TOTAL INVESTMENT INITIATIVES		5,396	43	5,439	7,116	8,266	15,382

AGENCY: Jobs and Training, Department of

MISSION STATEMENT:

The Mission of the Minnesota Department of Jobs and Training (DJT) is to **help people help themselves.**

The Department of Jobs and Training's vision is to:

- be a Total Quality Organization;
- design and provide customer-driven services in cooperation with community and business partners;
- promote self-sufficiency and personal independence and provide the highest quality employment and training opportunities; and to
- be a key contributor to a strong economy and enhance the quality of life for all Minnesotans.

DJT's mission and vision encompass the Governor's priorities of children and preventive services, and education. These priorities are clearly reflected in DJT's agency budget plans and priorities. DJT's programs help families remain intact by alleviating temporary economic hardships. Keeping families together enhances children's well-being by providing a secure environment and preparing children and teens to learn and plan for their future in tomorrow's work force.

These are the goals of DJT:

1. Minnesotans will be able to live independently and be able to fully participate in their communities;

2. Minnesotans in temporary economic hardship will have their basic needs met and an opportunity for a prompt return to suitable employment;

3. Minnesotans will have the training and skills to be successful participants in the work force; and

4. Minnesota employers will have labor market information that supports business growth and a labor exchange that provides the work force needed to compete in the world economy.

The Governor's priorities (children, preventive services, and education) are found within DJT's goals. These goals were drawn with a broad brush to include all DJT customers.

To achieve these, DJT is organized into 4 programmatic divisions: Rehabilitation Services; State Services for the Blind; Job Service/Unemployment Insurance; and Community-Based Services. These divisions provide: employment and independent living assistance for people with disabilities; disability determination; employment assistance; veterans employment services; labor statistics; unemployment insurance; job training; dislocated worker services; displaced homemaker services; youth employment and training services; low-income weatherization and energy assistance; Head Start; emergency food and housing; and economic opportunity programs.

Some DJT programs are provided directly from DJT offices throughout the state (job service, unemployment insurance, rehabilitation services and services for the blind). Other programs are contracted to community-based agencies which provide the services (Job Training Partnership Act, dislocated workers, displaced homemakers, emergency food and housing, economic opportunity, Head Start, energy assistance and weatherization). In these programs DJT serves as the administrator, which includes monitoring, training and providing technical assistance.

MINNESOTA MILESTONES:

DJT, through the services listed above, plays a leading or supporting role in four of the General Milestones Themes and those Milestone Goals indicated:

1. "A Caring and Secure Community" (DJT Goals: 1, 2, 3, and 4)

   - Our children will not live in poverty.
   - Families will provide a stable environment for their children.
   - Minnesotans will be healthy.
   - People with disabilities will have the opportunities to participate in society.
   - People who need help providing for themselves will receive the help they need.
   - Our communities will be safe, friendly and caring.

2. "A Prosperous People" (DJT Goals: 1, 2, 3, and 4)

   - All Minnesotans will have the economic means to maintain a reasonable standard of living.
   - Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work.
   - All Minnesotans will have decent, safe and affordable housing.

3. "Learning" (DJT Goals: 1, 2, and 3)

   - Minnesotans will excel in basic academic skills.
   - Minnesotans will have the advanced education and training to make the state a leader in the global economy.

4. "We the People" (DJT Goals: 1, 3, and 4)

   - People will participate in government and politics.
   - Government in Minnesota will be cost efficient and services will be designed to meet the needs of the people who use them.

The indicators fall into various departmental programs and budget activities. Where appropriate, the specific indicators are discussed in the context of the program or budget activity.

CLIMATE:

The following factors are shaping the development of policies and programs at DJT:

Federal Initiatives: Groups are targeted for service by the federal government, and programs are federally-designed to meet broad goals of federal policy. Fifteen percent of DJT's funding is from the General Fund. State funding supplements federal dollars, to meet the needs of more specifically identified clientele. Twenty-five percent of state General Funds are required to meet the federal matching requirements or to maintain a level of effort consistent with federal statute or rules. As a recipient of grants, DJT must administer programs in a manner consistent with the policies and meet the goals and performance measures established by the funding agency. These programs are administered in compliance with state law and regulations and are monitored by various citizen advisory groups such as: the Governor's Job and Training Council; the Rehabilitation Services

Consumers Advisory Council; the Hearing Impaired Advisory Council; and the Advisory Council for the Blind.

Legislative Action (federal and state funding and new requirements): Several key DJT programs are currently facing proposed cuts in federal funds. These programs are: Low Income Home Energy Assistance Program (LIHEAP), Community Services Block Grants (CSBG), and Low Income Weatherization Program (WX). Job Training Partnership Act (JTPA) amendments before the Congress may require housekeeping changes to the program here in Minnesota.

Unemployment Rate: Minnesota's unemployment rate has been between 4% and 6% for the last 12 months. This is significantly lower than the national rate, which has been a little over 7% during the same period.

Companies' downsizing, to be more competitive in a changing world economy, has meant a higher number of unemployed, college-educated, middle-aged professionals. As a result, DJT is currently revamping its job training and placement efforts to make a closer fit with today's and tomorrow's unemployed Minnesotans.

Growing Poverty in Minnesota: The overall poverty rate for all families increased in Minnesota in the last decade. This is primarily due to the increase in poor, single, female-headed households. Poverty in Minnesota is not limited to the metropolitan area; in fact, the census shows a higher percentage of families in poverty in Greater Minnesota. The increase in poverty raises demand for many of DJT's self-sufficiency programs. DJT is faced with the problem of meeting the needs of many high-risk groups with limited resources.

Americans with Disabilities Act: Minnesota has been a leader in working with residents who have disabilities or impairments, helping them to: realize their full potential; become integrated into the total community; find meaningful employment; and live independently. Recent federal legislation has reaffirmed the need for these types of programs and has heightened everyone's awareness; as a result, an increased demand for DJT's services is expected.

Polarization of Our Society: DJT, in tandem with other public and private interests, is exploring ways to address the root causes of the resulting conflict instead of using a piecemeal, reactive approach. DJT already administers many preventive, self-sufficiency programs that help break the cycle of welfare dependence and give hope to the disadvantaged. DJT is currently working toward formulating and coordinating a proactive, community-based approach to solving these problems.

New Realities in the Work Force: The U.S. economy has changed dramatically over the past decade. After World War II, the job market contained many low-skill, high-pay industrial jobs. With the birth of cybernation and companies moving off-shore, these jobs declined rapidly. As a result, the U.S. must encourage a high-performance economy characterized by high-skill, high-wage employment to keep on the cutting edge and in the competition.

DJT is a promotor and stimulator of Minnesota's most valuable resource: **its work force.** DJT's task begins in early childhood, preparing low-income children to learn. Later, DJT encourages Minnesota's youth to focus on their future vocation and helps students understand the relevancy of school to their future. In the adult work force, DJT helps individuals overcome barriers to employment, and also retrains and updates skills for those who have become unemployed. DJT's task, along with the public and private sectors, is to help ensure that all Minnesotans will have the training and skills to be successful participants in the work force. This, in turn, helps to attract and retain high-performance businesses that provide high-wage jobs with a future.

AGENCY BUDGET PLAN:

Led by the Governor's priorities, the department's Vision and Mission Statements and Minnesota Milestones, the agency's budget plan seeks to focus on:

1. Meeting its federal and state mandates by: providing self-help assistance to Minnesotans, focusing on services which are preventative in nature and promote family well-being.

2. Maximize current resources by targeting them to most effectively serve the working poor and Minnesotans left in the service gap of other programs.

To address the priorities, special consideration has been given to factors such as alternative sources of service for clients and the effectiveness of the services offered by current funding vs. alternative funding. While the programs selected for elimination are worthwhile efforts, the chances of clients being served elsewhere are relatively high.

Transfer: Displaced Homemaker Program. The 2,100 clients affected by the $1,361/year reduction will be accommodated through a Governor's initiative.

Eliminate: Food Shelf. Food shelf programs have a history of functioning well without the interference of government agencies. Administrative requirements and costs associated with the program at the local level make proper implementation of the program difficult, if not impractical. The impact of the elimination of the food shelf program would be minimal. The entire reduction is in grants. No state administrative funds are available for this program.

Eliminate: Vinland Program. Elimination of the program results in a reduction of $75/year, all in grants. This activity does not meet federal matching requirements. No state administrative funds exist for this program. Clients could obtain funding for this service from private/nonprofit sources.

Nonpersonal services reduction: State Services for the Blind (SSB). ($48 in F.Y. 1994 and $49 in F.Y. 1995). $97 for supplies and other nonpersonal services will be eliminated for the biennium. However, SSB will have minimal administrative disruption because of its efficient use of federal funds in 1993 through a one-time reallocation process, and staffing reductions in the previous years. This reduction will have little or no effect on the level of clients served and will not affect the required match or maintenance of effort levels.

Transfer: The Mental Health Employability grants activity in the Department of Human Services will be transferred to DJT.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the agency's budget plan except for the following adjustments:

- A biennial increase in Special Revenue funding above the agency plan level of $12,600,000 and 13 positions for the Minnesota Workforce Investment Fund initiative. This initiative, which is part of the Preparing for Tomorrows Jobs theme, will meet critical workers' needs by

restructuring the existing Dislocated Worker activity and integrating funding for Displaced Homaker services, the Minnesota Job Skills Partnership, and Projects With Industry services.

- A biennial increase of $800,000 to restore Food Shelf grants eliminated in the agency's plan.

- A biennial increase of $250,000 to establish the feasibility of a uniform business identifier process. This work, which will be undertaken in partnership with a number of other agencies, contributes to the Serving Our Customer Better theme.

- Transfer of the Head Start activity ($12,747,012 plus $150,000 in federal funds for the biennium) to the new Department of Children and Education Services. This move, which is a major component of the Meeting the Needs of Our Children theme, will enable the state to coordinate and improve the quality of early childhood services while improving the focus of agency family self-sufficiency services. The Governor's March supplemental budget recommendation include an increase of $8,000,000 million for the Headstart program. Since the recommended transfer of Headstart will not take place until January of 1994, $2,000,000 million of that recommended increase will remain in the Department of Jobs and Training.

- Utilization of $254,000 in federal funding and 2 positions for the biennium to provide employment forecasting services to the new Youth Apprenticeship Program in the Post Secondary Services Agency and transfer of the functions of the Occupational Information Coordinating Committee ($268,000 federal funds and 1 position) to this new agency. These services will contribute to the Meeting the Needs of Our Children theme.

- Salary planning estimate savings in the amount of $234,000 for the biennium.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING

PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
REHABILITATION SERVICES	52,095	53,284	60,030	60,031	57,212	57,206	60,031	58,038	58,032
SERVICES FOR THE BLIND	9,597	9,873	11,530	11,659	11,356	11,269	11,677	11,527	11,440
JOB SERVICE/UNEMPLOYMENT INSURANCE	57,761	57,116	63,979	60,979	60,166	60,282	60,979	61,443	61,309
COMMUNITY BASED SERVICES	139,436	137,785	151,851	151,640	144,246	149,619	150,556	140,532	140,802
TOTAL EXPENDITURES BY PROGRAM	258,889	258,058	287,390	284,309	272,980	278,376	283,243	271,540	271,583
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	33,797	35,089	37,196	38,059	36,295	34,575	37,326	35,561	27,338
STATUTORY APPROPRIATIONS:									
GENERAL	1,866	931	910	83	3	3	83	3	3
STATE GOVT SPEC REV	5,961	2,167	2,540	2,540	1,000	1,000	2,540	500	500
SPECIAL REVENUE	3,445	8,641	16,580	16,580	16,580	22,280	16,580	16,580	23,480
JOBS AND TRAINING	213,726	211,168	226,610	226,610	218,640	220,056	226,610	218,767	220,133
AGENCY			3,000						
GIFTS AND DEPOSITS	94	62	554	437	462	462	104	129	129
TOTAL FINANCING	258,889	258,058	287,390	284,309	272,980	278,376	283,243	271,540	271,583
POSITIONS BY FUND:									
GENERAL	117.5	84.5	84.5	84.5	82.5	83.5	84.5	82.5	81.5
STATE GOVT SPEC REV	5.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
SPECIAL REVENUE	9.0	20.0	20.0	20.0	20.0	31.0	20.0	20.0	31.0
JOBS AND TRAINING	2,101.5	2,108.5	2,120.5	2,109.5	2,109.5	2,111.5	2,107.5	2,107.5	2,108.5
TOTAL POSITIONS	2,233.0	2,215.0	2,227.0	2,216.0	2,214.0	2,228.0	2,214.0	2,212.0	2,223.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: JOBS & TRAINING

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	287,390	287,390	38,106	38,106	22,674	22,674	226,610	226,610
TECHNICAL ADJUSTMENTS								
ONE-TIME APPROPRIATIONS	<827>	<827>	<827>	<827>				
BIENNIAL APPROPRIATIONS	751		751					
APPROPRIATIONS CARRIED FWD	<21>	<21>	<21>	<21>				
NON-RECURRING EXPENDITURES	<3,117>	<3,450>			<3,117>	<3,450>		
DOCUMENTED RENT/LEASE INC/DEC	116	134	116	134				
INSURANCE PREMIUM HOLIDAY	17	17	17	17				
SUBTOTAL TECH. ADJ.	<3,081>	<4,147>	36	<697>	<3,117>	<3,450>		
CURRENT SPENDING	284,309	283,243	38,142	37,409	19,557	19,224	226,610	226,610
FORECAST ADJUSTMENTS								
ANNUALIZING NEW PROG COSTS	25	25			25	25		
FEDERAL RECEIPTS	<4,510>	<4,883>			3,460	2,960	<7,970>	<7,843>
SUBTOTAL FORECAST ADJ.	<4,485>	<4,858>			3,485	2,985	<7,970>	<7,843>
AGENCY BASE	279,824	278,385	38,142	37,409	23,042	22,209	218,640	218,767

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PROGRAM: Rehabilitation Services
AGENCY: Jobs and Training, Department of

PROGRAM PURPOSE:

The programs and services in the Division of Rehabilitation Services (RS) exist for people with disabilities to further their integration in society, with emphasis on serving those with the most substantial barriers to employment. RS programs support agency goals to "help Minnesotans help themselves" by:

- Assisting people with vocationally-handicapping disabilities to prepare for and to secure suitable employment;
- Assisting people with severe disabilities to enhance their ability to live independently and function in their families and communities;
- Developing and implementing innovative ways to provide services to individuals with severe disabilities;
- Assisting people who need support services to be employed in the most appropriate environment, including the opportunity to be employed in an integrated community setting; and
- Determining if Minnesota's adults and children, who are claiming disability under Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs, qualify for those benefits.

Through these services, RS encourages the participation of all Minnesotans with disabilities in the social and economic life of their communities and contributes directly to 3 Minnesota Milestones themes and goals:

Within the theme of "A Caring and Secure Community," DJT is the lead agency for the goal: "People who need help providing for themselves (as a result of disability) will receive the help they need." Within the theme of "A Prosperous People," DJT is the lead agency for, "All Minnesotans, will have the economic means to maintain a reasonable standard of living."

DJT measures its results on these goals by the number of persons with disabilities who secure employment as a result of RS services and who remain independent in their homes and communities. DJT also provides information to employers and the community on the abilities of persons with disabilities to promote full participation in their communities.

Within the theme of "Learning," DJT contributes to the goal, "Minnesotans (with disabilities) will have the education and training to make the state a leader in the global economy," by providing vocational counseling and training opportunities leading to employment.

RS seeks to improve program quality throughout all activity services and has established 4 broad divisional goals: 1) Improve and strengthen collaborative relationships with counties and other key service providers; 2) Target disability groups that have been traditionally under-represented or underserved; 3) Increase consumer participation in the planning, delivery, and evaluation of our services; and 4) Provide a work environment where creativity and open communication is encouraged.

PROSPECTS:

The National Center for Health Statistics study conducted in 1990 found that 71% of people with disabilities are unemployed. For Minnesota, with 524,000 people of working age, with disabilities that means approximately 372,000 are unemployed. Of the 81,000 Minnesotans with severe disabilities between the ages of 16 to 64, only 26% are employed. It is imperative that people with disabilities have opportunities for choice, self-determination, self-direction, and full participation in the social and economic life of their communities.

Consumers have taken an increased role in the development of RS services and programs through involvement on our Advisory Committee for Supported Employment Services, Consumer Advisory Council, Independent Living Council, Extended Employment Advisory Committee, Hearing Impaired Advisory Council, town meetings and local consumer forums. RS staff work cooperatively with other units of local, state and federal government and service providers to maximize resources because consumers with more complex needs often receive services from a variety of providers.

RS has interagency agreements to work cooperatively to improve the quality of consumer services with Department of Human Services (DHS)/Mental Health, Minnesota Department of Education (MDE) for transition services, Minnesota Head Injury Foundation, and the Minnesota Association of Financial Aid Administrators. Staff are represented on Mental Health Local Advisory Committees, Community Transition Interagency Committees, Private Industry Councils, and other community organizations. During the last legislative session, a joint mission statement on supported employment among DJT, the DHS and the MDE was passed into law.

Greater employer awareness about disabilities and the Americans with Disabilities Act is a major need. Employers are essential partners if people with disabilities are to become employed. Through our federal Projects With Industry grant and our statewide employer marketing effort, RS has sponsored over 16 disability education and awareness seminars for local employers to improve placement opportunities for people with disabilities.

During the last biennium, RS reduced administrative costs and redirected resources toward more direct consumer services. Because the program's resources have not kept pace with the increased demand for services and the increased cost of serving persons with the more complex barriers to employment and independent living, RS will focus rehabilitation services to those most in need as defined by the program's mission and federal mandates.

Vocational Rehabilitation (VR): The Rehabilitation Act Amendments of 1992 require the implementation of an order of selection (serving persons with severe disabilities first) if a state does not have the resources to meet the needs of all eligible individuals. Twenty-six percent of VR consumers do not meet this criteria. The need for purchased services such as assistive technology, post-secondary training, etc., exceeds our resources. VR is more sharply focusing services and plans to implement a client financial participation procedure to ensure that resources are used equitably and in a consistent manner statewide. To match more available federal VR dollars, DHS will transfer $120,000 from its base to RS to fund mental health demonstration grants.

Independent Living (IL): Because of budget constraints, two branch offices have closed. With the current 7 Centers and 13 branches, services are available only to persons in the immediate geographic area in and around Center offices.

The federal government is developing performance indicators for this program. RS will be modifying the information system to comply with those requirements, which should improve outcome data.

Client Services Innovation (CSI): The research and development of innovative projects to improve our service delivery systems are funded through short-term federal grants. The program will continue to apply for grant funds to improve services in key priority areas as sufficient staff support is available. However, RS will not be able to apply for any new federal grants that require a match with state dollars.

Extended Employment (EE): The state appropriation makes up 18% of the cost of providing EE services. With current resources, the system is at capacity with many more individuals needing but unable to access EE services. In 1987, a performance-based funding system was implemented. The full impact of this funding system as defined and prescribed by rule can now be fully assessed so that necessary changes can be made permitting more efficient movement of individuals to more integrated employment options.

Disability Determination Services (DDS): Federal funding is expected to adequately cover changing workloads and inflationary costs of this activity in addition to special workloads due to court decisions and Social Security Administration (SSA) initiatives.

OUTCOMES:

VR: The percentage of individuals with severe disabilities receiving VR services has increased from 54% in 1986 to 74% in 1992. This has increased the demand for specialized, and in some instances, more costly rehabilitation services. With implementation of an order of selection, very few individuals whose disabilities are not severe will be able to access services.

In spite of the increase in consumers with severe disabilities, the number of individuals securing and maintaining employment as a result of VR has only slightly decreased from 3,700 in 1991 to 3,600 in 1992. This level of success with persons with increasingly more severe disabilities has resulted from increased efficiency and collaborative efforts at local and state levels.

By placing individuals who are receiving SSDI benefits or public subsidies in employment, VR reduces costs to other government units. In S.F.Y. 1992, 32% of those placed in employment were receiving public assistance at time of application, and an additional 131 individuals achieved substantial gainful employment and no longer needed SSA.

IL: The IL Center services helped 1,297 individuals to attain or maintain a more independent lifestyle in 1992. In addition, VR counselors, 3 full-time equivalencies (FTE's), provided, coordinated, and/or purchased independent living services for 227 individuals in F.Y. 1992. Through these services, people are able to remain independent in their homes, thereby saving resources for other units of government.

A key Center service is to provide information and referral on other community services. In 1992, Centers responded to over 7,500 information and referral requests.

CSI: This activity promotes research and development. The most successful service models are incorporated into the appropriate RS service delivery system. RS currently has 3 federal grants. Because of limited staff resources to support new grants and the unavailability of state match dollars, RS will go from 4 grants in 1990 totaling over $800,000 to 1 grant in 1994 totaling $300,000.

The federal HIV/AIDS grant has worked with VR and other community resources to develop a comprehensive vocational service delivery system and to increase community awareness of the vocational implications of HIV. Services to individuals and services to employers are key grant activities. This grant ends in F.Y. 1993, and federal guidelines do not permit reapplication.

The Community Support Networks grant is for individuals with traumatic brain injury. Information and referral, peer support groups and community education are key grant activities. Local and charitable funding is being sought by the Minnesota Head Injury Association to continue these services after the grant ends in F.Y. 1992. Federal guidelines do not permit reapplication.

The Projects With Industry (PWI) grant supports 9 staff to work closely with the business community and schools at 6 sites in greater Minnesota to secure employment for persons with disabilities. Priority is given to students making the transition from school to work. Employer education seminars on disability and employment issues are sponsored in cooperation with each site's Business Advisory Council. As long as grant goals are met and federal funds are available, RS can apply for continuation annually.

Through these grant activities, RS has developed 7 Business Advisory Councils around the state and has 84 employers advising us on placement strategies.

	F.Y. 1991	F.Y. 1992	F.Y. 1993
Persons Securing Employment	157	196	230
Employer Seminars	8	24	29
Information and Referral	339	684	NA
Peer Support Groups	33	36	NA
Community Education Seminars	90	125	NA

EE: The EE program supported 7,213 workers in F.Y. 1992 so they could remain employed. Both facility-based (long-term and work activity) and supported employment are provided to permit opportunities to work in the most integrated setting.

	F.Y. 1992
Individuals Working Primarily In:	
Supported Employment	3,309
Long-Term Employment	3,338
Work Activity	566
Hours of Work (000)	
Supported Employment	2,700
Long-Term Employment	3,625
Work Activity	404
Individuals Working Primarily In:	
Average Hourly Wage	
Supported Employment	$3.69
Long-Term Employment	$1.98
Work Activity	$1.16

DDS: DDS contracts with the federal SSA to assess eligibility for SSDI and SSI benefits and refers applicants who may benefit from rehabilitation services. The activity had a 99.5% accuracy rate on decisions made and referred 2,114 applicants to VR in 1992.

OBJECTIVES:

Vocational Rehabilitation

% of individuals receiving VR services whose disabilities are severe, F.Y. 1995: 85%
Individuals securing employment, F.Y. 1995: 3,700
Individuals off public assistance, SSA, F.Y. 1995: 1,100

Independent Living
Individuals receiving information and referral, F.Y. 1995: 7,500
Individuals remaining independent, F.Y. 1995: 1,500

Client Services Innovation
Grants obtained for research and development, F.Y. 1995: 1

Extended Employment
Individuals working primarily in Supported Employment, F.Y. 1995: 3,300
Total hours of work, F.Y. 1995: 6,450,000
Average hourly wages earned in Supported Employment, F.Y. 1995: $4.00
Average hourly wages earned in Long-Term Employment, F.Y. 1995: $2.00
Average hourly wages earned in Work Activity, F.Y. 1995: $1.46

Disability Determination Services

Refer at least 2,000 eligible applicants to VR in F.Y. 1995. Maintain at least a 98% accuracy rate on claims in F.Y. 1995.

PROGRAM PLAN:

Rehabilitation Services intends to maintain high quality services in spite of decreased resources and an increased demand for services.

Vocational Rehabilitation: Order of selection will be implemented in accordance with the federal Rehabilitation Act. Staff and resources will shift to meet increased demands. The goal of collaborative efforts with DHS/Mental Health is to increase services to persons with mental illness. The Mental Health Employability Grants Program will be transferred to DJT in order to generate new federal match. Developing ways to provide services to groups who are underserved will remain a high priority.

The average caseload of 138 is too large for timely and appropriate service delivery, especially since people with severe disabilities have more complex needs and require more intensive services. We plan to limit caseload size to 90 to 100. Implementation of a client financial participation process will ensure the equitable use of limited funds. RS has begun a 3-year automation project to manage our resources as efficiently and effectively as possible.

With no increase in state dollars, RS will return approximately $3 million in F.Y. 1994 and $4 million in F.Y. 1995 in federal VR funds.

Independent Living: IL services are not available statewide, and cannot serve individuals with the full range of disabilities on an equitable and consistent basis. The demand for services is growing because technology advances enable more persons with disabilities to access community services, the aging of Minnesota's population is enlarging the number of persons who need services, and the Americans with Disabilities Act has created a demand on Centers to assist communities with respect to the transportation and public accommodations sections of the law. Additional branch offices may have to be closed to reduce overhead costs.

Client Services Innovation: The Vinland Grants Program will be eliminated. Clients will be able to obtain funding for their services from other sources. RS will continue the research and development activities as a way to improve services, will apply annually to maintain the PWI grant and will apply for other appropriate grants as staff resources and match requirements permit. RS will continue as a co-recipient with MDE of a federal school-to-work systems change transition grant through 1996. MDE is the lead agency and funds 1 specialist position within RS to work on grant activities. SSA funds have been used to support the development of innovative community service strategies for people with severe disabilities; however, the continuation of those funds is not guaranteed.

Extended Employment: Consumers who need ongoing support services to maintain employment are demanding more integrated employment opportunities in the community. RS is working with local counties and DHS to coordinate funding and services. The variability and limitations of county resources has resulted in inequitable access to services for some groups. Access to extended employment, especially supported employment opportunities, continues to be based on one's county of residence and on whether one's disability is covered by mandated services. Persons with serious mental illness and traumatic brain injury do not typically receive county funding for employment services and cannot access supported employment opportunities.

Consistent with our mission, RS wants to provide more employment options for individuals with severe disabilities in the community at work sites which offer the best level of integration. RS intends to continue offering the supported employment and long-term employment subprograms, ensuring choice, but will reduce the work activity subprogram. About 68% of the costs of the facility-based programs are offset by production income. Offsetting production income is significantly lower for supported employment. With no additional resources, movement to more integrated employment is severely restricted.

Disability Determination Services: With total automation and ongoing work with local SSA offices, DDS will continue to serve the applicants of Minnesota efficiently, despite increased workloads resulting from increased applications, mandated groups, and SSI outreach efforts.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the program plan; however, the proposed funding has been reduced due to revised salary planning estimates. Expansion of this program's Projects With Industry service is detailed in the Minnesota Workforce Investment Fund initiative pages following the Dislocated Worker activity fiscal page in the Community Based Services program. This expansion will be implemented by intra-agency agreement.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: REHABILITATION SERVICES

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
VOCATIONAL REHABILITATION SERVICES	28,563	29,573	33,265	33,265	32,630	32,630	33,265	33,285	33,285
INDEPENDENT LIVING	1,439	1,376	1,486	1,486	1,515	1,515	1,486	1,546	1,546
CLIENT SERVICES INNOVATION	837	981	1,394	1,394	780	780	1,394	680	680
WORKERS COMPENSATION	1,546								
EXTENDED EMPLOYMENT SERVICES (EE)	10,002	10,270	10,269	10,270	10,270	10,264	10,270	10,270	10,264
DISABILITY DETERMINATION SV	9,708	11,084	13,616	13,616	12,017	12,017	13,616	12,257	12,257
TOTAL EXPENDITURES BY ACTIVITY	52,095	53,284	60,030	60,031	57,212	57,206	60,031	58,038	58,032
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<6>			<6>
TOTAL GOV'S INITIATIVES						<6>			<6>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	18,507	17,148	17,472	17,473	17,518	17,512	17,473	17,518	17,512
STATUTORY APPROPRIATIONS:									
JOBS AND TRAINING	33,582	36,130	42,533	42,533	39,669	39,669	42,533	40,495	40,495
GIFTS AND DEPOSITS	6	6	25	25	25	25	25	25	25
TOTAL FINANCING	52,095	53,284	60,030	60,031	57,212	57,206	60,031	58,038	58,032
POSITIONS BY FUND:									
GENERAL	35.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
JOBS AND TRAINING	560.0	561.0	563.0	561.0	561.0	561.0	561.0	561.0	561.0
TOTAL POSITIONS	595.0	564.0	566.0	564.0	564.0	564.0	564.0	564.0	564.0

BUDGET ACTIVITY: Vocational Rehabilitation
PROGRAM: Rehabilitation Services
AGENCY: Jobs and Training, Department of

ACTIVITY DESCRIPTION:

Vocational Rehabilitation (VR) provides services to persons with vocationally-handicapping disabilities to increase significantly their employment opportunities, and to further their integration into society. Special emphasis is placed on serving persons with the more severe vocational handicaps.

Services are provided to eligible persons by 167 rehabilitation counselors located in 46 field offices throughout the state. Rehabilitation counselors provide the core services of vocational counseling, career planning, job development, job placement, and follow-along services to assure that the placement is appropriate. Additional services are purchased to support the rehabilitation plan (i.e., training, assistive technology, worksite modifications, transportation). When developing the individualized rehabilitation plan with the consumer, counselors coordinate closely with the county, school, and other service providers to assure that services are comprehensive and non-duplicative.

BUDGET ISSUES:

This activity will need to implement a federally-mandated order of selection, giving priority to persons with severe disabilities. Persons with severe disabilities have historically been dependent on public assistance because of the lack of accessible training and employment opportunities. Focusing our services on consumers with severe disabilities will decrease this dependency on public services by providing individuals with the skills needed for employment and community participation. It is anticipated that the cost of providing direct client services will increase as a result of this new focus. However, this increased cost is offset by the person's increased independence and self-sufficiency, with less dependence on public support.

The VR activity is funded by a mix of federal and state dollars. The current minimum state match to access available federal dollars is 21.3%. This activity will need to return approximately $3 million in federal funds in F.F.Y. 1994 and $4 million in F.F.Y. 1995 if state appropriations remain the same.

The Department of Human Services, Mental Health Division, will be transferring $120,000 from its base to this activity to fund mental health demonstration grants which will assist in partially meeting the above state match requirements.

VR has recently completed a reorganization to streamline its administrative structure. As a result, 8 new counselor positions have been added to provide direct consumer services, and consumer purchased services (grants) have been increased from 34% to 37% of the total budget for S.F.Y. 1992 and anticipate increasing to 38% of the total budget for S.F.Y. 1993.

EFFICIENCY MEASURES:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
# of Successful Vocational Outcomes	3,715	3,604	3,700	3,700	3,700
# of Successful Vocational					
Average Cost of Purchased Services Per Placement	$2,206	$2,199	$2,309	$2,424	$2,545
# of Consumers with Plans	14,329	14,522	14,520	14,330	14,330
Average Cost of Purchased Services Per Consumer (Severe Disability)	$ 765	$ 811	$ 851	$ 893	$ 937
Average Cost of Purchased Services Per Consumer (Non-Severe Disability)	$ 559	$ 613	$ 644	$ 676	$ 710

REVENUE:

This activity generates dedicated-state and dedicated-federal revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue					
Dedicated-State - TJTC	$ 23	$ 17	$ 20	$ 20	20
Dedicated-Federal - SSA	993	824	600	600	600

Targeted Jobs Tax Credits (TJTC) are available to employers who hire persons with disabilities. As an employer service, VR makes the target group determination for private placement vendors (M.S. 176.1041). Fees cover the administrative cost of providing the service.

Social Security Administration (SSA) provides partial reimbursement of the expenses incurred rehabilitating SSA beneficiaries. Federal regulation requires this revenue to be dedicated to the VR activity.

GRANTS:

1. Aids to Individuals - Purchased Services for Consumers: Funds are used to provide direct rehabilitation services to persons with vocationally-handicapping conditions who are eligible for services under Section 110 of the Rehabilitation Act of 1973, as amended. When funding the consumer's plan, the counselor gives full consideration to resources available from other agencies as well as the consumer's own resources. RS purchases services only when other resources are insufficient to meet the person's needs. $11,100,000 (37% of available funds) was used for purchased services for consumers in S.F.Y. 1992.

2. Local Assistance:

   a. Contracts with Secondary Schools: Contractual arrangements with secondary schools enable RS counselors and local education agencies to better serve students with disabilities.

   b. Mental Health Demonstration Grants: RS granted a total of $100,000 in S.F.Y. 1992 to encourage the development of innovative employability services for persons with serious mental illness.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: REHABILITATION SERVICES
ACTIVITY: VOCATIONAL REHABILITATION SERVICES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	15,092	15,136	15,741	15,741	16,371	16,371	15,741	17,026	17,026
EXPENSES/CONTRACTUAL SRVCS	1,833	1,857	2,033	2,033	2,033	2,033	2,033	2,033	2,033
MISC OPERATING EXPENSES	1,071	1,048	1,066	1,066	1,066	1,066	1,066	1,066	1,066
SUPPLIES/MATERIALS/PARTS	104	123	238	238	138	138	238	138	138
CAPITAL EQUIPMENT	154	207	1,411	1,411	126	126	1,411	126	126
OTHER	233	307	450	450	450	450	450	450	450
SUBTOTAL STATE OPERATIONS	18,487	18,678	20,939	20,939	20,184	20,184	20,939	20,839	20,839
AIDS TO INDIVIDUALS	9,922	10,655	11,814	11,814	11,814	11,814	11,814	11,814	11,814
LOCAL ASSISTANCE	154	240	512	512	632	632	512	632	632
TOTAL EXPENDITURES	28,563	29,573	33,265	33,265	32,630	32,630	33,265	33,285	33,285
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	6,033	6,150	6,400	6,400	6,520	6,520	6,400	6,520	6,520
STATUTORY APPROPRIATIONS:									
JOBS AND TRAINING	22,530	23,423	26,865	26,865	26,110	26,110	26,865	26,765	26,765
TOTAL FINANCING	28,563	29,573	33,265	33,265	32,630	32,630	33,265	33,285	33,285
POSITIONS BY FUND:									
JOBS AND TRAINING	398.0	398.0	398.0	398.0	398.0	398.0	398.0	398.0	398.0
TOTAL POSITIONS	398.0	398.0	398.0	398.0	398.0	398.0	398.0	398.0	398.0

BUDGET ACTIVITY: Independent Living
PROGRAM: Rehabilitation Services
AGENCY: Jobs and Training, Department of

ACTIVITY DESCRIPTION:

Independent Living (IL) services are designed to be comprehensive and enable persons with severe disabilities to: 1) enhance their ability to live independently and function in their family and community, and 2) if employment proves feasible, assist them in preparing for vocational rehabilitation.

Independent Living services are accessed through 2 complimentary delivery systems: 1 is a grant program to 7 local consumer-governed Centers for Independent Living (CIL's), and the other is through a network of Vocational Rehabiliation (VR)/IL counselors. The emphasis of services is to promote the consumers gaining and maintaining control of their lives and successfully participating in their community. CIL staff and the VR/IL counselors are:

- Providing core services including peer counseling, IL skills training, support groups, information and referral on attendant care assistance, housing services, and assistance in obtaining transportation and equipment;
- Targeting services to underserved disability groups, such as persons with traumatic brain injury and hearing impairments;
- Educating consumers and providing training and technical assistance to the business community about the Americans with Disabilities Act (ADA); and
- Developing and maintaining working relationships between the Centers and VR field offices.

BUDGET ISSUES:

The IL activity budget is funded with approximately equal shares of state and federal funds:

- This funding supports both basic operations and special projects at the 7 CIL's, as well as purchased services provided by the VR/IL counselors.
- Special federal grants provide transition services to school-age youth and services to newly emerging populations of citizens with severe disabilities.

CIL's continue to provide much needed services to individuals and are affecting positive changes in the community. They continue to increase the percentage of financial support from the local community, foundation grants, and fee-for-service contracts. With the current 7 Centers and 13 branches, services are adequately available to persons in the immediate geographic area in and around the Centers' base offices and the branch offices.

New program standards and performance indicators are being developed at the federal level which may result in a mandated change in service composition, level of specific services, and disability groups served.

EFFICIENCY MEASURES:

	F.Y. 1991	F.Y. 1992
Centers:		
Hours of Direct, Group, and Information and Referral Services	42,400	42,400
Average Cost Per Service Unit	$31	$30
VR/IL Counselor Purchased Services:		
Consumers Served	252	227
Average Cost	$533	$443

REVENUE:

This activity generates no revenue.

GRANTS:

1. Aids to Individuals: Purchased Services for Clients. Under Title VII, Part A of the Rehabilitation Act of 1973, as amended, 80% of the funds are used to provide direct IL services to persons with severe disabilities. When funding the client's plan, the counselor gives full consideration to resources available from other agencies as well as the client's own resources. Services are purchased through this activity only when other resources are insufficient to meet the person's needs.
2. During 1992, 20% of Title VII, Part A funds was allocated for Center board and management development.
3. Title VII, Part B funds support the basic operations and the core services provided by the 7 CIL's.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: REHABILITATION SERVICES
ACTIVITY: INDEPENDENT LIVING

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
EXPENSES/CONTRACTUAL SRVCS	6	2	8	8	8	8	8	8	8
MISC OPERATING EXPENSES	8	4	9	9	9	9	9	9	9
SUPPLIES/MATERIALS/PARTS		1	1	1	1	1	1	1	1
SUBTOTAL STATE OPERATIONS	14	7	18	18	18	18	18	18	18
AIDS TO INDIVIDUALS	136	102	120	120	120	120	120	120	120
LOCAL ASSISTANCE	1,289	1,267	1,348	1,348	1,377	1,377	1,348	1,408	1,408
TOTAL EXPENDITURES	1,439	1,376	1,486	1,486	1,515	1,515	1,486	1,546	1,546
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	774	728	728	728	728	728	728	728	728
STATUTORY APPROPRIATIONS:									
JOBS AND TRAINING	665	648	758	758	787	787	758	818	818
TOTAL FINANCING	1,439	1,376	1,486	1,486	1,515	1,515	1,486	1,546	1,546
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

BUDGET ACTIVITY: Client Services Innovation
PROGRAM: Rehabilitation Services
AGENCY: Jobs and Training, Department of

ACTIVITY DESCRIPTION:

Through research and development activities, the program has sought to develop innovative strategies and programs in order to serve persons with the more complex and challenging disabilities. To accomplish this, the agency has successfully applied for federal grant funds to support projects that would not be possible using basic federal vocational rehabilitation and independent living funds.

The projects supported by this activity complement the other activities managed by the agency by developing partnerships with public and private agencies and employers to provide the support services persons with challenging disabilities need to achieve a suitable employment outcome.

Innovative projects funded during the last biennium include:

Projects With Industry: Provides placement services at 6 sites in Greater Minnesota, giving priority for services to students and young adults who are making the transition to employment, and provides services to employers in those rural Minnesota communities. The goals of this project include: expansion of competitive placement opportunities, coordination of training and placement services to meet the needs of the business community, placement of 230 individuals in competitive employment each year of the project, and development of partnerships with employers and community service providers. This grant is funded through 9-30-93 and must be applied for annually.

Community Support Networks for Persons with Traumatic Brain Injury: A joint project with the Minnesota Head Injury Association designed to improve independent living and vocational outcomes for persons with traumatic brain injury living in central, northeastern, northwestern and southwestern Minnesota. This project's goals included development of model networks to support persons with traumatic brain injury in their home communities, development of peer support groups, community education and awareness, and intensive case coordination services for persons with traumatic brain injury. This was a 3-year federal demonstration grant which ended on 9-30-92.

Vocational Services for Persons with HIV/AIDS: A collaborative project with the Minnesota Aids Project, Hennepin County Community Services, and Courage Center to develop a comprehensive vocational rehabilitation services delivery model for persons with HIV and AIDS. Project goals include: development of a comprehensive plan to coordinate public health and vocational rehabilitation services for persons with HIV, development of vocational support services, and increasing community awareness about the vocational implications of HIV. This is a 3-year federal demonstration project which will end on 9-30-93.

BUDGET ISSUES:

DJT will continue to maximize the use of federal grant funds for research and the development of innovative programs not possible under the basic federal programs. One of the 2 current federally-funded projects will end during the biennium. Expansion of existing efforts has not been possible because matching state funds are not available, staff resources are limited, and federal grant priorities are not always consistent with the expressed needs in Minnesota. Social Security Administration funds have been used to support the development of innovative community service strategies for people with severe disabilities. However, the continuation of these funds is not guaranteed. DJT has identified a need for program development to serve emerging and historically underserved disability populations such as American Indians, and persons with serious mental illness, deafness, and traumatic brain injury.

EFFICIENCY MEASURES:

Indicators for federal special demonstration projects are dependent on federally-determined priorities. Examples of the types of performance indicators for projects funded during the next biennium include:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Projects with Industry				
Number of Competitive Placements	196	230	230	230
Cost Per Placement	1,531	1,304	1,304	1,304

	F.Y. 1992	F.Y. 1993	F.Y. 1994
HIV/AIDS Project			
Number of Persons Served	75	80	N/A
Cost Per Person Served (includes cost of program and vendor development)	1,813	1,700	N/A

Vinland: Based on the specific needs of participants in these programs, the cost per person is $80-$5,000. These programs are designed for the unique needs of the individual participant. Therefore, prediction of cost per participant cannot be projected.

REVENUE:

This activity does not generate any revenue.

GRANTS:

P.L. 93-112 and M.S. 268.A.01

Funds used under this authority are discretionary and may be provided to a public or private non-profit agency or rehabilitation facility to establish vocational services for persons with disabilities.

Innovative federally-funded projects involve collaboration with private agencies, with RS serving as the fiscal agency for the federal funds.

Vinland: This program is an innovative rehabilitation employment program for adults with disabilities who have not responded positively to traditional rehabilitation efforts, and who have experienced multiple barriers to employment. The goals of this program are to increase self-esteem, improve physical tolerance and stamina, and to assist participants in understanding their remaining abilities thereby motivating them to begin vocational training or employment plans. In addition, the Community Integration Programs at Vinland are designed to promote inclusion in the community for persons with disabilities. The goals of this program are to empower participants to lead more active, productive, and healthy lives, and increase their community involvement. This state-funded program in the amount of $75,000 began on 9-14-92 and is funded through 6-30-93.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: REHABILITATION SERVICES
ACTIVITY: CLIENT SERVICES INNOVATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	296	378	484	484	430	430	484	430	430
EXPENSES/CONTRACTUAL SRVCS	205	19	225	225	125	125	225	125	125
MISC OPERATING EXPENSES	5								
SUPPLIES/MATERIALS/PARTS		1							
CAPITAL EQUIPMENT		6	500	500	200	200	500	100	100
SUBTOTAL STATE OPERATIONS	506	404	1,209	1,209	755	755	1,209	655	655
LOCAL ASSISTANCE	331	577	185	185	25	25	185	25	25
TOTAL EXPENDITURES	837	981	1,394	1,394	780	780	1,394	680	680
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	152		75	75			75		
STATUTORY APPROPRIATIONS:									
JOBS AND TRAINING	679	975	1,294	1,294	755	755	1,294	655	655
GIFTS AND DEPOSITS	6	6	25	25	25	25	25	25	25
TOTAL FINANCING	837	981	1,394	1,394	780	780	1,394	680	680
POSITIONS BY FUND:									
JOBS AND TRAINING	9.0	10.0	12.0	10.0	10.0	10.0	10.0	10.0	10.0
TOTAL POSITIONS	9.0	10.0	12.0	10.0	10.0	10.0	10.0	10.0	10.0

BUDGET ACTIVITY: Workers' Compensation
PROGRAM: Rehabilitation Services
AGENCY: Jobs and Training, Department of

ACTIVITY DESCRIPTION:

The Workers' Compensation activity, serving both non-qualified injured workers and qualified injured workers, was transferred to the Department of Labor and Industry effective 7-1-91 per MN Laws 1991, Chapter 292, Article 10.

BUDGET ISSUES:

This page is included for historical purposes only.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: REHABILITATION SERVICES
ACTIVITY: WORKERS COMPENSATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,118								
EXPENSES/CONTRACTUAL SRVCS	140								
MISC OPERATING EXPENSES	101								
SUPPLIES/MATERIALS/PARTS	29								
CAPITAL EQUIPMENT	49								
SUBTOTAL STATE OPERATIONS	1,437								
AIDS TO INDIVIDUALS	109								
TOTAL EXPENDITURES	1,546								
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,546								
TOTAL FINANCING	1,546								
POSITIONS BY FUND:									
GENERAL	31.0	.0	.0	.0	.0	.0	.0	.0	.0
TOTAL POSITIONS	31.0	.0	.0	.0	.0	.0	.0	.0	.0

BUDGET ACTIVITY: Extended Employment
PROGRAM: Rehabilitation Services
AGENCY: Jobs and Training, Department of

ACTIVITY DESCRIPTION:

In 1992, EE provided ongoing employment supports to 7,213 individuals with severe disabilities. EE supports individuals in a variety of work settings including facility-based, community-based group sites, and community-based individual sites. Individuals work in a variety of occupations including manufacturing, food service, office occupations, hospitality occupations, janitorial, and other service industries.

Supports are provided by 31 private, non-profit or governmental agencies through contracts with RS. The focus over the past 3 bienniums has been to increase the number and types of employment choices available to people with the most severe disabilities, paying particular attention to supporting integrated employment in the communities in which the individuals live. This focus is being achieved by:

- Encouraging facility-based programs to voluntarily shift employees to community-based employment.
- Reducing the percent of state dollars subsidizing facility-based programs to 49% in state F.Y. 1993 from 81% in 1987.
- Increasing the percent of state dollars subsidizing community-based employment to 51% in state F.Y. 1993 from 19% in 1987.
- Increasing the number of full-time equivalencies (FTE's) in community-based employment.
- Auditing all providers to insure compliance with the rules.

The total EE program had $51.7 million in reported income in F.Y. 1991. That income came from the following sources:

- State appropriation for EE funding - 18%
- County contracts to EE providers - 12%
- Facility production income - 55%
- Other governmental sources - 9%
- Other - 6%

The expenses of the total program totaled $52.5 million. Expenses exceeded income by $.8 million. The trend in the past year has been for all subprograms in EE to show a deficit. In the past, deficits in some subprograms were offset by profits in others.

BUDGET ISSUES:

Eighteen percent of EE activity in Minnesota is funded through state appropriations. The major conditions impacting the activity are:

1. At current funding levels, the EE system is over capacity. In state F.Y. 1992, a total of 4,719 FTE's were reported by the provider agencies. The EE program was only able to fund 4,215 FTE's.
2. For F.Y. 1993, facilities are projecting the need for funding for an additional 479 FTE's over those funded in F.Y. 1992. This represents approximately 725 people.

In order to increase funding available for consumers able to work in less restrictive environments, 2 components of the EE program have been phased out or reduced. Subsidies to work component programs were eliminated during the past biennium and work activity subsidies were significantly reduced. The facilities continue to supplement EE funding with county and other funding. However, their ability to provide support to additional people not funded by the state is limited due to economic conditions in both the private and public sectors. County funding is not expected to increase during this biennium.

EFFICIENCY MEASURES:

	SFY 1991	SFY 1992	SFY 1993	SFY 1994	SFY 1995
EE Subsidy Per Dollar Earned					
Supported Employment	$0.49	$0.48	$0.48	$0.48	$0.47
Long-Term Employment	0.57	0.60	0.60	0.60	0.60
Work Activity	1.09	1.08	0.99	0.91	0.85
Work Component	0.47	0.00	--	--	--
Total Program	$0.54	$0.55	$0.54	$0.53	$0.53

	SFY 1991	SFY 1992	SFY 1993	SFY 1994	SFY 1995
State EE Average Per Diem Based On:					
State Appropriation	$ 7.43	$ 8.12	$ 8.23	$ 8.34	$ 8.56
Total Program Income	39.51	43.09	43.80	44.38	45.63

	SFY 1992	SFY 1993	SFY 1994	SFY 1995
Average Cost Per FTE				
Supported Employment	$2,795	$2,851	$2,890	$2,946
Long-Term Employment	2,050	2,054	2,054	2,054
Work Activity	1,445	1,422	1,422	1,422
Total Program	2,309	2,361	2,376	2,414

REVENUE:

This activity generates no revenue to the state.

GRANTS:

Under M.S. 268A.09, contracts are awarded to 31 private, non-profit governmental agencies to fund employment supports for individuals. The formula used to determine the amount of aid each agency receives is specified by rule. This activity also funds Advocating Change Together, a project to promote self-advocacy for consumers working at Developmental Achievement Centers and Regional Treatment Centers.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: REHABILITATION SERVICES
ACTIVITY: EXTENDED EMPLOYMENT SERVICES (EE)

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	210	163	162	163	163	157	163	163	157
EXPENSES/CONTRACTUAL SRVCS	37	24	36	36	36	36	36	36	36
MISC OPERATING EXPENSES	3	19	6	6	6	6	6	6	6
SUPPLIES/MATERIALS/PARTS	2	1	2	2	2	2	2	2	2
CAPITAL EQUIPMENT	3								
SUBTOTAL STATE OPERATIONS	255	207	206	207	207	201	207	207	201
LOCAL ASSISTANCE	9,747	10,063	10,063	10,063	10,063	10,063	10,063	10,063	10,063
TOTAL EXPENDITURES	10,002	10,270	10,269	10,270	10,270	10,264	10,270	10,270	10,264
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<6>			<6>
TOTAL GOV'S INITIATIVES						<6>			<6>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	10,002	10,270	10,269	10,270	10,270	10,264	10,270	10,270	10,264
TOTAL FINANCING	10,002	10,270	10,269	10,270	10,270	10,264	10,270	10,270	10,264
POSITIONS BY FUND:									
GENERAL	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL POSITIONS	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0

BUDGET ACTIVITY: Disability Determination
PROGRAM: Rehabilitation Services
AGENCY: Jobs and Training, Department of

ACTIVITY DESCRIPTION:

In accordance with Social Security Administration (SSA) regulations, the purpose of Disability Determination Services (DDS) is to determine if Minnesotans who are claiming disability under Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs meet the disability criteria to qualify for benefits.

SSI disability payments were received by 30,500 Minnesota residents of limited income and resources in 1991. Monthly SSI payments of $10.8 million were made to Minnesota households with disabled children or disabled adults. Through cooperative outreach efforts by SSA and state components, SSI disability applications have increased from 46% of all disability applications filed in 9-91 to over 50% of all applications in 4-92.

In addition to the SSI disability payments, 38,350 disabled workers received SSDI payments in Minnesota in 1991. Payments to these workers and their dependents totaled $25.3 million each month.

DDS also refers those individuals who may benefit from special services to other programs such as Vocational Rehabilitation and State Services for the Blind, and in 1991, made 2,114 referrals of eligible persons to rehabilitation agencies.

BUDGET ISSUES:

Due to austere budgetary times, a major issue facing DDS is to manage reduced resources in the most efficient, cost-effective manner. Automating every aspect of the disability process in DDS is a major goal in an effort to become as effective and efficient as possible.

Medical costs for purchasing necessary consultative examinations (CE's) for claimants and for purchasing medical evidence of record (MER) to document the disability file will continue to increase in these budget years. Minnesota will try to offset these increased costs by keeping the number of CE's per total applications down by carefully screening and judiciously ordering exams on disability applicants.

In the next year, DDS will continue to face the challenge of re-adjudicating a large number of claims as the result of the Zebley Supreme Court decision involving children throughout the United States. Through in-service training and specialization, the staff has become efficient and expert at processing these types of claims.

If SSA sees a need for Minnesota to take on any special caseload, DDS will have to expand its space and staff. DDS would get additional federal funding to accomplish this, and the DDS plan would be to add a special adjudicative unit to handle special work assignments as a means of being most efficient and productive.

EFFICIENCY MEASURES:

It is expected that with an enhanced computer system, DDS will not have to increase staff to accommodate the expected increase in regular SSDI and SSI disability applications. DDS also expects that the total automation of DDS will shorten case processing time in order to give Minnesota residents a quicker decision on their disability claims, with a goal of 60 days from application to decision.

DDS had a 1992 funding goal of $330 per each claim processed. With increased medical costs to DDS, increased applications and higher salary and staff costs, DDS feels that in subsequent budget years, case processing funding goals can be met with an excellent computer system.

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of Cases Processed	33,574	35,776	37,564	39,443
Case Cost	$325 (Region $330)	341	358	376

REVENUE:

None.

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: REHABILITATION SERVICES
ACTIVITY: DISABILITY DETERMINATION SV

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	4,950	5,498	5,745	5,745	5,975	5,975	5,745	6,215	6,215
EXPENSES/CONTRACTUAL SRVCS	1,663	1,746	1,755	1,755	1,926	1,926	1,755	1,926	1,926
MISC OPERATING EXPENSES	247	251	274	274	274	274	274	274	274
SUPPLIES/MATERIALS/PARTS	57	161	100	100	100	100	100	100	100
CAPITAL EQUIPMENT	9	109	2,025	2,025	25	25	2,025	25	25
OTHER	156	170	187	187	187	187	187	187	187
SUBTOTAL STATE OPERATIONS	7,082	7,935	10,086	10,086	8,487	8,487	10,086	8,727	8,727
AIDS TO INDIVIDUALS	2,626	3,149	3,530	3,530	3,530	3,530	3,530	3,530	3,530
TOTAL EXPENDITURES	9,708	11,084	13,616	13,616	12,017	12,017	13,616	12,257	12,257
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
JOBS AND TRAINING	9,708	11,084	13,616	13,616	12,017	12,017	13,616	12,257	12,257
TOTAL FINANCING	9,708	11,084	13,616	13,616	12,017	12,017	13,616	12,257	12,257
POSITIONS BY FUND:									
JOBS AND TRAINING	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0
TOTAL POSITIONS	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0

PROGRAM: State Services for the Blind
AGENCY: Jobs and Training, Department of

PROGRAM PURPOSE:

The mission of State Services for the Blind (SSB) is to facilitate the achievement of vocational and personal independence by children and adults who are blind or visually handicapped. The program is delivered through:

Rehabilitation Services (RS): Through 11 field offices statewide, provides direct rehabilitation services to persons of all ages who are blind or visually handicapped, including those who have additional physical and/or mental impairments, when the loss of vision causes a handicap to vocational, educational or personal independence. Distinct service types include: Vocational Rehabilitation (VR), Child Rehabilitation (CR), Independent Living (IL) and Self Care (SC) for the elderly. Services include counseling, instruction in alternative techniques including braille and travel training, vocational training, job placement and adaptive equipment through the SSB Resource Center.

Business Enterprises (BE): Creates statewide small business franchise opportunities for persons who are blind. Vendors function as subcontractors in public and private buildings, including post-secondary institutions and rest areas on interstate and state highways. The businesses include lunchrooms, snack bars, gift shops, vendeterias and vending routes.

Communication Center (CC): Through paid staff and over 450 trained volunteers, provides lifelong information, library and literacy services statewide to Minnesotans who are unable to read normal newsprint because of a visual or physical handicap. Custom recorded and/or brailled textbooks, job and leisure materials assist persons who are blind in achieving their ultimate goal of personal or vocational independence. The Radio Talking Book, a radio reading service, broadcasts daily newspapers, current magazines and books 24 hours per day. Dial-In News, a newspaper reading service, enables a consumer to access the daily newspaper at home by touchtone phone 24 hours a day. Both programs give persons who are blind access to the same information as the general public.

Client/Staff Support (CSS): Supports other programs to assist clients in reaching their rehabilitation goal and in maintaining positive relationships with partners. Services include certification of legal blindness for homestead and tax benefits; "The Store" (an outlet for client adaptive aids and devices); client equipment lease and device distribution programs; advisory council support; program development and evaluation; financial management of client and administrative budgets; purchasing; contract management; and administrative and technical support.

SSB's services of literacy, community access and employment directly support 3 Minnesota Milestones themes:

- "A Prosperous People," specifically, "All Minnesotans will have the economic means to maintain a reasonable standard of living" and "Rural areas, small cities and urban neighborhoods will be economically viable places for people to live and work."
- "Learning," specifically, "Minnesotans will excel in basic academic skills."
- "A Caring and Secure Community," specifically, "People who need help providing for themselves will receive the help they need."

PROSPECTS:

Several significant factors will shape the short and long-term strategies and goals of SSB:

Federal Action: Legislation, Funding and Policy Shifts. Reauthorization of the Rehabilitation Act, which governs several major program activities, is currently pending. It appears the reauthorized Act will increase state match requirements and also exclude state agencies from receiving direct grants for serving clients with severe multiple handicaps via a Center for Independent Living (resulting in a $102,596 loss to SSB). Additional shifts at the federal level not directly related to reauthorization include restrictions on options for use of Social Security reimbursement funds to support only the vocational rehabilitation program, thereby decreasing support available for state-only programs and a loss of competitive demonstration grant of $206,000/yr to serve Minnesotans who are both elderly and blind.

Aging Population. The over-55 years of age population is the fastest growing sector of the Minnesota population, with an even faster growing incidence of blindness or visual impairments. Today, 1 Minnesotan in 8 is elderly. Visual impairment is among the top 10 chronic conditions faced by older Minnesotans.

Employment. Nationally, 70% of all persons who are blind and interested in employment are not working. As the "Baby Boom" generation ages, there will be an anticipated increase in working persons experiencing vision loss and needing adjustment to blindness services in order to gain or maintain employment. As the computer revolution continues, there will be an increased number of individuals who need training on, and access to, technological and adaptive equipment in order to work.

Children/Education. Minnesota educators report increases in the number of children and young adults who are blind and visually handicapped. There is also renewed emphasis on literacy spurred on by heightened consumer expectations and the strengthened Braille Law.

Technological and Medical Advancements. Due to medical advancements, more neonatals with severe disabilities are surviving. Adults are living longer and surviving serious accidents and injuries. There is an increasing number of persons with severe disabilities in need of services.

Diverse Population and Workforce. The population and workforce in Minnesota is becoming more diversified. Increased efforts will be needed to reach certain segments of the blind population that are underserved such as American Indian, Southeast Asian, and African American.

Total Quality Management (TQM). The agency and program are moving toward utilization of TQM principles which will emphasize outcome-based measurements, improved customer satisfaction, and quality.

PROGRAM: State Services for the Blind
AGENCY: Jobs and Training, Department of
(Continuation)

OUTCOMES:

In the **Rehabilitation Services Program**, goal achievement is determined by the accomplishment of specific outcomes agreed to in a written plan between the counselor and client.

	Actual F.Y. 1991	Actual F.Y. 1992	Estimate F.Y. 1993
# Served/Achieving Goal:			
Voc Rehab	2,469/393	2,400/400	2,550/425
Child Rehab	632/ 63	550/ 60	600/ 65
IL Prog	699/266	525/200	550/240
Self Care	580/260	550/220	500/230

These outcomes produce a positive impact in 1 of several ways: An increased tax base; reduced burden on public benefit programs; increased quality of life since people can continue to live in their own community and avoid unnecessary institutionalization and dependency; and increased program income due to Social Security reimbursements earned for people placed in jobs.

Blind vendors in the **Business Enterprises Program** contribute approximately 13% of their income to the state to operate the program. The nonappropriated support of this program has risen from 22% in 1984 and currently accounts for 45% of program expenditures.

	Actual F.Y. 1991	Actual F.Y. 1992	Estimate F.Y. 1993
# of Locations	76	75	77
# of Operators	78	78	80
Program Sales	8,239,685	8,400,000	8,600,000
Operational Charges	320,330	335,000	350,000
Average Net Profit for Vendor	25,675	26,958	28,306

Communication Center services open the door to a complete library of books, both recorded and brailled, for persons who are blind or physically impaired.

	Actual F.Y. 1991	Actual F.Y. 1992	Estimate F.Y. 1993
# Individuals Served	12,642	12,973	13,500
# Institutions Served	561	563	575
# Braille Pages Produced	660,052	661,343	665,000
# Audio Cassettes Produced	37,639	38,431	40,000
# Active Volunteers	450	454	460

Client/Staff Support processed 532 certifications of legal blindness and 4,203 affidavits of blindness for real estate and tax benefits for F.Y. 1992. "The Store" had 1,348 purchasing customers (up 46% from F.Y. 1992) with total gross sales in the amount of $39,311 (up 76% from F.Y. 1992). This included both walk-in and mail order business.

OBJECTIVES:

Rehabilitation Services	Estimate F.Y. 1994	Estimate F.Y. 1995
# Served/Achieving Goal:		
Voc Rehab	2,600/450	2,600/450
Child Rehab	600/ 70	600/ 70
IL Prog	575/250	600/260
Self Care	450/220	425/210

Communication Center	Estimate F.Y. 1994	Estimate F.Y. 1995
# Individuals Served	14,000	15,000
# Institutions Served	590	610
# Braille Pages Produced	675,000	700,000
# Audio Cassettes Produced	42,500	45,000
# Active Volunteers	475	500

Business Enterprises	Estimate F.Y. 1994	Estimate F.Y. 1995
# BEP Locations	78	80
# BEP Operators	81	83
Program Sales	8,900,000	9,200,000
Operational Charges	365,000	380,000
Average Vendor Net Profit	29,438	30,616

REVENUES:

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:				
Non-dedicated - Gen'l	$ 0	$ 0	$ 0	$ 0
Dedicated - Special	800	899	882	883
Dedicated - Federal	0	0	0	0
Dedicated - Agency	40	54	54	54
Total Revenue	$840	$953	$936	$937

GRANTS:

Statutory References: M.S. 248.07, Minnesota Rules Chapter 3321 and 3325, the Rehabilitation Act of 1973, as amended through 1986, the Americans with Disabilities Act, the Randolph-Sheppard Act, and P.L. 93-112 S102 87 Stat. 369.

PROGRAM: State Services for the Blind
AGENCY: Jobs and Training, Department of
(Continuation)

Aid to Individuals: Purchased Services for Clients
Direct rehabilitation services are provided to persons who are blind and visually handicapped who are eligible for vocational rehabilitation services under the Rehabilitation Act of 1973, as amended, and to children, elderly and multiply-handicapped persons to enhance their ability to live and function independently in their family, home or community. During rehabilitation plan development, full consideration is given to comparable benefits available from other sources, as well as the client's financial need. Services are purchased only when other resources are unavailable or insufficient.

Local Assistance: Grant to Local Vendors for Services
a) United Blind - a Client Assistance/Legal Advocate Program for clients who are blind and visually handicapped; b) Academy for the Blind - a Summer Residential "Learning Independence From Experience" (LIFE) program which provides travel and personal management training, recreation/leisure skills, home economics and prevocational/vocational skills training in a structured work setting; c) FIND, Inc. - development and implementation of an information/referral service to individuals who are deaf and blind.

PROGRAM PLAN:

With only premises differential increases in state level funding for F.Y. 1994 and F.Y. 1995, a $97 reduction in nonpersonal services for the biennium, salary increases for staff as part of the bargaining agreements (without additional state salary supplement), and a projected minimal increase in funding for the vocational rehabilitation program:

There is an increased likelihood that Rehabilitation Services will have to implement an "Order of Selection," which would limit the federal portion of the program to only those blind individuals with the "most severe handicaps." It also may have to significantly reduce services to the state-only program activities serving children, elderly and persons with severe multiple handicaps. Inflationary increases for services purchased on behalf of clients (as part of their rehabilitation plan) have decreased the purchasing power of Rehabilitation Services' resources. There has also been an increased demand for aid to individuals, particularly for access to and training on adaptive equipment. The loss of 2 federal grants serving persons with severe, multiple handicaps and elderly will also impact and reduce service delivery level in these areas.

The Business Enterprises Program may reduce its staffing level, continue its effort to become less dependent on public funds, and organizationally restructure so that savings can be channeled into other direct services.

Communication Center is utilizing federal reallotment funds received during F.Y. 1992 to purchase supplies for use over the next 2 years. This will reduce pressure on the Communication Center's operating budget for F.Y. 1993 and F.Y. 1994. Increased automation will also assist staff in meeting the literacy needs of people served. With same level state funding, the Communication Center is projecting a funding shortfall in F.Y. 1995. It is the program's intent to aggressively seek additional funding through grant increases and additional private funding to meet that deficit. If the additional public and private resources cannot be obtained, there will be a significant reduction in the level of services that the Communication Center will be able to provide.

$97 for supplies and other nonpersonal services will be eliminated for the biennium. However, SSB will have minimal administrative disruption because of its efficient use of federal funds in 1993 through a 1-time reallocation process, and staffing reductions in the previous years. This reduction will have little or no effect on the level of clients served and will not affect the required match or maintenance of effort levels.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: SERVICES FOR THE BLIND
ACTIVITY: SERVICES FOR THE BLIND

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	5,318	4,923	5,132	5,145	5,263	5,176	5,145	5,340	5,253
EXPENSES/CONTRACTUAL SRVCS	958	1,018	1,120	1,236	1,345	1,345	1,254	1,382	1,382
MISC OPERATING EXPENSES	476	510	733	733	761	761	733	770	770
SUPPLIES/MATERIALS/PARTS	180	251	817	817	348	348	817	352	352
CAPITAL EQUIPMENT	169	248	879	879	300	300	879	313	313
OTHER	74	69	60	60	70	70	60	70	70
SUBTOTAL STATE OPERATIONS	7,175	7,019	8,741	8,870	8,087	8,000	8,888	8,227	8,140
AIDS TO INDIVIDUALS	2,295	2,790	2,717	2,717	3,202	3,202	2,717	3,233	3,233
LOCAL ASSISTANCE	127	64	72	72	67	67	72	67	67
TOTAL EXPENDITURES	9,597	9,873	11,530	11,659	11,356	11,269	11,677	11,527	11,440
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<87>			<87>
TOTAL GOV'S INITIATIVES						<87>			<87>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	3,595	3,621	3,594	3,723	3,675	3,588	3,741	3,692	3,605
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	466	753	880	880	880	880	880	880	880
JOBS AND TRAINING	5,471	5,443	7,002	7,002	6,747	6,747	7,002	6,901	6,901
GIFTS AND DEPOSITS	65	56	54	54	54	54	54	54	54
TOTAL FINANCING	9,597	9,873	11,530	11,659	11,356	11,269	11,677	11,527	11,440

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: SERVICES FOR THE BLIND
ACTIVITY: SERVICES FOR THE BLIND

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	66.5	65.5	65.5	65.5	65.5	65.5	65.5	65.5	65.5
SPECIAL REVENUE	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
JOBS AND TRAINING	76.0	72.5	66.5	66.5	66.5	66.5	66.5	66.5	66.5
TOTAL POSITIONS	144.5	140.0	134.0	134.0	134.0	134.0	134.0	134.0	134.0

PROGRAM: Job Service/Unemployment Insurance
AGENCY: Jobs and Training, Department of

PROGRAM PURPOSE:

Job Service/Unemployment Insurance provides an array of special programs to address the needs of employers seeking qualified applicants and individuals seeking assistance in obtaining employment. The primary programs are the federally-funded Job Service, a nationwide labor exchange which matches jobseekers with employers at no cost to either; and the Unemployment Insurance (UI) program which provides temporary economic relief through payment of benefits to assist persons in minimizing the economic and social impact of unemployment. Other programs include the federally-funded Veterans Programs which provide placement service for Veterans; Minnesota Opportunities Industrialization Centers whose purpose is to upgrade the job skills of economically disadvantaged individuals; and the Labor Market Information System which supports state and local economic development strategies, employment and training program planning and vocational counseling.

These programs contribute directly to 2 Minnesota Milestone themes. Within the first theme, "Prosperity," DJT is the lead agency for the goal that "All Minnesotans will have the economic means to maintain a reasonable standard of living." DJT measures its results on this goal by the number of placement transactions. Within the second theme, "A Caring and Secure Community," DJT is the lead agency for the goal that "People who need help providing for themselves will receive the help they need." DJT measures its results on this goal by the timeliness of its payments to UI recipients and the number of UI claimants placed in jobs.

In addition, DJT uses other indicators to measure progress toward goals which are not a part of Minnesota Milestones. These are described under the Outcomes and Objectives headings.

PROSPECTS:

1. Individuals Seeking Employment

   The number of individuals seeking employment through the federally-funded Job Service increased by over 19,000 in 1992, to 315,435. This increase is on top of a gain of over 27,000 during the previous year.

   The number of job openings received by Job Service was down in 1992, as employers cut back on hiring during the recent recession. Job Service received 115,945 job openings in 1992, 30,000 fewer than 2 years ago.

   As the nation comes out of the recession, prospects for more job orders from employers increase as well as the number of individuals placed in employment. Job Service recorded 67,518 placement transactions last year and hopes to increase that number during the current year.

2. Services to UI Claimants

   The number of individuals filing claims for UI has greatly increased over the past 2 years, from 151,000 in 1989 to 181,000 in 1991. During the past year, the numbers have leveled off with some evidence of a decline in unemployment. 1992 is estimated at 179,000 individuals filing claims.

The 2 areas highlighted above have felt the negative impact of the nationwide recession over the past 2 years. Employers' continued reluctance to expand their workforce may have a short-term negative impact on activity levels in 1993. The moderate economic recovery which has been predicted will have a long-term positive impact on UI and Employment Programs in meeting the goals outlined above. The U.S. Department of Labor has established effectiveness and quality measures in UI; some of the more significant measures are noted below.

OUTCOMES:

Job Service/Unemployment Insurance has collected data on the following programs to demonstrate outcomes, which are the historic measures of DJT's performance toward its goals and the "Prosperity" and "Secure Community" milestones.

Job Service:	F.Y. 1991	F.Y. 1992
Job Openings Received	122,084	115,945
Placement Transactions	73,736	67,518
Veterans Placed (Individuals)	7,158	6,554
UI Claimants Placed	6,892	7,604
Average Wage at Placement	$6.81	$6.31
Unemployment Insurance:		
Determine New Employer Liability and Register Within 180 Days (80%)	80%	82%
Make Benefit Payments Within 14 Days from the First Compensable Week Payable (87%)	97%	97%

OBJECTIVES:

Job Service/Unemployment Insurance seeks to improve services to employers and job seekers despite increased operating costs and reduced federal funding. Special efforts will be made to promote our services to employers to increase the number of jobs available to qualified individuals. The Job Service's ability to find jobs for people is dependent upon its success in finding people for jobs.

Job Service:	F.Y. 1993	F.Y. 1994	F.Y. 1995
Job Openings Received	99,706	105,000	110,000
Placement Transactions	65,886	69,000	72,500
Veterans Placed	6,500	6,825	7,166
UI Claimants Placed	5,577	6,210	6,525
Average Wage at Placement	$6.31	$6.62	$6.95
Unemployment Insurance:			
Timely Determination of Employer Liability	80%	80%	80%
Timely First Payments	87%	87%	87%

PROGRAM PLAN:

The primary placement program, Job Service, has recently redefined its mission and is currently writing a business plan to reflect the essential changes in its operation of the basic labor exchange. The new business plan recognizes that Job Service does not have the resources to meet the needs of all individuals requesting service. The goal is to streamline the basic labor exchange function to

provide job seekers with access to job information and allow them to self-refer to employment where qualifications are minimal. Staff time can then be devoted to providing value-added services that help job seekers obtain self-sufficiency and provide better customer service to employers who provide full-time, permanent employment. This should increase the number of employers using Job Service and the number and quality of job orders received by Job Service. Providing job seekers with a better and broader market of job opportunities will specifically address the Minnesota Milestone goal that "All Minnesotans will have the economic means to maintain a reasonable standard of living."

GOVERNOR'S RECOMMENDATION:

The Governor recommends an alternative program funding level of $250,000 for the biennium, which incorporates an initiative designed to establish the feasibility of a uniform business identification process. This proposal is detailed in the investment initiative following the Unemployment Insurance activity fiscal page. Such a process could streamline business's interaction with state government and reduce business administrative burden and costs.

The agency will utilize $240,000 and 2 positions for the biennium to provide employment forecasting services to the new Youth Apprenticeship Program administered by the Department of Children and Education Services. These services will be provided through an inter-agency agreement. The functions of the Minnesota Occupational Information Coordinating Committee will be transferred to the Department of Children and Education Services. This will result in a biennial transfer of federal funds of $268,000 and 1 position. Employment forecasting and analysis activity consolidation will enhance the state's overall education performance. These services are further detailed in the proposed new agency narrative.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: JOB SERVICE/UNEMPLOYMENT INSURANCE

				FY 1994			FY 1995		
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EMPLOYMENT PROGRAMS	20,176	21,427	23,114	23,114	22,276	22,142	23,114	22,328	22,194
UNEMPLOYMENT INSURANCE	37,585	35,689	40,865	37,865	37,890	38,140	37,865	39,115	39,115
TOTAL EXPENDITURES BY ACTIVITY	57,761	57,116	63,979	60,979	60,166	60,282	60,979	61,443	61,309
GOV'S INITIATIVES:		FUND							
(A) UNIFORM BUSINESS IDENTIFIER		GEN				250			
(B) TRANSFER MN OCCUPATIONAL INFO COORD		J&T				<134>			<134>
TOTAL GOV'S INITIATIVES						116			<134>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL						250			
STATUTORY APPROPRIATIONS:									
JOBS AND TRAINING	57,761	57,116	60,979	60,979	60,166	60,032	60,979	61,443	61,309
AGENCY			3,000						
TOTAL FINANCING	57,761	57,116	63,979	60,979	60,166	60,282	60,979	61,443	61,309
POSITIONS BY FUND:									
GENERAL	.0	.0	.0	.0	.0	1.0	.0	.0	.0
JOBS AND TRAINING	1,381.0	1,399.0	1,404.0	1,397.0	1,397.0	1,396.0	1,397.0	1,397.0	1,396.0
TOTAL POSITIONS	1,381.0	1,399.0	1,404.0	1,397.0	1,397.0	1,397.0	1,397.0	1,397.0	1,396.0

BUDGET ACTIVITY: Employment
PROGRAM: Job Service/Unemployment Insurance
AGENCY: Jobs and Training, Department of

ACTIVITY DESCRIPTION:

This activity provides the public with a variety of federally-funded job placement, counseling, and related employment services. The majority of these services are designed to assist qualified individuals to obtain unsubsidized employment. In addition, extensive services are provided to employers to meet their need for qualified workers. The placement of individuals in employment is central to the goal that people thrown into temporary economic hardship will regain their independence.

BUDGET ISSUES:

Many individuals seeking employment assistance through Job Service have been permanently dislocated from their previous employment. While many individuals have marketable skills, some need retraining for different occupations or need skill enhancement. Regular Job Service funds are inadequate to support this type of intensive service to job seekers. Consequently, Job Service often refers individuals in need of such services to local, federal and state funded entities which have such funds available.

EFFICIENCY MEASURES:

	F.Y. 1990	F.Y. 1991	F.Y. 1992
New and Renew Applicants	269,015	296,281	315,435
Cost Per Placement Transaction	$149.00	$159.16	$183.76
Placements Per Staff Year Worked	307.2	284.7	269.9
Average Wage at Placement - Adults	$6.00	$6.81	$6.31

REVENUE:

None.

GRANTS:

The federal Trade Adjustment Assistance Act (TAA) provides grants to individuals who lose their jobs due to increased imports. Training for this program is provided through contracts with local educational institutions.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: JOB SERVICE/UNEMPLOYMENT INSURANCE
ACTIVITY: EMPLOYMENT PROGRAMS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	16,141	17,363	18,858	18,858	18,152	18,075	18,858	18,199	18,122
EXPENSES/CONTRACTUAL SRVCS	1,797	1,709	1,727	1,727	1,730	1,673	1,727	1,733	1,676
MISC OPERATING EXPENSES	640	635	710	710	661	661	710	663	663
SUPPLIES/MATERIALS/PARTS	348	557	621	621	573	573	621	573	573
CAPITAL EQUIPMENT	347	273	271	271	273	273	271	273	273
OTHER	191	139	192	192	152	152	192	152	152
SUBTOTAL STATE OPERATIONS	19,464	20,676	22,379	22,379	21,541	21,407	22,379	21,593	21,459
AIDS TO INDIVIDUALS	699	599	575	575	575	575	575	575	575
LOCAL ASSISTANCE	13	152	160	160	160	160	160	160	160
TOTAL EXPENDITURES	20,176	21,427	23,114	23,114	22,276	22,142	23,114	22,328	22,194
GOV'S INITIATIVES:		FUND							
(B) TRANSFER MN OCCUPATIONAL INFO COORD		J&T				<134>			<134>
TOTAL GOV'S INITIATIVES						<134>			<134>
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
JOBS AND TRAINING	20,176	21,427	23,114	23,114	22,276	22,142	23,114	22,328	22,194
TOTAL FINANCING	20,176	21,427	23,114	23,114	22,276	22,142	23,114	22,328	22,194
POSITIONS BY FUND:									
JOBS AND TRAINING	452.0	470.0	475.0	468.0	468.0	467.0	468.0	468.0	467.0
TOTAL POSITIONS	452.0	470.0	475.0	468.0	468.0	467.0	468.0	468.0	467.0

BUDGET ACTIVITY: Unemployment Insurance
PROGRAM: Job Service/Unemployment Insurance
AGENCY: Jobs and Training, Department of

ACTIVITY DESCRIPTION:

Unemployment Insurance (UI) provides temporary economic relief through payment of benefits to minimize the personal, economic, and social impact of unemployment.

The UI program encompasses the following activities:

- Determine the tax liability of over 100,000 employers for UI coverage, collect contributions of over $350 million per year, audit accounts to insure proper tax payments, and enforce the collecting of delinquent taxes.
- Administer state and federal laws relating to UI to insure prompt, accurate payment of benefits to eligible claimants.
- Determine benefit entitlement and employer liabilities, and through a 2-level appellate process, provide impartial due-process hearings to persons appealing DJT decisions.

These activities are to provide temporary relief until claimants return to work.

BUDGET ISSUES:

The UI program is limited in flexibility due to the terms of the federal grant which provides administrative funds for the program.

Issues which have impact on the program include the uncertainty of federal funding at the congressional level, new federal initiatives which may or may not be funded, and the national and state economies.

EFFICIENCY MEASURES:

The U.S. Department of Labor has established 30 desired levels of achievement to measure the promptness and quality of the UI program.

1. The more significant measures to determine promptness and quality are:

Effectiveness Measures:	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Determine new employer liability and register within 180 days (standard 80%).	80.0	80.0	80.0	80.0
Liability employer audits (standard 4% annually).	4.2	4.0	4.0	4.0
Make benefit payments within 14 days from first compensable week payable (standard 87%).	97.5	98.0	87.0	87.0

2. UI activity covers 97% of wage and salaried employment, representing more than 100,000 private and public employers in nearly 105,000 different locations and about 1.9 million workers.

The number of claimants in any single year fluctuates with the economy. The number of individuals paid benefits depends on determined eligibility.

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l					
Dedicated - Special					
Dedicated - Federal	2,321	2,420	2,000	2,000	2,000

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: JOB SERVICE/UNEMPLOYMENT INSURANCE
ACTIVITY: UNEMPLOYMENT INSURANCE

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	27,251	27,386	28,500	28,500	29,625	29,665	28,500	30,850	30,850
EXPENSES/CONTRACTUAL SRVCS	4,835	2,926	4,320	4,320	3,520	3,730	4,320	3,520	3,520
MISC OPERATING EXPENSES	1,140	1,357	1,295	1,295	1,295	1,295	1,295	1,295	1,295
SUPPLIES/MATERIALS/PARTS	753	869	950	950	950	950	950	950	950
CAPITAL EQUIPMENT	250	1,138	4,800	1,800	1,000	1,000	1,800	1,000	1,000
OTHER	3,356	2,013	1,000	1,000	1,500	1,500	1,000	1,500	1,500
SUBTOTAL STATE OPERATIONS	37,585	35,689	40,865	37,865	37,890	38,140	37,865	39,115	39,115
TOTAL EXPENDITURES	37,585	35,689	40,865	37,865	37,890	38,140	37,865	39,115	39,115
GOV'S INITIATIVES:		FUND							
(A) UNIFORM BUSINESS IDENTIFIER		GEN				250			
TOTAL GOV'S INITIATIVES						250			
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL						250			
STATUTORY APPROPRIATIONS:									
JOBS AND TRAINING	37,585	35,689	37,865	37,865	37,890	37,890	37,865	39,115	39,115
AGENCY			3,000						
TOTAL FINANCING	37,585	35,689	40,865	37,865	37,890	38,140	37,865	39,115	39,115
POSITIONS BY FUND:									
GENERAL	.0	.0	.0	.0	.0	1.0	.0	.0	.0
JOBS AND TRAINING	929.0	929.0	929.0	929.0	929.0	929.0	929.0	929.0	929.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: JOB SERVICE/UNEMPLOYMENT INSURANCE
ACTIVITY: UNEMPLOYMENT INSURANCE

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TOTAL POSITIONS	929.0	929.0	929.0	929.0	929.0	930.0	929.0	929.0	929.0

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Jobs and Training, Department of
PROGRAM: Job Service/Unemployment Insurance
ACTIVITY: Unemployment Insurance

ITEM TITLE: Minnesota Uniform Business Identifier

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$250	$-0-	$-0-	$-0-

Statutory Change? Yes _____ **No** X
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding to conduct a study of the feasibility of establishing a uniform business identifier process for all firms doing business with and within the State of Minnesota. The current registration process requires each business to deal with multiple agencies, provide redundant information to each and, in general, creates an undue administrative burden on Minnesota businesses.

The proposed study will: 1) Identify and document the various registration requirements businesses currently must comply with in order to legally conduct business within the State; 2) Propose and analyze alternatives for a uniform process of business registration, potentially including a single statewide account number, a unified application form and an integrated data processing system or systems; 3) Detail the operational impact of installing the process and/or system; 4) Estimate the cost/benefit (both for the State and Minnesota businesses) of installing the process; 5) Prepare an estimated implementation timetable; 6) Recommend the structure and composition of the project team needed for implementation; and 7) Recommend and analyze the information system technology alternatives, if any, that will be needed to implement the recommended process.

Minnesota businesses currently must comply with a number of different agency registration processes in order to do business within the State, e.g., a new business in Minnesota must currently contact, at a minimum, the Secretary of State, the Department of Jobs and Training, Department of Revenue, Department of Labor and Industry and the Internal Revenue Service to obtain the required forms in order to apply for account numbers (which are different for each agency). After the lengthy registration process is completed and accounts are established, the ongoing process of routine periodic reporting begins. These processes are confusing as well as costly, both to the business and state government and ultimately have the effect of discouraging new business startups.

Each individual agency also produces data that is not easily transferred among state agencies, which in turn results in businesses being asked for the same information from a number of different agencies. The establishment of a uniform process would reduce the burden on businesses and promote the sharing of information among state agencies, thereby eliminating the costs and burdens of duplicative information gathering and storage.

This initiative builds upon previous activities carried out under the sponsorship of the Information Policy Council and the Information Policy Office of the Department of Administration. Preliminary study work has been completed by the Uniform Business Identifier Task Force of the Council, with major work performed by representatives from the Department of Administration, Finance, Jobs and Training, Labor and Industry and Revenue. Contacts have been made with the Office of the Secretary of State, Department of Human Services and Department of Trade and Economic Development. It is expected that all of these agencies, and additional interested parties, will be partners in the proposed feasibility study.

PROGRAM OUTCOMES:

The establishment of a uniform business registration process for entities doing business within the state of Minnesota will result in a reduction in administrative burden and costs, both for the state and the business community. This initiative will result in the first tangible steps toward implementation of this vision and produce an action plan and recommendations on the overall feasibility of a uniform business registration process for Minnesota, thus streamlining businesses' interaction with state government.

LONG-TERM IMPACT:

This initiative begins a process which ultimately will result in the simplification of state-mandated business overhead. This will help attract and retain jobs in the state of Minnesota. If fully implemented, this process will result in:

- A single entry point for initial registration of all businesses.
- A centralized source for information regarding operating a business.
- A unified approach to the ongoing interaction with businesses.
- The elimination of redundant requests for information from state agencies.

PROGRAM: Community-Based Services
AGENCY: Jobs and Training, Department of

PROGRAM PURPOSE:

Community-Based Services (CBS) administers programs which assist families and individuals to increase their potential in areas specified in the programs' authorizing language. Employment and training services are provided to youth, long-term unemployed adults, displaced homemakers, dislocated workers, older Americans, veterans and public assistance recipients. Self-sufficiency services are provided to assist the low-income population with case management and supportive services in their pursuit for economic independence. Children and families receive a variety of services through Head Start. Additional services are provided to low-income families and individuals to reduce heating costs and maintain a heat source in their dwellings. These and other services such as housing and hunger services are provided to eligible recipients through a network of service providers of cities, counties, Indian reservation governments, Community Action Agencies, and other non-profit organizations throughout Minnesota.

CBS, in cooperation with the Department of Human Services, manages Success Through Reaching Individual Development and Employment (STRIDE), an employment and training program for AFDC recipients to become self-sufficient; the Work Readiness and Food Stamp Employment and Training (FSET) Programs for General Assistance and Work Readiness recipients; and Refugee and Immigrant Services.

These programs contribute directly to a host of Milestone Goals under 4 of the 5 general themes.

1. "A Caring and Secure Community"

   - Our children will not live in poverty.
   - Families will provide a stable environment for their children.
   - Minnesotans will be healthy.
   - People who need help providing for themselves will receive the help they need.
   - Our communities will be safe, friendly and caring.

3. "A Prosperous People"

   - All Minnesotans will have the economic means to maintain a reasonable standard of living.
   - Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work.
   - All Minnesotans will have decent, safe and affordable housing.

4. "Learning"

   - Minnesotans will excel in basic academic skills.
   - Minnesotans will have the advanced education and training to make the state a leader in the global economy.

5. "We the People"

   - People will participate in government and politics.
   - Government in Minnesota will be cost effecient and serivces will be designed to meet the needs of the people who use them.

CBS plans to enhance outcomes in these areas by improving customer service through increased collaboration and cooperation with other agencies and organizations with a stake in our common goals; increased efficiency of internal processes; and improved communication with employees, partners and customers.

PROSPECTS:

The social and economic needs of Minnesota's population have always been greater than available revenue needed to adequately serve Minnesota's low-income population. Future prospects for our low-income population based upon 1990 census data provide a grim forecast when combined with current economic conditions.

1990 Census indicates the poverty rate for Minnesota was 10.2% in 1989. This is a .7% increase over the 1979 rate of 9.5%. The poverty rate for children of 12.4 for 1989 is 2.2% greater than the 10.2% recorded in 1979. These trends are occurring during times of low interest rates, low inflation rates and relatively low energy costs. Increasing numbers of families and individuals are entering the realms of poverty at a time when our national economy is not distressed from the factors which plagued the country during the last recession of the early 1980's. If economic conditions are worsening for increasing numbers of families and individuals during times of low interest rates, low inflation and relatively low energy costs, it is only too easy to predict what will happen when one or more of these factors cycles to an unfavorable position.

The number of people in poverty in Minnesota increased 16% during the decade, to 435,332 persons. The general population growth during this time was 7% (from 4,075,970 to 4,375,099). The number of children (17 years or younger) in poverty in 1989 was 142,202. This represents a 20% increase over 1979.

Programs and operational processes are continually affected by a changing and more automated environment. CBS continues to upgrade operational capabilities to more efficiently and effectively provide services and information to assist individuals and families.

Energy Assistance

Smaller federal allocations have resulted in fewer people served; smaller grants for those still eligible; emergency needs left unmet; and weatherization and emergency repair activities severely curtailed.

Weatherization

Minnesota Special Revenue funds (petroleum violation escrow) are declining and the Low-Income Energy Assistance Program (EAP) funds are being cut. These funding reductions will reduce the amount of funds budgeted for weatherization and conservation activities. The MN Energy and Conservation Account funds will be available for furnace efficiency measures but is only a 1-year appropriation and will not exist after S.F.Y. 1993. It is expected there will be an 18% reduction in the number of households receiving weatherization assistance in the 1994-95 biennium. Fewer dollars will flow into distressed communities, which will reduce job opportunities due to the labor intensive nature of this program. In addition, unserved households will continue to have less discretionary income as larger than necessary amounts of their income go toward energy costs.

Head Start

The number of eligible children has risen dramatically in the last decade, from 22,411 in 1980 to 29,830 (estimate) in 1990. Although both state and federal funding have increased, only one-third of eligible families are served.

Community Action/Self-Sufficiency

Self-Sufficiency activities are threatened to be curtailed dramatically as transfers to the Community Service Block Grant (CSBG) from the Energy Assistance Block Grant are no longer legislatively allowable after 9-30-93.

Food and Shelter/Self-Sufficiency

Use of food shelves has increased 10% since 1991. As with other poverty programs, more people are eligible and hungry today than 10 years ago.

The number of persons receiving transitional housing has increased by 178% since 1985.

Workforce Training and Development

The federal Job Training Reform Amendments of 1992 will be implemented 7-1-93. A new provision provides greater definition between youth and adult programs.

The amendments provide states with an option to establish a new consolidated council. Called the Human Resource Investment Council, the body is expected to promote collaboration of agencies and programs that have the common objective of serving and supporting the Job Training Partnership Act (JTPA) target population. The amendments expand governor authority. Participation is voluntary.

Youth Prevention

Over the next 2 years, the Juvenile Justice Program will be required to address the following issue: Minority populations are over-represented in all aspects of the juvenile justice system, from arrest, detention and court appearances through probation and incarceration. Minority populations also have higher dropout rates and higher teen pregnancy rates. By federal mandate, the Juvenile Justice Program will enhance services available to minority youth prior to formal involvement in the juvenile justice system by developing and strengthening programs which provide family and community-based services.

The need for prevention and early intervention services for children and families who are at risk of child abuse, family violence, chemical abuse, delinquency, teen pregnancy, prostitution, truancy and running away from home is greater than the resources available.

Youth Employment and Training and Education

In the summer of 1992, Minnesota received a supplemental allocation of federal funds which allowed DJT to increase by nearly 65% the number of youth served under the Title IIB Summer Program. Next summer, without the supplemental federal funds, Minnesota's service levels will drop back to 1991 levels: 5,400 predicted for summer of 1993 compared to over 8,500 in 1992.

The Minnesota Youth Program provides not just summer employment but comprehensive, year-round job training services coordinated with local educational agencies in all 87 counties.

The Wage Subsidy Program for at-risk youth provides youth with needed opportunities and responsibilities. In times of slow economic growth, private and public sector employers need incentives to hire at-risk youth. The benefits to low-income youth and families, in job training, personal growth and self-esteem, outweigh the short-term costs.

Under the Youth Employment and Housing Program, dropouts and potential dropouts are trained in construction skills while they rehabilitate buildings to provide affordable housing for homeless or very low-income families. The program model gives at-risk youth a chance to play a useful and respected role in their community, rehabilitating one of the most essential commodities needed by their families and neighbors - affordable housing. The program model also works well for young women interested in non-traditional careers.

Dislocated Worker

Nearly 20,000 workers unemployed each year are dislocated as a result of foreign competition, management and investment decisions, changes in consumption, technological change, and regulatory measures. In addition, dislocations resulting from reductions in the U.S. Department of Defense budget will continue. A sizeable number of the dislocations will occur in the form of plant closings and mass layoffs. When these workers begin their transition to new employment, most discover their job skills are insufficient to compete effectively for a new job. They require either updating of current transferable skills or complete retraining.

OUTCOMES:

Energy Assistance

The following data demonstrates trends which measure performance toward goals:

	F.Y. 1990	F.Y. 1991
Average portion of EAP-paid heating costs	70%	78%
Average percent of income paid for heat by household or other resources	2%	1.5%
Estimated average percent of income paid for energy by household or other resources	9%	8%

Weatherization

The Weatherization program outcomes for S.F.Y. 1993 are:

Households to be weatherized: 7,256 (estimate)
Households weatherized to date: 173,000
Energy savings per households: 18.2%

Head Start

Studies show that Head Start children are more likely to graduate from high school, be literate, be employed, go to college or vocational school, and less likely to be arrested or need public assistance.

The High/Scope Perry Preschool Study found the following information about people at age 19 who had been Head Start students: 18% more remained in school, the number considered literate was 23% higher than non-Head Start students, 18% more were employed, 17% more were enrolled in post secondary education, 20% fewer were arrested and 14% fewer were on welfare than peers who did not participate in a quality program such as Head Start.

Community Action/Self-Sufficiency

Statewide comprehensive case management programs assist over 1,000 people to become self-sufficient each year, at the same time providing a safety net of programs for over 250,000 people.

Food and Shelter/Self-Sufficiency

Forty-four percent of transitional housing residents are assisted to obtain permanent housing each year. Almost 2,000 individuals are assisted with housing services annually.

An amount of 4.3 million pounds of food will be delivered to eligible individuals, valued at $3.2 million, through the Emergency Food Assistance Program.

Workforce Training and Development

JTPA Title II-A (Basic Program) operates under national and state performance standards and objectives. S.F.Y. 1992 performance standards and outcomes were:

- Performance for JTPA adult programs is measured 13 weeks after individuals leave the program. At that time, at least 66.3% will be employed with average weekly earnings of $258.
- Youth-employability enhancement rate (41%) and entered employment rate (53.9%).
- Public assistance recipients served as a percent of the total served (62.6%);
- Average wage of adults who are public assistance recipients as a percent of the average wage of adults who are not public assistance recipients (97.8%).

Youth Prevention

Minnesota has been in compliance since 1979 with the federal juvenile justice mandates of deinstitutionalization of status offenders, and sight and sound separation. Minnesota is now in compliance with federal mandates regarding juvenile jail removal initiatives. 969 youth were held in adult jails in 1991 compared to 5,908 in 1980.

Annually, Youth Intervention Programs serve approximately 45,000 young people, ages 10-17. The recidivism rate among youth referred to Youth Intervention Programs is 7.8%, less than half the national average (18%) of youth referred to court. The average cost per client is $271 (average participation ranging from 3 to 6 months).

Youth Employment and Training and Education

In the summer of 1992, over 8,500 economically disadvantaged youth ages 14 to 21 received job training services under JTPA Title IIB (Summer Youth Employment and Training Program) through community-based programs in all 87 counties; 100% were economically disadvantaged, 37% had disabilities, over 40% were public assistance recipients, 26% were minorities and 10% were young offenders.

Annually, the Minnesota Youth Program serves about 4,500 at-risk youth: 96% are economically disadvantaged, 46% have disabilities, 21% are public assistance recipients, and 17% are minorities. Approximately 95% of participating youth remained in school and many school districts throughout Minnesota awarded academic credit to youth enrolled in summer remediation classes.

The Youth Wage Subsidy Program began 7-1-92. It is anticipated that nearly 250 at-risk youth will participate.

During its second year of operation, the Youth Employment and Housing Program is expected to serve 150 at-risk youth in 3 sites: Minneapolis, Bemidji, and Scott-Carver counties. All youth are at-risk of dropping out of school or had previously dropped out; 45% are involved in the juvenile justice system; 60% are physically, mentally or emotionally handicapped; 12% are in foster care; 12% are teen parents; and 15% are recovering chemically dependent. All participants have remained in school or returned to school. A total of 27 housing units are expected to be rehabilitated, providing affordable housing to homeless, disabled, and very low-income families and individuals.

Dislocated Worker

The combined federal Economic Dislocation and Worker Adjustment Assistance Act and Minnesota Dislocated Worker program operate under national and state performance standards. S.F.Y. 1993 performance standards are:

- Entered unsubsidized employment rate of 70%
- Average hourly wage at placement = $7.37/hour

More detailed outcomes of the 36 program activities administered by CBS are incorporated in the Efficiency Indicators reported in the Activity Level narrative.

OBJECTIVES:

Individuals must be able have a means to realize their dreams no matter how meager those dreams may be. DJT's objective is to supply a means to low-income individuals and families to strive towards their goals, to reduce homelessness and despair, to reduce crime and school dropout rates, to train and help find employment for targeted groups and to do so to the point where these individuals and families can contribute towards the well-being of their communities. These objectives are the legislative intent of the enabling legislation.

Energy Assistance

Number of EAP recipients, F.Y. 1995: 105,000
Average percent of income paid
for heat by household or other resources, F.Y. 1995: 2%

Weatherization

Decrease by 20% the heating cost of households weatherized.
Reduce fossil fuel emissions to the environment by 20% for households weatherized.
Increase the total number of households weatherized by 11,000, from 172,000 to 183,000.
Improve the health and safety of low-income persons through improved mechanical systems and activities in 100% of homes where problems are identified.

Head Start

Based upon a projected federal cost of $3,500 per child, Head Start in Minnesota will serve 285 children for every additional $1 million in funding provided. Low-income families and children will receive comprehensive services which will assist them to break the cycle of poverty.

Community Action/Self-Sufficiency

In order to address poverty growth, Community Action Programs will assist 1,000 families in achieving self-sufficiency while providing a broad safety net of services to 250,000 Minnesotans annually.

Food and Shelter/Self-Sufficiency

Forty-four percent of persons entering transitional housing will move into permanent housing upon leaving the program. Of 1,930 individuals expected to enter transitional housing in the 1994-94 biennium, 850 will move into permanent housing.

Each calendar quarter, food programs will serve 127,000 households through the distribution of Emergency Food Assistance Program (TEFAP) commodities and 118,000 meals served through food provided to soup kitchens.

Workforce Training and Development

To be achieved by 6-30-95.

1. JTPA IIA (Adult, Youth etc).
   Adult Follow-up Employment Rate: 72%
   Adult Welfare Weekly Earnings: $285
   Youth Employability Enhancement Rate: 50%

2. JTPA IV-C Veterans.
   Permanent Unsubsidized Job Placement: 68%

3. Senior Community Service Employment Program.
   Unsubsidized Job Placement: 20%

4. Job Training OIC.
   Permanent Unsubsidized Job Placement: 61%

Youth Prevention

- Increase from 72 to 85 the number of counties participating in the jail removal/alternatives program.
- Reduce the number of minorities in the juvenile justice system and to assure that existing programs are responsive to cultural differences.
- Enhance services available to minority youth prior to formal involvement in the juvenile justice system by developing and strengthening programs which provide family and community-based services.
- Promote the use of the strengths of youth and families, existing community services and informal resources to prevent delinquency.
- Develop model programs for the training of juvenile justice system personnel.
- Provide counseling, education, prevention, and referral services to 45,000 children, ages 10 to 17, and their families who are at-risk of child abuse, family violence, chemical abuse, delinquency, teen pregnancy, prostitution, truancy and running away from home, through Youth Intervention Programs.

- Provide early intervention services to at-risk youth and families addressing issues such as: shoplifting, vandalism, theft, prostitution, fire starting, family problems, child abuse and chemical abuse.

Youth Employment and Training and Education

To provide over 10,000 at-risk youth with comprehensive job training opportunities year-round in community-based programs operated in all 87 counties, as well as:

- Encourage school completion or enrollment in supplementary or alternative school programs.
- Increase the literacy rates among youth.
- Prevent at-risk youth from dropping out of school through coordination of education and job training service.
- Enhance the citizenship skills of youth.

Dislocated Worker

1. Increase the number of eligible dislocated workers serviced in the program by 1,500.
2. Improve the entered employment rate from 70% to 75%.
3. Narrow the gaps in average hourly wage that occur when program participants accept employment which pays less than their pre-dislocation employment.

PROGRAM PLAN:

Energy Assistance

The amount of funding Minnesota received for the F.Y. 1993 Energy Assistance Program is 10% less than that received for F.Y. 1992. Congress also passed an appropriation for F.Y. 1994 (forward funding) in an amount close to the F.Y. 1992 appropriation. A provision in the appropriation allows states to overspend limited amounts of their F.Y. 1993 appropriation and charge the over-expenditure to the F.Y. 1994 appropriation. The ability to borrow against F.Y. 1994 funding and the termination of transfers to CSBG in F.Y. 1994 will allow the program to serve households in both F.Y. 1993 and F.Y. 1994 at F.Y. 1992 assistance levels.

Head Start

DJT has secured a federal Head Start grant called Project Cornerstone. This grant will assist in the development of Family Resource Centers (FRC's) throughout Minnesota.

FRC's vary from locale to locale, but they all focus resources in a comprehensive fashion. FRC's are not new programs, but rather a new way to deliver old programs. FRC's provide one-stop shopping models, break barriers, and get laws changed where necessary in order to assist families to become self-sufficient.

DJT/CBS is pursuing resources at the federal level to assist in the development of this synergistic concept. Both Head Start and Community Action grantees are involved in this effort.

Community Action/Self-Sufficiency

Services to Displaced Homemakers through general revenue funds are to be discontinued. Due to current budget forecasts, even valued services provided by the state must be curtailed. Although the method of assistance and emphasis may vary, many services provided by the Displaced Homemaker Program can be obtained through other programs.

Food and Shelter/Self-Sufficiency

Funding for the Minnesota Food Bank Program through general revenue is to be discontinued. Some of the many valued programs must be curtailed or eliminated to meet the legislative mandate of the Governor to present a balanced budget. Services provided by the Food Bank and Food Shelf systems in Minnesota have traditionally been a system maintained by private revenues. Public revenue has long been provided through the U.S. Department of Agriculture and county

governments to low-income individuals and families to access nutritional commodities. We are now in a time of scarce resources and must take a more austere approach in undertaking today's problems.

Workforce Training and Development

In September 1992, the President signed into law the "Job Training Reform Amendments of 1992." These amendments provide changes to the federal JTPA in order to:

- Improve targeting to individuals with serious barriers to employment;
- Enhance the quality of services provided;
- Strengthen fiscal and program accountability; and
- Foster a comprehensive and coherent system of human resource services.

Additionally, the Department of Labor (DOL) is publishing regulations that will have a substantial impact on reporting requirements for the JTPA program. These regulations will require a number of changes in the data that is collected for the program and will increase the amount of data that is transmitted to DOL.

These changes authorized by the amendments and the regulations must be in place by 7-1-93.

Youth Prevention

All available resources will focus on preventing the involvement of youth in the Juvenile Justice System by developing and strengthening programs which provide family and community-based services. Special effort will be focused on the following issue: minority populations are over represented in all aspects of the Juvenile Justice System, from arrest, detention and court appearances through probation and incarceration.

Youth Employment and Training and Education

Local employment and training providers will work in partnership with other youth-serving professionals to provide comprehensive, community-based services to youth who are most in need. The education, skill and support service needs of each youth will be assessed and used as the basis for designing individualized service strategies.

Dislocated Worker

CBS proposes to improve overall state and local Dislocated Worker Program management, accountability, and productivity by:

- Restructuring the process of allocating employment and training funds from the state's Dislocated Worker Fund;
- Establishing annually-funded plans of service delivery with appropriate and measurable performance outcomes;
- Coordinating more effectively the activities funded by the federal Dislocated Worker Program with those funded by the state's program to maximize the value of each program's strengths; and
- Facilitating meaningful early interventions, responsive to worker needs, when plant closings and mass layoffs are announced.

In addition, it is necessary to remove from the program's general administration allocation reimbursement of the Unemployment Compensation System for costs incurred in collecting the dislocated worker special assessment because of its unpredictable nature. The federal government annually approves the amount that constitutes an appropriate reimbursement. Attempts at increasing the reimbursement amount above the level of funds available for general administration of the program have been made. Although such efforts have been unsuccessful, the risk to general Dislocated Worker Program administration is still present and quite high. The solution to this problem is to establish a separate provision for reimbursement of the special assessment's collective costs with the Dislocated Worker Fund's statutory authorization.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the program budget plan except for the following adjustments: a biennial increase of $800,000 to restore Food Shelf grants; transfer of the Head Start activity ($12,747,012 plus $150,000 in federal funding and 2 positions for the biennium) to the new Department of Children and Education Services; and a reduction due to revised salary planning estimates. The Governor's March supplemental budget recommendation include an increase of $8,000,000 million for the Headstart program. Since the recommended transfer of Headstart will not take place until January of 1994, $2,000,000 million of that recommended increase will remain in the Department of Jobs and Training.

The Food Shelf restoration will preserve a critical component of the poverty safety net. The transfer of Head Start will improve the focus of DJT on a broad range of family self-sufficiency objectives, and will enhance the ability of the state to develop integrated inclusive early childhood policy in support of local community delivery systems. This strategy is detailed further in the Department of Children and Education Services initiative.

The Governor further recommends a biennial increase of $12,600,000 in Special Revenue funding for the Minnesota Workforce Investment Fund initiative. This initiative restructures Dislocated Worker services and integrates funding for Displaced Homemaker services, the Minnesota Job Skills Partnership activity currently in the Department of Trade and Economic Development, and expanded Projects with Industry services. The investment initiative is detailed on the pages following the Dislocated Worker Activity fiscal page.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: COMMUNITY BASED SERVICES

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
ENERGY ASSISTANCE PROGRAM	54,073	50,020	45,025	45,025	53,550	53,550	45,025	53,550	53,550
WEATHERIZATION	20,286	15,151	15,757	14,813	13,203	13,203	14,480	12,370	12,370
HEAD START	5,502	6,506	8,606	8,606	8,606	6,303	8,606	8,606	
COMMUNITY ACTION/SELF-SUFFICIENCY	12,798	12,964	12,488	12,491	7,170	7,158	12,491	5,850	5,838
FOOD AND SHELTER/SELF-SUFFICIENCY	1,943	2,680	2,732	2,732	2,062	2,459	2,732	2,067	2,464
WORKFORCE TRAINING AND DEVELOPMENT	23,985	23,967	23,408	23,408	22,570	22,570	23,408	21,755	21,755
YOUTH PROGRAMS/PREVENTION	1,191	1,070	1,453	1,453	1,453	1,451	1,453	1,453	1,451
YOUTH PROGRAMS/EMPLOY & TRG & EDUC	9,624	10,817	16,192	16,922	11,522	11,515	16,171	10,771	10,764
WORK AND TRAINING	2,199	1,378	490	490	410	410	490	410	410
DISLOCATED WORKER PROGRAMS	7,835	13,232	25,700	25,700	23,700	31,000	25,700	23,700	32,200
TOTAL EXPENDITURES BY ACTIVITY	139,436	137,785	151,851	151,640	144,246	149,619	150,556	140,532	140,802

GOV'S INITIATIVES:	FUND								
(A) SALARY PLANNING ESTIMATES	GEN					<24>			<24>
(B) FOOD SHELF GRANTS	GEN					400			400
(B) MN WORKFORCE INVESTMENT FUND	SR					5,700			6,900
(B) MN WORKFORCE INVESTMENT FUND	J&T					1,600			1,600
(B) TRANSFER HEAD START	GEN					<4,253>			<8,506>
(B) TRANSFER HEAD START	J&T					<50>			<100>
(B) HEAD START INITIATIVE	GEN					2,000			
TOTAL GOV'S INITIATIVES						5,373			270

SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	11,695	14,320	16,130	16,863	15,102	13,225	16,112	14,351	6,221
STATUTORY APPROPRIATIONS:									
GENERAL	1,866	931	910	83	3	3	83	3	3
STATE GOVT SPEC REV	5,961	2,167	2,540	2,540	1,000	1,000	2,540	500	500
SPECIAL REVENUE	2,979	7,888	15,700	15,700	15,700	21,400	15,700	15,700	22,600
JOBS AND TRAINING	116,912	112,479	116,096	116,096	112,058	113,608	116,096	109,928	111,428
GIFTS AND DEPOSITS	23		475	358	383	383	25	50	50

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: COMMUNITY BASED SERVICES

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TOTAL FINANCING	139,436	137,785	151,851	151,640	144,246	149,619	150,556	140,532	140,802
POSITIONS BY FUND:									
GENERAL	16.0	16.0	16.0	16.0	14.0	14.0	16.0	14.0	13.0
STATE GOVT SPEC REV	5.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
SPECIAL REVENUE	7.0	18.0	18.0	18.0	18.0	29.0	18.0	18.0	29.0
JOBS AND TRAINING	84.5	76.0	87.0	85.0	85.0	88.0	83.0	83.0	85.0
TOTAL POSITIONS	112.5	112.0	123.0	121.0	119.0	133.0	119.0	117.0	129.0

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BUDGET ACTIVITY: Energy Assistance
PROGRAM: Community-Based Services
AGENCY: Jobs and Training, Department of

ACTIVITY DESCRIPTION:

The Energy Assistance Program (EAP) helps households with incomes at 135% of poverty or lower to meet the costs of home energy by paying a portion of heating costs and providing energy conservation and repair activities. The intent is to "provide, in a timely manner, that the highest level of assistance will be furnished to those households which have the lowest incomes and the highest energy costs in relation to income, taking into account family size...."

BUDGET ISSUES:

Recent changes in the federal budgeting cycle for this program will strengthen the planning process. Federal appropriations for F.F.Y. 1993 included a forward funding appropriation for FFY 1994. By the end of F.F.Y. 1994, the program will be operating on the same fiscal year as the State of Minnesota, and funding will be appropriated 9 months before the program begins. **Appropriations continue to decline, but federal statutory provisions allowing transfer of up to 10% of the state allocation to other block grants (CSBG) have been repealed effective F.F.Y. 1994, which will help minimize the effect of funding cuts.** The program will remain sensitive to economic conditions, fuel prices, winter weather and program publicity. A change in any one can affect how many people receive assistance or the amount of their assistance.

EFFICIENCY MEASURES:

	F.Y. 1990	F.Y. 1991
Households Served		
Primary Heat	107,058	110,500
Crisis	8,035	8,267
Repairs	4,213	3,503
Average Assistance		
Primary Heat	$ 365	$ 389
Crisis	279	212
Repairs	648	699
Cost Per Household	45	48
State Cost Per Household	7	8
Cost Per Service Unit	41	44
State Cost Per Service Unit	6	7

REVENUE:

None.

GRANTS:

The Low-Income Home Energy Assistance Program is authorized under Title XXVI of Public Law 97-35, the Omnibus Budget Reconciliation Act of 1981. The program is administered at the local level by Community Action Agencies, counties, and Indian Reservation governments. Households receive assistance amounts based upon heating fuel costs in relation to income and household size.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: COMMUNITY BASED SERVICES
ACTIVITY: ENERGY ASSISTANCE PROGRAM

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	702	625	603	603	709	709	603	709	709
EXPENSES/CONTRACTUAL SRVCS	49	17	27	27	27	27	27	27	27
MISC OPERATING EXPENSES	76	66	58	58	71	71	58	71	71
SUPPLIES/MATERIALS/PARTS	10	20	20	20	25	25	20	25	25
CAPITAL EQUIPMENT	3	41	10	10	20	20	10	20	20
OTHER	24	17	15	15	20	20	15	20	20
SUBTOTAL STATE OPERATIONS	864	786	733	733	872	872	733	872	872
LOCAL ASSISTANCE	53,209	49,234	44,292	44,292	52,678	52,678	44,292	52,678	52,678
TOTAL EXPENDITURES	54,073	50,020	45,025	45,025	53,550	53,550	45,025	53,550	53,550
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
JOBS AND TRAINING	54,073	50,020	45,000	45,000	53,500	53,500	45,000	53,500	53,500
GIFTS AND DEPOSITS			25	25	50	50	25	50	50
TOTAL FINANCING	54,073	50,020	45,025	45,025	53,550	53,550	45,025	53,550	53,550
POSITIONS BY FUND:									
JOBS AND TRAINING	15.0	14.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
TOTAL POSITIONS	15.0	14.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0

BUDGET ACTIVITY: Weatherization
PROGRAM: Community-Based Services
AGENCY: Jobs and Training, Department of

ACTIVITY DESCRIPTION:

The Weatherization Assistance Program for Low-Income Persons (Weatherization) provides funds to local non-profit and governmental organizations (subgrantees) for training and technical assistance activities, administration and program funds to weatherize individual dwelling units where eligible households reside. A household may be an individual, a family or multiple families living in owned or rented individual dwelling units. Program funds are used to purchase conservation materials and labor, and for support costs such as vehicles, tools and equipment. Services are based on individual dwelling unit needs determined through an energy audit; a work order may call for attic and sidewall insulation, caulking and weatherstripping, furnace efficiency activities, hot water heater jackets, and replacement of doors and windows as necessary. There is no minimum or maximum dollar limit spent on individual dwelling units, but subgrantees must maintain an average cost per unit to meet federal production quotas.

Weatherization is funded by the Department of Energy (DOE), Office of Conservation and Renewable Energy. Program authority and appropriations derive from the State Energy Efficiency Programs Improvement Act of 1990, P.L. 101-440.

Eligibility Criteria: Households eligible for the Minnesota Energy Assistance Program at 135% Poverty Guidelines or containing a member who has received cash assistance payment under Title IV or XVI of the Social Security Act within 12 months.

BUDGET ISSUES:

There is a 16% reduction the first year, and an additional 4% reduction the second year in combined federal and state weatherization funding projected for the biennium. This will translate into an 18% reduction in the number of dwelling units weatherized over the biennium. The mechanical activity component, funded from the oil and liquid petroleum funds of the Energy and Conservation Account, M.S. 216B.241, Subd 2a, is only available until 6-30-93.

Subgrantee budgets will be reduced with the corresponding reduction in funding. This will create smaller programs with less resources and program administrative capabilities to conduct complete weatherization activities on individual dwelling units. Subgrantees will have less funds to maintain staff efficiency levels and maintain and update equipment needs. There will be fewer dwelling units weatherized and therefore fewer units in which to average fixed program costs. Subgrantees will be limited in their ability to respond to conservation emergencies and high consumption households. Currently there is over a 2-year waiting list for program services at current funding levels.

Consolidation of smaller programs may become an issue with the reduction of local subgrantee budgets. Smaller subgrantees will not have the funds to employ full-time staff or crews and will have to rely on local contractors to weatherize homes. Smaller budgets will mean insufficient funds to hire local contractors on a regular basis. Local subgrantees, who must rely on contractors, will have increased costs because of less bulk material purchases and the inability to average costs over a large number of houses. Smaller program budgets could mean subgrantees are less able to respond to the weatherization needs of individual households.

DJT will have less funds to maintain its monitoring, training and technical assistance capabilities. DJT will have to reexamine the expense of maintaining a state training center for subgrantee staff. Without the training center, subgrantee staff will have to explore other training options with their local funds and less of it. DJT will be updating its allocation formula to incorporate the 1990 census data in S.F.Y. 1993. With the new subgrantee allocations and the corresponding reduced funding, a consolidation of existing programs may be required.

EFFICIENCY MEASURES:

	FY 1993	FY 1994	FY 1995
Avg. Cost Per Unit	$ 1,697	$ 1,734	$ 1,786
Funding Source*			
DOE	9,306,127	9,000,000	9,000,000
PVE	2,540,112	1,000,000	500,000
HHS-EAP/Wx	2,640,000	2,870,000	2,870,000
	$14,486,239	$12,870,000	$12,370,000
Units Wx	7,256	6,309	5,887
Units Wx to Date	172,926	179,235	185,122

The program will weatherize 12,196 units in the biennium.

* Federal funding is projected on a state fiscal year.

REVENUE:

This activity does not generate revenue.

GRANTS:

Weatherization program funds are allocated by county to local subgrantees who are either a Community Action Agency (CAA) or a public or non-profit entity. The allocation formula is based on the number of low-income households in the county as a percentage of the state low-income population and the county's seasonal average of the climatological heating degree days for each weather station in the state. Preference in selecting a subgrantee is given to a CAA or other public or private non-profit entity which has, or is currently administering, an effective program under the current DOE Weatherization Assistance Program or under Title II of the Economic Opportunity Act of 1964, esq.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: COMMUNITY BASED SERVICES
ACTIVITY: WEATHERIZATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	580	449	473	453	397	397	453	377	377
EXPENSES/CONTRACTUAL SRVCS	62	76	112	90	78	78	67	55	55
MISC OPERATING EXPENSES	44	54	62	62	57	57	62	52	52
SUPPLIES/MATERIALS/PARTS	21	99	20	20	13	13	20	13	13
CAPITAL EQUIPMENT	23	23	23	23	15	15	23	15	15
OTHER	13	11	10	10	10	10	10	10	10
SUBTOTAL STATE OPERATIONS	743	712	700	658	570	570	635	522	522
LOCAL ASSISTANCE	19,543	14,439	15,057	14,155	12,633	12,633	13,845	11,848	11,848
TOTAL EXPENDITURES	20,286	15,151	15,757	14,813	13,203	13,203	14,480	12,370	12,370
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
GENERAL			827						
STATE GOVT SPEC REV	5,961	2,167	2,540	2,540	1,000	1,000	2,540	500	500
JOBS AND TRAINING	14,325	12,984	11,940	11,940	11,870	11,870	11,940	11,870	11,870
GIFTS AND DEPOSITS			450	333	333	333			
TOTAL FINANCING	20,286	15,151	15,757	14,813	13,203	13,203	14,480	12,370	12,370
POSITIONS BY FUND:									
STATE GOVT SPEC REV	5.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
JOBS AND TRAINING	9.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
TOTAL POSITIONS	14.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5

BUDGET ACTIVITY: Head Start
PROGRAM: Community-Based Services
AGENCY: Jobs and Training, Department of

ACTIVITY DESCRIPTION:

Head Start exists to break the cycle of poverty in families with children ages 3 to 5. The overall goal of the program is to bring about a greater degree of social competence in the children and to promote economic self-sufficiency for the parents. Every child receives a comprehensive health care program including medical, dental, mental health and nutrition services as well as a variety of individualized learning experiences. Every parent is encouraged to become involved in parent education, program planning and operating activities. Parents have a voice in administrative and managerial decisions. The social services component represents an organized method of assisting families to assess their needs and then providing those services that will build upon the individual strengths of families to meet their own needs.

BUDGET ISSUES:

Because the cost of delivering the program increases annually, funding must grow to maintain services. Only one-third of eligible children are currently served by Head Start. Many communities throughout the state remain unserved.

Funding:	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
EAP Transfers	$ 1,345	$ 0	$ 0	$ 0	$ 0
Federal HHS *	14,800	14,849	17,600	21,900	25,056
HHS Collaborative Grant					100
General Fund	1,100	5,503	5,502	6,506	**8,500
Total	$17,145	$20,352	$23,102	$28,406	$33,656

* Federal Head Start funds are distributed directly to the Head Start grantees from the U.S. Department of Health and Human Services. The federal totals are provided here for information only.

** The Minnesota Legislature allocated to Head Start an additional $1M from the General Fund, $1M in crime prevention funds and $2M in bonding money which is not included in the agencies' biennial budget.

EFFICIENCY MEASURES:

In the 1991-92 Minnesota Head Start program year:

9,064 children were enrolled at a cost per child of $3,019
19% were funded by state funds
98% were medically screened
75% were enrolled in Medicaid/EPSDT
14.5% were professionally diagnosed as disabled and requiring special services.
94% received dental screening
44% of paid staff were Head Start parents
70% of 12,276 volunteers were Head Start parents
78% of families were identified as needing social services
95% of families identified as needing social services received social services

Head Start is governed by federal program performance standards.

DJT has a cooperative agreement with the U.S. Department of Health and Human Services Region V Office of the Administration for Children and Families for coordinated monitoring and the delivery of the program and a 5-year federal collaborative grant to further the Family Resource Center concept.

Every federal dollar spent on Head Start requires a 25% non-federal match, usually in the form of local in-kind contributions, which grantees secure.

GRANTS:

State Head Start funds, authorized under M.S. 268.912, are allocated to all Head Start Program grantees in the state to provide services to additional low-income children and their families. Money is allocated based equally on the grantees' share of federal funds and on the proportion of eligible children in the grantee service area who are not currently being served. In the state, 26 community action agencies and single purpose agencies, 1 school district and 7 Indian Reservation Governments deliver the program.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: COMMUNITY BASED SERVICES
ACTIVITY: HEAD START

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	45	48	101	101	101	51	101	101	
EXPENSES/CONTRACTUAL SRVCS	4	3	43	43	43	21	43	43	
MISC OPERATING EXPENSES	3	4	10	10	10	5	10	10	
SUPPLIES/MATERIALS/PARTS		1	2	2	2	1	2	2	
SUBTOTAL STATE OPERATIONS	52	56	156	156	156	78	156	156	
LOCAL ASSISTANCE	5,450	6,450	8,450	8,450	8,450	6,225	8,450	8,450	
TOTAL EXPENDITURES	5,502	6,506	8,606	8,606	8,606	6,303	8,606	8,606	
GOV'S INITIATIVES:		FUND							
(B) TRANSFER HEAD START		GEN				<4,253>			<8,506>
(B) TRANSFER HEAD START		J&T				<50>			<100>
(B) HEAD START INITIATIVE		GEN				2,000			
TOTAL GOV'S INITIATIVES						<2,303>			<8,606>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	5,502	6,506	8,506	8,506	8,506	6,253	8,506	8,506	
STATUTORY APPROPRIATIONS:									
JOBS AND TRAINING			100	100	100	50	100	100	
TOTAL FINANCING	5,502	6,506	8,606	8,606	8,606	6,303	8,606	8,606	
POSITIONS BY FUND:									
GENERAL	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
JOBS AND TRAINING			1.0	1.0	1.0	1.0	1.0	1.0	

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: COMMUNITY BASED SERVICES
ACTIVITY: HEAD START

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TOTAL POSITIONS	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	.0

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BUDGET ACTIVITY: Community Action/Self-Sufficiency
PROGRAM: Community-Based Services
AGENCY: Jobs and Training, Department of

ACTIVITY DESCRIPTION:

Community Action Programs provide Minnesota's low-income citizens the opportunity to obtain the skills, knowledge and motivation to become self-sufficient; help remove the causes of poverty in Minnesota communities; and alleviate the effects of poverty in Minnesota. Activities are locally determined to provide a range of services based on local needs which go beyond traditional human service delivery concepts. Activities address 3 program models: intervention programs designed to provide immediate basic needs to households in economic crisis; case management programs providing assistance in developing personal and economic self-sufficiency; and community investment, including economic development initiatives and entrepreneurial projects. Issues addressed include nutrition, literacy, transportation, housing, job training, energy conservation, Head Start, youth employment and recreation, services to seniors, crisis assistance, advocacy, information and referral.

BUDGET ISSUES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994*	F.Y. 1995*
General Fund (MEOG)				
Local Assistance	$1,146	$1,146	$1,146	$1,146
General Fund State Operations	367	365	365	365
CSBG	4,374	4,340*	4,340	4,340
EAP Transfer**	5,850	5,280	1,320	0
Displaced Homemaker	1,361	1,360	0	0

* Estimates are based upon optimistic projections of federal appropriations.

** Congress has prohibited the transfer of Low Income Home Energy Assistance Program (LIHEAP) funds (approximately $5.8 million in 1992) to Community Services Block Grant (CSBG) after 9-30-93 which will create an unprecedented financial crisis to anti-poverty programs throughout Minnesota.

EFFICIENCY MEASURES:

Under the framework of M.S. 268.52, the Minnesota Economic Opportunity Grants support the infrastructure of community action agencies (CAA's) through which approximately $158 million in federal, local, state, and private funds provide a wide spectrum of programs serving the poor. This efficient and compassionate mechanism provides "one stop" access to services for approximately 200,000 disadvantaged households annually. Over 67,000 volunteers provide 1.3 million hours of service through the CAA network. This effective delivery mechanism for self-sufficiency programs fills a gap when other programs are not available and often prevents families from having to go on welfare or provides the supportive services which enable them to break the welfare web.

Services to households by CAA's are indicated below in several broad categories: Economic Development, including community development and cottage industries; Employment and Training Services, including training and collaboration for youth, adults and displaced homemakers; Senior Services, including core services and insurance advocacy programs; Family and Health Programs, including abuse and neglect programs, tenant rights programs, and counseling programs; Food Assistance Programs, including food shelves and food baskets; and Shelter Programs, including emergency shelter and rent assistance.

	Households		
Program Service	F.Y. 1989	F.Y. 1990	F.Y. 1991
Economic Development	770	1,250	2,296
Employment and Training	13,139	16,907	16,948
Senior Services	10,019	16,138	16,843
Family and Health	51,796	90,200	97,206
Food Assistance	814,599	545,647	315,495
Shelter Programs	10,945	6,561	9,607

REVENUE:

None.

GRANTS:

The CSBG is funded under P.L. 97-35. The Minnesota Economic Opportunity grant is funded under M.S. 268.96. Grants are provided to 29 CAA's, 11 reservation governments, the state-wide Migrant Seasonal Farmworkers' Organization, and the Midwest Farmworkers Employment and Training to deliver economic opportunity programs throughout Minnesota. Discretionary grants are also provided to support innovative strategies at the local, regional, or state level and to respond to emerging issues.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: COMMUNITY BASED SERVICES
ACTIVITY: COMMUNITY ACTION/SELF-SUFFICIENCY

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	782	775	768	771	549	537	771	503	491
EXPENSES/CONTRACTUAL SRVCS	159	114	57	57	48	48	57	44	44
MISC OPERATING EXPENSES	70	62	29	29	16	16	29	16	16
SUPPLIES/MATERIALS/PARTS	22	17	16	16	8	8	16	8	8
CAPITAL EQUIPMENT	11	8	3	3	1	1	3	1	1
OTHER	19	12	9	9	9	9	9	9	9
SUBTOTAL STATE OPERATIONS	1,063	988	882	885	631	619	885	581	569
LOCAL ASSISTANCE	11,735	11,976	11,606	11,606	6,539	6,539	11,606	5,269	5,269
TOTAL EXPENDITURES	12,798	12,964	12,488	12,491	7,170	7,158	12,491	5,850	5,838
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<12>			<12>
TOTAL GOV'S INITIATIVES						<12>			<12>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,859	2,874	2,868	2,871	1,510	1,498	2,871	1,510	1,498
STATUTORY APPROPRIATIONS:									
JOBS AND TRAINING	9,939	10,090	9,620	9,620	5,660	5,660	9,620	4,340	4,340
TOTAL FINANCING	12,798	12,964	12,488	12,491	7,170	7,158	12,491	5,850	5,838
POSITIONS BY FUND:									
GENERAL	9.0	9.0	9.0	9.0	7.0	7.0	9.0	7.0	7.0
JOBS AND TRAINING	10.5	9.0	7.0	5.0	5.0	5.0	4.0	4.0	4.0

BUDGET ACTIVITY: Food and Shelter/Self-Sufficiency
PROGRAM: Community-Based Services
AGENCY: Jobs and Training, Department of

ACTIVITY DESCRIPTION:

The food and shelter activity provides services and grants to local agencies involved in aiding Minnesota's low-income and homeless citizens to obtain and maintain adequate food and shelter. There are 4 shelter programs and 2 food programs administered under this activity.

The food programs provide emergency food and services to relieve hunger and nutrition deficiencies suffered by low-income individuals and families. The Emergency Food Assistance Program (TEFAP) distributes U.S. Department of Agriculture (USDA) surplus commodities to individuals with incomes at or below 185% of the federal poverty level, and to food banks, food shelves, emergency meal sites and emergency overnight shelters. The Community Food and Nutrition (CF&N) program funds activities to meet the nutritional needs of low-income individuals and improve coordination among service agencies.

The shelter programs (ESGP, EHP, THP, and SAFAH) provide a range of comprehensive services to homeless individuals and families through emergency overnight shelters and transitional housing. Program funds are used for services including employment, health, substance abuse, education, food, income support, and general operating costs.

The Emergency Shelter Grant Program (ESGP) provides funds for emergency shelters building rehabilitation, operating expenses and homeless prevention activities.

The Emergency Community Services Homeless Grant Program (EHP) funds activities that protect and improve the lives and safety of homeless individuals. Homeless prevention activities include follow-up and long-term services; assistance in obtaining social, maintenance and income support services; and assistance to persons who have received a notice of foreclosure, eviction or termination of utility services.

The Transitional Housing Program (THP) helps homeless families and individuals to become self-sufficient by providing a stable place to live and support services to learn how to live independently when they graduate to permanent housing. THP funding accounts for an estimated 8% of operating costs for 63 transitional housing programs in the state.

Supplemental Assistance for Facilities to Assist the Homeless (SAFAH) provides funds that enable THP's to provide case management and supportive services for up to 12 months after a THP family relocates into permanent housing.

The Minnesota Food Bank Program (MFBP) provides funds to food banks to distribute to food shelves. The food shelves purchase nutritious food items for distribution to individuals and families in need during 1992 and 1993.

BUDGET ISSUES:

Federal funding for the ESGP and EHP programs has been reduced, 32% and 21% respectively, for S.F.Y. 1994.

Because Minnesota is experiencing a significant increase in the number of persons needing temporary shelter, and federal funds are declining, local programs' ability to adequately meet the needs of homeless persons and low-income households are severely hampered.

The number of people receiving temporary housing programs rose by 178% from 1,165 people in August, 1985 to 3,311 people in May, 1992. An average of 380 people were turned away from shelter programs per night this year.

Sixty-one percent of 1,940 homeless men and women interviewed on 10-24-91 had never been homeless prior to that occasion. On that date, there were an additional 875 homeless children in temporary shelter programs.

Funding:	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
TEFAP *	$714,820	$784,192	$708,067	$671,000
CF&N	18,231	18,594	19,521	57,621
ESGP	438,000	589,000	588,000	593,000
EHP	233,478	269,713	513,816	302,011
THP	220,000	220,000	420,000	420,000
SAFAH	0	858,680**		
MFBP	0	0	400,000	400,000

* Each TEFAP funding level includes $100,000 of state matching funds.

** F.Y. 1991 SAFAH funding is for a 3-year period.

EFFICIENCY MEASURES:

The food and shelter programs operate with minimal administrative costs. USDA food products are distributed by 7,000 volunteers at 700 sites across the state. Administrative allowances for food and shelter programs vary between 0% and 5%.

	Source	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
The Emergency Food Assistance Program (TEFAP):	USDA				
Households Served		134,000	130,000	132,000	130,000
Pounds of Food Distributed (Millions)		8.4	6.8	5.2	4.3
Average Cost/Household		$2	$2	$2	$2
Emergency Community Services Homeless Grant Program (EHP):	HHS				
Individuals Assisted		14,559	15,213	12,000	12,000
Average Cost/Person		$16	$18	$42	$25

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: COMMUNITY BASED SERVICES
ACTIVITY: COMMUNITY ACTION/SELF-SUFFICIENCY

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TOTAL POSITIONS	19.5	18.0	16.0	14.0	12.0	12.0	13.0	11.0	11.0

BUDGET ACTIVITY: Food and Shelter/Self-Sufficiency
PROGRAM: Community-Based Services
AGENCY: Jobs and Training, Department of
(Continuation)

	Source	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
Transitional Housing Program (THP):	State				
Individuals Assisted		890	965	1,300	1,300
THP Contribution/Person		$247	$228	$323	$323
Supplemental Assistance for Facilities to Assist the Homeless (SAFAH):	HUD				
Individuals to Assist		0	94	94	94
Average Cost/Person			$3,090	$3,022	$3,022
Emergency Shelter Grants Program (ESGP):	HUD				
Programs Funded		27	43	47	47
Average Grant		$16,222	$13,698	$12,511	$12,617
Community Food and Nutrition Program (CF&N):	HHS				
Projects Funded		2	2	4	4
Average Grant		$9,116	$9,297	$4,880	$14,405
Minnesota Food Bank Program (MFBP):	State				
Projects Funded				7	7
Average Grant				$57,143	$57,143

REVENUE:

None.

GRANTS:

TEFAP, funded under Title II - Emergency Food Assistance Act of 1983 (P.L. 100-250), provides surplus commodities targeted to the needy, including the unemployed and low-income households at 185% poverty guidelines, as well as Soup Kitchens and Food Banks for use in homeless shelters and emergency feeding sites.

There are 38 TEFAP grantees consisting of 26 Community Action Agencies (CAA's), 5 Reservation Governments, 6 non-profit agencies, and the Midwest Farmworkers' Employment and Training that deliver commodities to households, and 302 organizations that deliver commodities and/or meals to homeless individuals and families at emergency shelters or soup kitchens.

THP, funded under M.S. 268.38, provides operating funds to 45 non-profit transitional housing programs to help homeless persons obtain the skills and income to live independently. ESGP helps meet the rehabilitation and service operational costs of emergency homeless shelters through 46 grants statewide. EHP provides funding to 29 CAA's, 11 Reservation Governments, and the Midwest Farmworkers' Employment and Training to address homeless and emergency shelter issues as determined locally.

SAFAH provides funds to 6 transitional housing programs to help families with children stabilize in permanent housing. CF & Nutrition funds are distributed to 4 agencies to conduct research and increase participation in food and nutrition programs.

The Stewart B. McKinney Homeless Assistance Amendments Act of 1990, P.L. 101-645 authorizes ESG, EHP, and SAFAH.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: COMMUNITY BASED SERVICES
ACTIVITY: FOOD AND SHELTER/SELF-SUFFICIENCY

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	130	132	184	184	179	176	184	176	173
EXPENSES/CONTRACTUAL SRVCS	12	8	10	10	10	10	10	10	10
MISC OPERATING EXPENSES	202	159	176	176	176	176	176	176	176
SUPPLIES/MATERIALS/PARTS	2	2	2	2	2	2	2	2	2
CAPITAL EQUIPMENT	7	3	2	2	2	2	2	2	2
OTHER	7	6	6	6	6	6	6	6	6
SUBTOTAL STATE OPERATIONS	360	310	380	380	375	372	380	372	369
LOCAL ASSISTANCE	1,583	2,370	2,352	2,352	1,687	2,087	2,352	1,695	2,095
TOTAL EXPENDITURES	1,943	2,680	2,732	2,732	2,062	2,459	2,732	2,067	2,464
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<3>			<3>
(B) FOOD SHELF GRANTS		GEN				400			400
TOTAL GOV'S INITIATIVES						397			397
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	320	915	920	920	520	917	920	520	917
STATUTORY APPROPRIATIONS:									
JOBS AND TRAINING	1,600	1,765	1,812	1,812	1,542	1,542	1,812	1,547	1,547
GIFTS AND DEPOSITS	23								
TOTAL FINANCING	1,943	2,680	2,732	2,732	2,062	2,459	2,732	2,067	2,464

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: COMMUNITY BASED SERVICES
ACTIVITY: FOOD AND SHELTER/SELF-SUFFICIENCY

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
JOBS AND TRAINING	5.5	3.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
TOTAL POSITIONS	5.5	3.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5

BUDGET ACTIVITY: Workforce Training and Development
PROGRAM: Community-Based Services
AGENCY: Jobs and Training, Department of

ACTIVITY DESCRIPTION:

This activity includes special programs to address needs of those seeking assistance in obtaining meaningful employment, and/or needing intensive services or training to obtain employment, and economic and social self-sufficiency. A major purpose of this activity is to direct special services, training, and work experience to people experiencing barriers to employment.

These programs are targeted to specific populations: economically disadvantaged youth and adults, older workers, veterans, minorities, public assistance recipients, individuals with handicaps, and individuals who have limited English proficiency. The majority of funding is federal.

In addition to targeted programming, the Job Training Partnership Act (JTPA) includes funds for education coordination and incentive funds for service-provider performance.

The only state-funded program under this activity is Opportunities Industrialization Centers (OIC's). This program provides comprehensive job training and placement services for economically disadvantaged who are unemployed or underemployed.

Following is additional information about each of the programs in this activity:

JTPA Title II-A

This basic grant provides various types of employment and training services to economically disadvantaged adults and youth, designed to make these individuals economically and socially self-sufficient. Additionally, certain population groups are targeted for service including: older workers, veterans, minorities, public assistance recipients, individuals with handicaps, offenders and ex-offenders, and women. For youth, there is also an emphasis on developing employment skills which will be used in future job searches. Service-provider performance incentive funds are included within this program.

JTPA Title IV-C

This program provides employment and training services to meet the needs of identified hard-to-serve veterans including service-connected veterans, veterans of the Vietnam Theater, and minority veterans.

JTPA 8%

Allocations totaling 8% of the resources are directed to facilitate coordination and cooperation between education and employment and training agencies to develop and provide services to economically disadvantaged persons.

Title V Senior Community Service Employment Program (SCSEP)

This program was established to foster and promote the creation of part-time jobs in community service activities for low-income individuals 55 years of age and older. The goal of the program is to annually place 20% of the participants in unsubsidized employment.

JTPA 3%

JTPA allocates 3% of the available resources to provide employment and training services to economically disadvantaged persons 55 years of age and older. The goal of the program is to assure that training and placement of eligible individuals in employment opportunities with private business concerns.

Opportunities Industrialization Centers

OIC's provide comprehensive job training and placement services to people who are economically disadvantaged, unemployed or underemployed. The Centers provide instruction in basic academic skills, vocational training and other supportive services. There are 6 OIC's in Minnesota: Ramsey County, Twin Cities, American Indian, Anishinabe (Mille Lacs), Bemidji Indian, and Fond Du Lac. A program at Stillwater Correctional Facility provides remedial education and services to inmates prior to their release.

BUDGET ISSUES:

JTPA Act was recently amended; these amendments are effective 7-1-93. The impact on JTPA is substantial. Among major changes, programming for youth ages 16 through 21 is separated from programming for adults.

JTPA programs are 100% federal funding. DJT anticipates a 4% decline in resources in each of the next 3 years.

SCSEP is 100% federal funding. DJT anticipates a 4% decline in resources in each of the next 3 years.

EFFICIENCY MEASURES:

	S.F.Y. 1992 Actual	S.F.Y. 1993 Plan	S.F.Y. 1994 Plan	S.F.Y. 1995 Plan
Title IIA Adult Served	11,251	11,300	11,000	11,000
Title IIA Adult Placed	4,283	4,300	4,500	4,500
Title IIA Adult Follow-up Employment Rate	66.3%	70.0%	72.0%	72.0%
Title IIA Adult Follow-up Weekly Earnings	$258	$275	$285	$290
Title IIA Adult Welfare Follow-up Weekly Earnings	$249	$270	$280	$285
Title IIA Adult Welfare Follow-up Employment Rate	62.1%	65.0%	68.0%	68.0%

BUDGET ACTIVITY: Workforce Training and Development
PROGRAM: Community-Based Services
AGENCY: Jobs and Training, Department of
(Continuation)

	S.F.Y. 1992 Actual	S.F.Y. 1993 Plan	S.F.Y. 1994 Plan	S.F.Y. 1995 Plan
Title IIA Public Assistance Recipients Served as a Percent of the Total Served	62.6%	66.0%	66.0%	66.0%
JTPA Title IVC Enrolled	192	184	176	169
JTPA 8 Percent Enrolled	2,626	2,866	2,756	2,646
Title V SCSEP Enrolled	305	307	307	307
JTPA 3 Percent Enrolled	496	475	517	496
OIC Enrolled	934	299	400	450

REVENUE:

None.

GRANTS:

JTPA Title IIA, (Public Law 97-300): 78% of the Title II-A grant is allocated by formula to the JTPA Service Delivery Areas, including counties, cities and non-profit organizations designated by the Governor.

JTPA Title IVC, (Public Law 97-300): $120,637 was subcontracted to local service providers, including a state agency, county and non-profit organization.

JTPA 8%, (Public Law 97-300): 60% of the funds available is allocated by formula to the JTPA Service Delivery Areas; 20% of the funds available is contracted with local service providers by the Request for Proposal (RFP) process.

Title V SCSEP, (Public Law 95-478): This program was originally let on an RFP basis. Sixteen grantees have received continued funding since the original RFP selection. Current grantees include Community Action Agencies, Counties, the City of Duluth, Chippewa Tribes, Minnesota Green Thumb and JTPA Service Delivery Areas.

JTPA 3%, (Public Law 97-300): This JTPA Older Worker Program is let on an RFP basis. Program operators may include JTPA Service Delivery Areas, Community Action Agencies and Private non-profit agencies. The program averages between 13 and 16 program operators annually.

OIC, (M.S. 268.60): 100% of the state funds is contracted with community-based Opportunities Industrialization Centers.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: COMMUNITY BASED SERVICES
ACTIVITY: WORKFORCE TRAINING AND DEVELOPMENT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,215	952	1,083	1,083	1,074	1,074	1,083	1,046	1,046
EXPENSES/CONTRACTUAL SRVCS	237	121	153	153	133	133	153	118	118
MISC OPERATING EXPENSES	63	65	78	78	69	69	78	64	64
SUPPLIES/MATERIALS/PARTS	20	23	26	26	24	24	26	24	24
CAPITAL EQUIPMENT	1	32	50	50	40	40	50	35	35
OTHER	20	8	20	20	20	20	20	20	20
SUBTOTAL STATE OPERATIONS	1,556	1,201	1,410	1,410	1,360	1,360	1,410	1,307	1,307
AIDS TO INDIVIDUALS	292	150	150	150	140	140	150	140	140
LOCAL ASSISTANCE	22,137	22,616	21,848	21,848	21,070	21,070	21,848	20,308	20,308
TOTAL EXPENDITURES	23,985	23,967	23,408	23,408	22,570	22,570	23,408	21,755	21,755
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	412	350	350	350	350	350	350	350	350
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	90	209							
JOBS AND TRAINING	23,483	23,408	23,058	23,058	22,220	22,220	23,058	21,405	21,405
TOTAL FINANCING	23,985	23,967	23,408	23,408	22,570	22,570	23,408	21,755	21,755
POSITIONS BY FUND:									
SPECIAL REVENUE	3.0	.0	.0	.0	.0	.0	.0	.0	.0
JOBS AND TRAINING	30.0	24.0	27.0	27.0	27.0	27.0	26.0	26.0	26.0
TOTAL POSITIONS	33.0	24.0	27.0	27.0	27.0	27.0	26.0	26.0	26.0

BUDGET ACTIVITY: Youth Prevention
PROGRAM: Community-Based Services
AGENCY: Jobs and Training, Department of

ACTIVITY DESCRIPTION:

Minnesota's Juvenile Justice Program provides subgrants on a competitive basis to counties, cities and community-based organizations, for prevention and intervention programs targeting youth at risk of involvement with the juvenile justice system. The Juvenile Justice Advisory Committee (appointed by the Governor) awards subgrants serving youth up to 18 years of age and their families, and provides training for youth-serving professionals. Depending upon the program, services may be available statewide, within one or more counties, in a city or in a neighborhood.

Youth Intervention Programs are 23 non-residential, community-based programs providing prevention services to youth and their families in the areas of advocacy, education, counseling and referral. Programs deal with youth ages 10 to 17 in the context of family, school and the community. Problems such as child abuse and family violence, delinquency prevention, chemical abuse and family economic distress and breakdown are addressed. All programs must obtain a 2:1 funding match from their local municipalities and/or counties.

BUDGET ISSUES:

The annual funding for the Juvenile Justice Program from the U.S. Department of Justice is currently $850,000. To comply with federal law, DJT must secure state funds to match federal dollars available to administer Minnesota's Juvenile Justice Program.

The Youth Intervention Program is currently funded at $550,000 per year. The need for prevention and early intervention services for children and families at risk of family violence, delinquency, truancy, and chemical abuse is greater than the resources available. Many communities throughout the state remain to be served.

EFFICIENCY MEASURES:

Minnesota has been in compliance since 1979 with the federal juvenile justice mandates of deinstitutionalization of status offenders, and sight and sound separation. Compliance with the jail removal mandate was achieved in 1992.

Juveniles Held in Adult Jails and Lockups

	1980	1985	1990	1991
Average Daily Population	16.19	7.16	3.29	2.66
Average Days Confined	1.16	.70	.39	.33
Total Days Confined	5,908	2,612	1,201	969

Annually, Youth Intervention Programs serve 45,000 young people ages 10-17. The recidivism rate among youth referred to Youth Intervention Programs was 7.8%, less than half the 18% national average for youth referred to court. The average cost per youth is $271 (average participation from 3 to 6 months). Placing a young person, by contrast, in a group home or a residential treatment facility costs from $3,150 to $27,373 annually.

REVENUE:

None.

GRANTS:

Funded under the Juvenile Justice and Delinquency Prevention Act (PL 93-415) the Juvenile Justice Advisory Committee awards grants on a competitive basis to counties, cities and community-based organizations to support innovative strategies at the state and local level and to respond to emerging issues.

Funding for the Youth Intervention Program is authorized under Chapter 268.30, Grants in Aid to Youth Intervention Programs. The Youth Intervention Program is delivered through 23 non-residential community-based organizations which keep youth living with their families and out of correctional institutions, foster homes, residential treatment and chemical abuse treatment facilities.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: COMMUNITY BASED SERVICES
ACTIVITY: YOUTH PROGRAMS/PREVENTION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	129	98	91	91	91	89	91	91	89
EXPENSES/CONTRACTUAL SRVCS	8	10	11	11	11	11	11	11	11
MISC OPERATING EXPENSES	17	28	29	29	29	29	29	29	29
SUPPLIES/MATERIALS/PARTS	2	5	2	2	2	2	2	2	2
CAPITAL EQUIPMENT	1	1	1	1	1	1	1	1	1
OTHER	1	1	1	1	1	1	1	1	1
SUBTOTAL STATE OPERATIONS	158	143	135	135	135	133	135	135	133
LOCAL ASSISTANCE	1,033	927	1,318	1,318	1,318	1,318	1,318	1,318	1,318
TOTAL EXPENDITURES	1,191	1,070	1,453	1,453	1,453	1,451	1,453	1,453	1,451
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<2>			<2>
TOTAL GOV'S INITIATIVES						<2>			<2>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	330	330	605	605	605	603	605	605	603
STATUTORY APPROPRIATIONS:									
JOBS AND TRAINING	861	740	848	848	848	848	848	848	848
TOTAL FINANCING	1,191	1,070	1,453	1,453	1,453	1,451	1,453	1,453	1,451
POSITIONS BY FUND:									
JOBS AND TRAINING	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: COMMUNITY BASED SERVICES
ACTIVITY: YOUTH PROGRAMS/PREVENTION

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TOTAL POSITIONS	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

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BUDGET ACTIVITY: Youth Employment and Training and Education
PROGRAM: Community-Based Services
AGENCY: Jobs and Training, Department of

ACTIVITY DESCRIPTION:

The JTPA Summer Youth Employment and Training Program enhances the basic educational skills of youth ages 14 to 21; encourages school completion; enhances the citizenship skills of youth; and provides economically disadvantaged youth with job training opportunities during the summer months. Those who were assessed to have reading and math skill deficiencies (approximately 25%) were enrolled in remedial education courses. All 1992 sites can provide documentation of improved reading and math scores.

The Minnesota Youth Program provides job training services year-round for youth at risk of dropping out of school. Community-based services are offered to disadvantaged youth in cooperation with local educational agencies in 87 counties. This program also funds a residential camp for hearing impaired youth at St. Croix State Park and the Job Service Mini-Office Program. A program outcome is the establishment of strong school-community collaboratives.

The Youth Wage Subsidy Program provides subsidies to private and public sector employers who hire at-risk youth.

The Youth Employment and Housing Program targets dropouts/youth enrolled in alternative schools. Youth are trained to rehabilitate buildings to be used as homes for low-income or homeless families. The education component focuses on basic skill acquisition with a problem-solving emphasis.

Youth employment and training programs provide at-risk youth with opportunities in public and private sector employment for:

- Gaining a high school diploma
- Exploring occupations
- Evaluating vocational options
- Receiving career and life skill counseling
- Developing and pursuing personal goals
- Participating in summer youth programs and community-based projects during the school year.

BUDGET ISSUES:

In the summer of 1992, Minnesota received a supplemental allocation of federal funds which allowed nearly a 65% increase in the number of youth served under the JTPA Summer program. Next summer, without the supplemental federal funds, Minnesota's service levels will drop back to 1991 levels: 5,400 predicted for summer of 1993, compared to over 8,500 in 1992.

There is $5.371 million available for the biennium for the Minnesota Youth Program. Due to the budget deficit, funding for the Minnesota Youth Program was reduced by $350,000 in the last biennium. This loss will be more severely felt in the next biennium without the supplemental federal funds available in 1992.

The Wage Subsidy Program has only been in operation since 7-1-92. There is $250,000 available each year.

The Youth Employment and Housing Program operates in three areas at $100,000 per year. Many at-risk youth and communities throughout the state would benefit from this program if additional resources were available.

Funding History (state funds)	Dollars in Thousands F.Y. 1991 (Actual)	F.Y. 1992 (Actual)	F.Y. 1993 (Actual)	F.Y. 1994 (Planned)	F.Y. 1995 (Planned)
Minnesota Youth	$5,700*		$5,371*		$5,371*
Youth Wage Subsidy	$ 0	$ 250	$ 250	$ 250	$ 250
Youth Employment/Housing	0	100	100	100	100
MN Youth Supplement	0	0	200	200	200

* Biennium amounts

EFFICIENCY MEASURES:

Program	Estimated Served in 1992	Economically Disadvantaged	Public Assistance	Disabilities
SYETP	8,500	100%	40%	37%
MYP	4,500	96%	21%	46%
Wage Subsidy	250	95%	20%	40%
YEAH *	150	90%	30%	60%

* Twenty-seven housing units will be rehabilitated, providing affordable housing to homeless and very low-income families.

REVENUE:

None.

GRANTS:

The JTPA Summer Youth Program is funded under Title IIB of the Job Training Partnership Act (PL 99-496). The Minnesota Youth Program is authorized under M.S. 268.31 to 268.36. The Youth Wage Subsidy Program is authorized under M.S. 268.551 to 268.552, Chapter 345, Article 1, Section 81 and 82.

The JTPA Summer Youth Program, the Minnesota Youth Program and the Youth Wage Subsidy Program operate in all 87 counties through the Service Delivery Areas/Private Industry Councils and their subcontractors.

The Youth Employment and Housing Program is authorized under M.S. 268.361 to 268.367. The Youth Employment and Housing Program operates in 3 sites: Minneapolis (The City Inc.), Bemidji (Bi-County CAP) and Chaska (Carver-Scott Educational Cooperative).

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: COMMUNITY BASED SERVICES
ACTIVITY: YOUTH PROGRAMS/EMPLOY & TRG & EDUC

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	222	244	204	204	204	197	204	204	197
EXPENSES/CONTRACTUAL SRVCS	9	4	3	3	3	3	3	3	3
MISC OPERATING EXPENSES	2	5	3	3	3	3	3	3	3
SUPPLIES/MATERIALS/PARTS	2	1	2	2	2	2	2	2	2
CAPITAL EQUIPMENT		3	5	5	5	5	5	5	5
SUBTOTAL STATE OPERATIONS	235	257	217	217	217	210	217	217	210
LOCAL ASSISTANCE	9,389	10,560	15,975	16,705	11,305	11,305	15,954	10,554	10,554
TOTAL EXPENDITURES	9,624	10,817	16,192	16,922	11,522	11,515	16,171	10,771	10,764
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<7>			<7>
TOTAL GOV'S INITIATIVES						<7>			<7>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,111	3,345	2,881	3,611	3,611	3,604	2,860	2,860	2,853
STATUTORY APPROPRIATIONS:									
JOBS AND TRAINING	7,513	7,472	13,311	13,311	7,911	7,911	13,311	7,911	7,911
TOTAL FINANCING	9,624	10,817	16,192	16,922	11,522	11,515	16,171	10,771	10,764
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

BUDGET ACTIVITY: Work and Training
PROGRAM: Community-Based Services
AGENCY: Jobs and Training, Department of

ACTIVITY DESCRIPTION:

DJT, in coordination with the Department of Human Services (DHS), is responsible for managing the Success Through Reaching Individual Development and Employment (STRIDE), Work Readiness and Food Stamp Employment and Training (FSET) programs, and Refugee and Immigrant Services.

The programs are operated by Local Service Units. DJT will review and approve annual plans to guarantee that programs deliver promised services and also meet state and federal requirements. Staff will provide oversight and evaluation functions to ensure program goals and objectives are met and appropriate funds are used as intended. Technical assistance will be provided to improve effectiveness and efficiency.

DJT is responsible for establishing and maintaining reporting systems, drafting rules and bulletins, developing monitoring guides, oversight of special projects, establishing certification standards, certifying and decertifying service providers, provision of technical assistance and training, and public information to promote awareness of services.

BUDGET ISSUES:

Although DJT provides employment-related services to recipients through a cooperative agreement with DHS, DHS is responsible for the program and will present material and information on funding needs in its biennial budget presentation. Coordination of funding is necessary in order for the program to continue to develop and provide the services necessary for AFDC recipients to become self-sufficient.

EFFICIENCY MEASURES:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Project STRIDE					
Average Monthly Participants	10,623	10,904	11,000	11,000	11,000
Number in Post-Sec. Training	6,549	7,562	7,520	7,520	7,520
Number in Job Search	3,804	5,245	5,152	5,152	5,152
Number Placed in Employment	2,365	2,389	2,272	2,272	2,272
Hourly Wage at Placement	$6.48	$6.73	$6.73	$6.73	$6.73
Work Readiness					
Average Monthly Participants	2,696	2,687	2,690	2,690	2,690
Number Placed in Employment	4,765	4,170	4,170	4,170	4,170
Hourly Wage at Placement	$5.46	$5.53	$5.53	$5.53	$5.53

REVENUE:

None.

GRANTS:

Grant awards for the state's "Special Projects to Reduce AFDC Dependency" program were created by the 1987 Legislature, M.S. 256.7365. The intent of the special projects is to support innovative programs and to test different approaches to solving the long-term welfare problem. Funding is awarded on competitive basis through a review process managed by DJT. Grants are awarded by the commissioner of DJT, DHS and the Chancellor of the Technical college System.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: COMMUNITY BASED SERVICES
ACTIVITY: WORK AND TRAINING

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	456	590	623	623	623	623	623	623	623
EXPENSES/CONTRACTUAL SRVCS	92	66	38	38	38	38	38	38	38
MISC OPERATING EXPENSES	18	17	14	14	14	14	14	14	14
SUPPLIES/MATERIALS/PARTS	10	13	10	10	10	10	10	10	10
CAPITAL EQUIPMENT	56	135							
OTHER			<637>	<637>	<609>	<609>	<637>	<609>	<609>
SUBTOTAL STATE OPERATIONS	632	821	48	48	76	76	48	76	76
LOCAL ASSISTANCE	1,567	557	442	442	334	334	442	334	334
TOTAL EXPENDITURES	2,199	1,378	490	490	410	410	490	410	410
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
GENERAL	1,866	931	83	83	3	3	83	3	3
JOBS AND TRAINING	333	447	407	407	407	407	407	407	407
TOTAL FINANCING	2,199	1,378	490	490	410	410	490	410	410
POSITIONS BY FUND:									
GENERAL	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
JOBS AND TRAINING	9.0	12.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
TOTAL POSITIONS	14.0	17.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0

BUDGET ACTIVITY: Dislocated Worker
PROGRAM: Community-Based Services
AGENCY: Jobs and Training, Department of

ACTIVITY DESCRIPTION:

The federal Job Training Partnership Act (JTPA), Title III - Economic Dislocation and Worker Adjustment Assistance Act (EDWAA) and Minnesota's Dislocated Worker Program provide employment and training services to persons unemployed as a result of plant closures, permanent mass layoffs, skill obsolescence, technological change, international trade, and other economic disruptions. Among the specific services are: "basic readjustment" which include development of individual readjustment plans, job or career counseling, educational attainment and job skill testing and assessment, job search and placement assistance, job development, support services (i.e., daycare and commuting assistance), and relocation assistance; and those classified as "retraining" which include classroom training, occupational skill training, on-the-job training, out-of-area job search, relocation, basic and remedial education, literacy and English as a second language, and entrepreneurial training. The primary goals and objectives of EDWAA and the state program are to assist workers to adjust to the dislocation, acquire new job or occupation skills, and find suitable new employment in demand occupations in stable and growing industries. The program is designed to intervene early in a worker's dislocation to assist in the transition to suitable new employment prior to the necessity for seeking and becoming dependent on public assistance.

BUDGET ISSUES:

The Dislocated Worker Program will be able to achieve a more effective, efficient delivery of employment and training services to eligible dislocated workers with a focus on:

- Facilitating meaningful early intervention, and being more responsive to worker needs, when a plant closing or mass layoff is announced;
- Providing value-added skill training such as updating current skills, enhancing skill transferability, and training for demand occupations and jobs in stable and growth industries;
- Targeting employment and training services to assisting those workers which can benefit most from the programs;
- Enhancing local program service deliverer capacity to assist more workers at less cost per participant and respond quicker to local dislocations;
- Recognizing and empowering the Governor's Job Training Council to assess the need for activities funded by the Dislocated Worker Fund, consider the alternatives, and make recommendations to the Commissioner on funding allocations;
- Improving overall state and local program management, accountability, and productivity;
- Integrating more efficiently the coordination of the state and federal dislocated worker programs to maximize delivery of services to eligible dislocated workers and exploit the strengths of each.

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Total Enrollments	9,103	10,984	20,560	18,960	18,960
Total Terminations	5,064	4,320	9,252	8,532	8,532
Entered Employment	3,751	3,580	7,402	6,826	6,826
Other Terminations	1,313	1,540	1,850	1,706	1,706
Entered Employment Rate	74.1%	82.8%	80%	80%	80%
Remaining in Program	4,039	5,864	11,308	10,428	10,428
Average Wage Per Hour At Placement	$9.13	$9.52	$9.50	$9.50	$9.50

EFFICIENCY MEASURES: (Costs predicated on base level funding)

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Cost Per Participant	$ 861	$1,205	$1,250	$1,250	$1,250
Cost Per Entered Employment	2,089	3,696	3,472	3,472	3,472

REVENUE:

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Dislocated Worker Fund	$7,700	$19,600	$20,700	$21,400	$22,600

The Dislocated Worker Fund was established as a dedicated fund by the legislature in 1990 and is funded by a surtax of one-tenth of 1% on employers' taxable wages under the unemployment insurance system. The special assessment was initiated on 1-1-91. The sunset date for this special assessment, 6-30-92, was repealed by the legislature in 1991. The Dislocated Worker Fund supplements the federal EDWAA funds.

GRANTS:

As governed in law, allocation of the state's EDWAA formula allocated fund is 50% to 11 substate grantees by formula; 10% reserved for substate grantees to be disbursed on the basis of need; and the remaining 40% reserved by the governor for state administration, rapid response activities, and provision of employment and training assistance responsive to specific dislocation events.

In addition to the annual state allocation, Minnesota may receive awards of federal EDWAA discretionary grants to provide employment and training services in response to major plant closings and substantial layoffs.

State dislocated worker funds as directed in law are to be used for state administration (5%) allocation to substate grantees in amounts equal to their federal formula allotment as each allocation becomes 100% obligated for use; and allocation to eligible organizations with demonstrated performance on the basis of RFP to address specific worker dislocation events, such as plant closings or mass layoffs, statewide activities, regional dislocations, and industry-wide projects.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: COMMUNITY BASED SERVICES
ACTIVITY: DISLOCATED WORKER PROGRAMS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	516	879	1,181	1,181	1,158	2,403	1,181	1,158	2,408
EXPENSES/CONTRACTUAL SRVCS	76	59	255	255	255	255	255	255	255
MISC OPERATING EXPENSES	28	23	39	39	39	39	39	39	39
SUPPLIES/MATERIALS/PARTS	19	10	18	18	18	186	18	18	188
CAPITAL EQUIPMENT	7	25	40	40	40	40	40	40	40
OTHER	10	11	20	20	20	20	20	20	20
SUBTOTAL STATE OPERATIONS	656	1,007	1,553	1,553	1,530	2,943	1,553	1,530	2,950
LOCAL ASSISTANCE	7,179	12,225	24,147	24,147	22,170	28,057	24,147	22,170	29,250
TOTAL EXPENDITURES	7,835	13,232	25,700	25,700	23,700	31,000	25,700	23,700	32,200
GOV'S INITIATIVES:		FUND							
(B) MN WORKFORCE INVESTMENT FUND		SR				5,700			6,900
(B) MN WORKFORCE INVESTMENT FUND		J&T				1,600			1,600
TOTAL GOV'S INITIATIVES						7,300			8,500
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	161								
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	2,889	7,679	15,700	15,700	15,700	21,400	15,700	15,700	22,600
JOBS AND TRAINING	4,785	5,553	10,000	10,000	8,000	9,600	10,000	8,000	9,600
TOTAL FINANCING	7,835	13,232	25,700	25,700	23,700	31,000	25,700	23,700	32,200

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: COMMUNITY BASED SERVICES
ACTIVITY: DISLOCATED WORKER PROGRAMS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
SPECIAL REVENUE	4.0	18.0	18.0	18.0	18.0	29.0	18.0	18.0	29.0
JOBS AND TRAINING	3.0	3.0	11.0	11.0	11.0	14.0	11.0	11.0	14.0
TOTAL POSITIONS	7.0	21.0	29.0	29.0	29.0	43.0	29.0	29.0	43.0

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Jobs and Training, Department of
PROGRAM: Community-based Services
ACTIVITY: Dislocated Worker

ITEM TITLE: Minnesota Workforce Investment Fund

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
Dedicated Fund (M.S. 268.022)				
- State Operations	~~$1,213~~	~~$1,220~~	~~$1,225~~	~~$1,230~~
	1,713	1,770	1,825	1,880
- Grants	~~$4,487~~	~~$5,680~~	~~$6,675~~	~~$7,670~~
	3,987	5,130	6,075	7,020
Revenues: ($000s)				
Dedicated Fund (M.S. 268.022)	$5,700	$6,900	$7,900	$8,900

Statutory Change? Yes X **No** ____
If yes, statute affected: M.S.116 L, M.S. 268.022, M.S. 268.975 - 268.98

GOVERNOR'S RECOMMENDATION:

The Governor recommends the implementation of a new comprehensive workforce investment strategy utilizing the amounts estimated to be collected through the dislocated worker special assessment (M.S. 268.022) on employers. (F.Y. 1994 estimate - $21,400. F.Y. 1995 estimate - $22,600.) The fiscal summary above includes only the increased amount to be spent in this biennium. (the difference between the base and anticipated revenue). The total program is described below.

This investment strategy is a proactive response to enable Minnesota's businesses to effectively compete in their respective industries by providing them prepared, highly-skilled, well-motivated and productive workers. Employment and training services to be offered under the initiative bring tangible meaning to the notion of "Lifelong Learning" by empowering workers who possess many skills and have a long attachment to the workforce, to react constructively to fundamental employment changes in today's workplace. As a consequence, the initiative is responsive to both employer needs for highly-skilled workers and the desire for higher wages by workers. This strategy is further detailed in the Agency Plan (Dislocated Worker Activity Narrative).

The existing Dislocated Worker Fund will be renamed the Minnesota Workforce Investment Fund to reflect the broadened focus of this initiative. Principal elements of the strategy are:

- Empower workers to make informed decisions about their future job, occupation, or career direction and facilitate the decision to achieve longer-term stability of employment;
- Provide value-added skill training to eligible workers with a focus on updating current skills, enhancing skill transferability, and training for employment in occupations and industries of the future or that offer stability and growth.
- Provide training assistance to workers at-risk of dislocation, in cooperation with their existing employers, when it can be demonstrated that skill training and skill upgrading will result in long-term job retention;
- Target employment and training services and resources to assisting those workers which can benefit most from the program;
- Achieve immediate intervention with workers and employers in response to plant closings and mass layoffs by presenting affected workers with options for facilitating a rapid return to productive employment.
- Empower the Governor's Job Training Council to assess the need for various activities funded under the Minnesota Workforce Investment Fund and recommend the annual allocation for each;
- Improve overall state and local program management, accountability, and productivity by:
  - restructuring the process of allocating funds from the Minnesota Workforce Investment Fund;
  - establishing annual plans of service with appropriate and measurable performance outcomes;
  - providing service to participants on the basis of its necessity, appropriateness and effectiveness; and
  - implementation of the principle of "continuous quality improvement" for service delivery.
- Enhance local program service deliverers' capacity to assist more workers at less cost per participant and respond quicker to local dislocations;
- Achieve effective, efficient coordination with the federal Dislocated Worker Program to establish a more integrated and responsive program to the needs of dislocated workers;
- Establish a readjustment services plan designed to meet the employment transition needs, such as intensive job search assistance, for workers separated from long- term employment where their skills are transferable;
- Integration of several current specialized services with Dislocated Workers services, as follows: Expansion of Projects with Industry (PWI) statewide to deliver specialized job development and placement services to persons with disabilities, with a new emphasis on communities of color and persons with a mental illness, information and education for employers, and participation of employers in decision-making. $400,000 per year plus up to $1,600,000/year in federal matching funds will support these activities. The Rehabilitation Services Division will continue to manage these services. In addition, Displaced Homemakers and Minnesota Job Skills Partnerships services funding support will be transferred from the General Fund to the Workforce Investment Fund. These services will retain current effective policy development/client services mechanisms.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Jobs and Training, Department of
PROGRAM: Community-based Services
ACTIVITY: Dislocated Worker

ITEM TITLE: Minnesota Workforce Investment Fund (Continuation)

Problems in the current delivery system to which these strategies respond are reviewed below.

Workforce Challenges

Minnesota's workforce is under tremendous pressure to compete in today's global marketplace. At least 20,000 workers in the state are being dislocated annually as a result of plant closings, mass layoffs, skill obsolescence, technological change, international trade, and other economic disruptions. Less than half are being served by the Dislocated Worker program each year and only after they have been terminated from employment. It is essential that training efforts be focused on employed workers - particularly those at-risk of dislocation -- to update current skills, enhance skill transferability, and to train for demand occupations and jobs in stable and growth industries.

Administrative Limitations

Legislative amendments enacted in 1991 to M.S. 268.022 (Dislocated Worker Fund) have critically hampered the ability of the state and local grantees to effectively and efficiently respond to the needs of dislocated workers by:

- Making it nearly impossible for local substate grantees to plan delivery of services to eligible workers;
- Requiring the state to validate a grantee's 100 percent obligation of funds before more funds may be released even though the state does not have the capacity or ability to conduct such a verification;
- Causing the establishment of worker waiting lists, despite adequate funds being available, in order that substate grantees may request additional funds;
- Limiting the ability of the state to effectively plan the annual allocation and use of available funds when disbursement is restricted to actual receipts of the special assessment collected each quarter;
- Prescribing a process for allocating Dislocated Worker funds which caused the adoption of a highly inefficient method for serving workers affected by plant closings and mass layoffs; and
- Creating a situation where the single largest deposit into the Dislocated Worker Fund is 3 months immediately preceding the end of the fiscal year, resulting in a significant amount of money being carried forward into the next fiscal year, unused.

Workers dislocated as a result of plant closings and mass layoffs are waiting several weeks after being terminated or informed of the separation before receiving any meaningful readjustment assistance because the fund allocation process established in statute.

The current model for expending Dislocated Worker funds does not follow the traditional appropriate-and-expend model used by most of state government. Rather, it uses a model as mandated in state law that:

1) Requires collection of the special assessment;
2) Makes the funds available for use;
3) Obligates the funds upon request by grantees to serve dislocated workers; and
4) Expends funds according to approved plans.

The single largest collection of funds occurs during the final quarter of the fiscal year, and under the current expenditure model, must be carried into the subsequent fiscal year to assure sufficient funds are available in its third quarter when funding requests may exceed receipts by a factor 5 to 1.

Terminated Long-Term Employees

Each year thousands of workers with many years of employment with a single employer are being let go. Many of these have transferable job skills and excellent job retention skills but lack any job search skills. Retraining is not necessary for these workers. Rather, they need intensive readjustment assistance in the form of career counseling, skill assessment, job search assistance, job development support networks, and other activities designed for the long-term employed worker.

Employer Involvement

The Minnesota Workforce Investment Fund activities need to become employer-driven. The fund's success at training a skilled workforce is strongly linked to the meaningful and active involvement of employers. The focus and service delivery approach of current employment and training programs are strongly influenced by the active involvement of the service providers, organized labor, educational institutions, and other community groups.

Minnesota Job Skills Partnership

The mission of this employment and training program is more consistent with the mission of the Department of Jobs and Training (DJT) than the Department of Trade and Economic Development. The consistency in missions is reflected in the Job Skills Partnership law where preference is given to programs serving DJT's primary employment and training target groups - economically disadvantaged, minorities, dislocated workers, and displaced homemakers. Advantages to incorporating this program's activities under the Minnesota Workforce Investment Fund include:

- Improved coordination between DJT local contractors which serve the target population, and Job Skills Partnership activities;
- Improved coordination in the use of federal job training funds with Job Skill Partnership activities since DJT receives and manages that resource;
- Ensuring that persons in the target groups will in fact derive a benefit from Job Skills Partnership training activities; and

- Focusing the Job Skills Partnership activities on value-added skill development, updating, upgrading, and transferability in jobs or occupations with long-term potential in stable or growing industries and those of the future.

Displaced Homemaker

Displaced Homemakers are categorically eligible for services under the current State Dislocated Worker Program authorized under M.S. 268.975. However, they have not been served due to low statutory priority.

The services currently performed under M.S. 268.96 can be performed within this initiative with minimal disruption.

By designating the allocation of the activity as 7 percent of the annual fund receipts, a modest increase in money available for Displaced Homemakers could be anticipated.

Projects with Industry

A 1990 study by the National Center for Health Statistics found that 71 percent of people with disabilities are unemployed. The goals of PWI, like the Job Skills Partnership and Dislocated Worker services, is the development of partnerships with employers to expand employment opportunities to individuals with severe disabilities throughout Minnesota. Integration of these services with other Workforce Investment Fund services will facilitate improved linkages between rehabilitation and employment/training services. PWI will accomplish this by:

- Assisting local employers to secure qualified employees to meet their business needs;
- Providing job development and direct placement services to persons with severe disabilities;
- Providing information on disability and employment issues, including the Americans with Disabilities Act; and
- Coordinating placement services with schools and other community providers.

Individuals served will be those eligible for vocational rehabilitation services. Money allocated to this investment initiative will generate matching funds which will be used as follows: to provide expanded and enhanced services to clients receiving PWI services pursuant to a plan to be developed jointly with other PWI providers and community stakeholders; and, with any funding not required for implementation of this plan, to provide other direct client services to rehabilitation clients.

Federal Resources and Coordination

Total federal Economic Dislocation and Worker Adjustment Assistance Act (EDWAA) funds have been cut nationally by $8.3 million by Congress for SFY 1994. Each state's allocation is subject to a formula which redirects funds annually to areas of the nation in greater need than others. Minnesota's share is anticipated to go down in SFY 1994 thereby limiting the current flexibility in use of funds reserved by the Governor for state administration and provision of rapid response assistance.

PROGRAM OUTCOMES:

Minnesota's employers will be employing workers with the requisite skills needed for success on the job and which enhance their ability to compete effectively in the marketplace. Workers will receive employment and training services that:

- Provide employers with highly-skilled workers meeting their needs;
- Focus on training for employment in occupations and industries of the future;
- Foster the notion of lifelong learning and builds upon knowledge, skills, and abilities that workers already possess;
- Are designed to meet the unique needs of workers;
- Are delivered effectively and efficiently by the state and local service providers; and
- Serve more workers at less cost per participant than current programs.

Coordination between program providers, employers, organized labor, educational institutions, economic development and other community groups will be greatly enhanced.

Displaced homemakers assistance will continue to be provided to over 2,200 women and men annually.

Up to 400 persons annually will be placed through the PWI efforts. This will result in future reduction of the need for government assistance associated with unemployment.

Approximately 2,734 additional participants will be served through Dislocated Worker services during the biennium. The Job Skills Partnership activity will serve a total of approximately 6,000 clients each year.

LONG-TERM IMPACT:

Minnesota's workforce will be better trained and positioned to meet the employment challenges and opportunities as the state's and nation's economy continues to change.

Administrative and management systems implemented as result of this initiative will result in more effective and efficient responses to economic dislocation.

There will be greater cooperation and coordination between and among employers, labor unions, key community stakeholders, local governments, and service providers as adjustments occur in the workforce.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Jobs and Training, Department of
PROGRAM: Community-based Services
ACTIVITY: Dislocated Worker

ITEM TITLE: Minnesota Workforce Investment Fund (Continuation)

Allocation of investment initiative resources by service.

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
Projects with Industry*				
- State Operations	$400	$400	$400	$400
- Grants	$-0-	$-0-	$-0-	$-0-
	$400	$400	$400	$400
Displaced Homemaker Services**				
- State Operations	$113	$120	$125	$130
- Grants	$1,336	$1,413	$1,478	$1,543
	$1,449	$1,533	$1,603	$1,673
Job Skills Partnership***				
- State Operations	~~$200~~	~~$200~~	~~$200~~	~~$200~~
	-0-	-0-	-0-	-0-
- Grants	~~$1,940~~	~~$2,060~~	~~$2,160~~	~~$2,260~~
	1,284	1,356	1,416	1,476
	~~$2,140~~	~~$2,260~~	~~$2,360~~	~~$2,460~~
	1,284	1,356	1,416	1,476
Dislocated Worker Services				
- State Operations	~~$500~~	~~$500~~	~~$500~~	~~$500~~
	1,200	1,250	1,300	1,350
(Collection Costs)				
- Grants	~~$1,211~~	~~$2,207~~	~~$3,037~~	~~$3,867~~
	1,367	2,361	3,181	4,001
	~~$1,711~~	~~$2,707~~	~~$3,537~~	~~$4,367~~
	2,567	3,611	4,481	5,351
TOTAL	$5,700	$6,900	$7,900	$8,900

* This service is eligible for up to $1,600,000 in federal matching funds annually. These funds will be allocated as follows: State Operations, $200,000; Grants, $1,400,000.

** This allocation equals 7% of annual fund receipts based on the Displaced Homemakers Services F.Y. 1993 appropriation as a percentage of total projected F.Y. 1993 revenue from the special assessment.

*** This allocation represents ~~10%~~6 of the annual projected receipts of the fund. F.Y. 1993 appropriation of $1,108,000 for the Job Skills Partnership represents 6% of the projected F.Y. 1993 revenue from the special assessment.

1994-95 BIENNIAL BUDGET

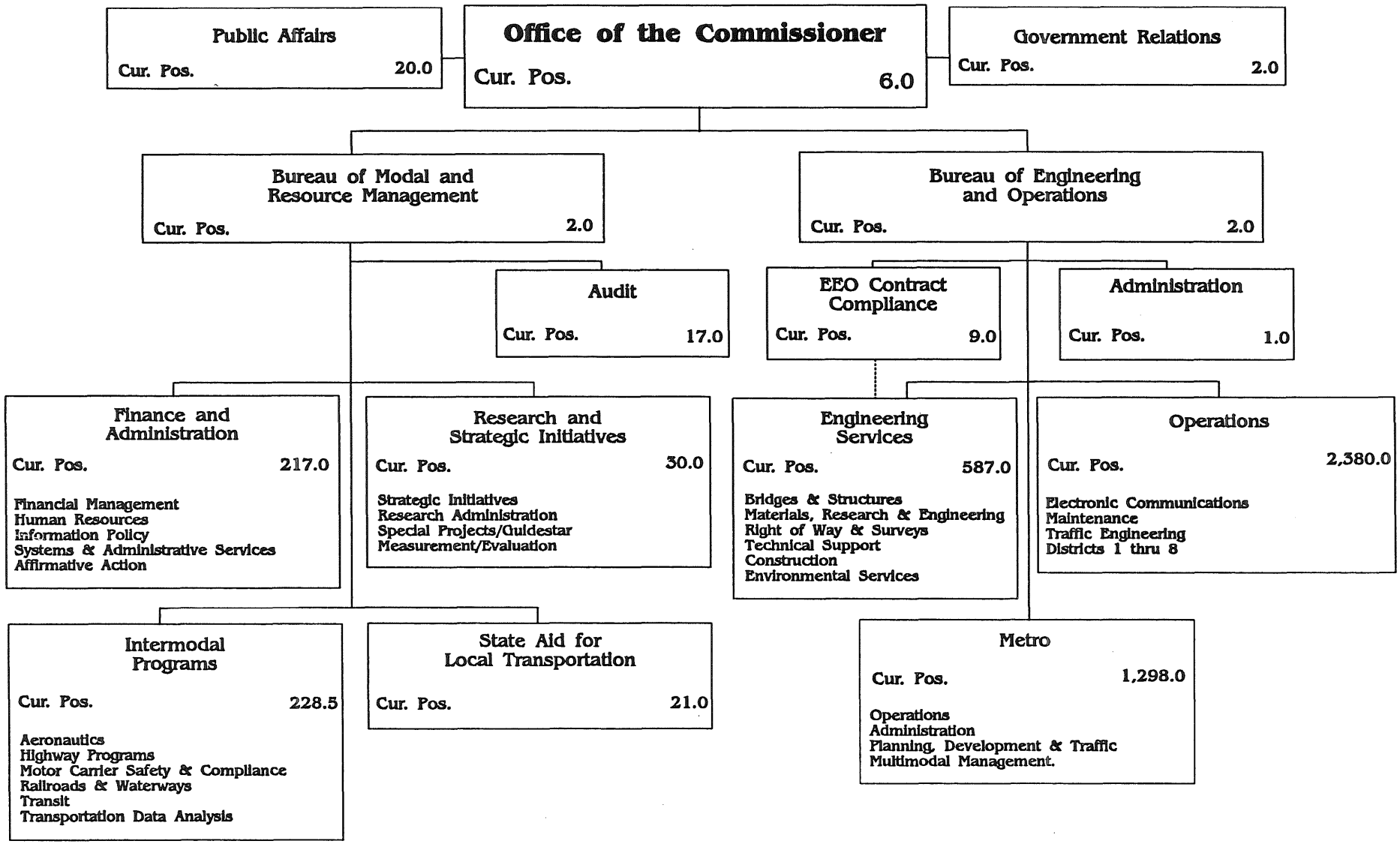
PROGRAM STRUCTURE

AGENCY: TRANSPORTATION, DEPARTMENT OF

PROGRAM STRUCTURE

AGENCY: TRANSPORTATION, DEPARTMENT OF
(Continued)

DEPARTMENT OF TRANSPORTATION
ORGANIZATION CHART 7/1/92



Department of Transportation

Position and Employee Status Information

Position Reconciliation:

Authority	Current F.Y. 1993	Requested for 6/30/95
Legislative Complement:		
General Fund	15.0	15.0
State Airports	43.0	43.0
Trunk Highway	4,743.5	4,743.5
Federal	10.0	15.0
Special Revenue	1.0	1.0
LAC Approved:		
Federal	8.0	8.0
Total Permanent Positions	4,820.5	4,825.5
Other Complement (FTE)	1,217.0	1,070.0
TOTAL Positions	6,037.5	5,895.5
Employees on 6/30/92	5,540.0	

Employees by Employment Status:

	6/30/92
Full-Time Unlimited	4,541.0
Full-Time Temporary	411.0
Full-Time Emergency	2.0
Full-Time Seasonal	297.0
Part-Time Unlimited	223.0
Intermittent Temporary	16.0
Intermittent Seasonal	13.0
Part-Time Temporary	35.0
Part-Time Seasonal	2.0
TOTAL	5,540.0

1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Transportation, Department of (Mn/DOT) **Fund:** Trunk Highway

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$741,082	$741,126	$1,482,208
Forecast Adjustments	14,380	17,186	31,566
AGENCY BASE	$755,462	$758,312	$1,513,774
Inflation Cost Increases	12,491	23,767	36,258
Agency Management Decisions			
Agency Operations:			
Transit	$(11)	$(22)	(33)
Railroads and Waterways	(41)	(76)	(117)
Motor Carrier Regulation	(86)	(160)	(246)
Local Roads	(50)	(94)	(144)
State Road Construction	(67,958)	(63,883)	(131,841)
Highway Program Delivery	(4,588)	(8,680)	(13,268)
State Road Operations	(6,046)	(11,480)	(17,526)
Equipment	(609)	(1,240)	(1,849)
General Administration	(757)	(1,443)	(2,200)
Subtotal	$(80,146)	$(87,078)	$(167,224)
TOTAL AGENCY PLAN	$687,807	$695,001	$1,382,808
Governor's Initiatives			
Salary Planning Estimates	$(7,414)	$(7,414)	$(14,828)
Highway Construction	8,095	7,663	15,758
Subtotal			
GOVERNOR'S RECOMMENDATION	$688,488	$695,250	$1,383,738

Brief Explanation of Agency's Overall Actions:
Trunk highway fund revenues in the upcoming biennium are projected to be about 5% less than the amount needed to fund programs for F.Y. 1994 and 1995 at the same level as F.Y. 1993. While highway user related revenues are projected to be relatively "flat" in F.Y. 1994-95 compared with the current biennium, preliminary estimates of federal revenues show a decline of about $92 million. The remainder of the shortage of F.Y. 1994-95 revenues is due to the use last biennium of a large fund balance, along with current revenues, to support the appropriations. There is no fund balance available in the upcoming biennium.

Mn/DOT's priorities are to preserve the existing infrastructure, maintain mobility of the traveling public, and maintain and improve safety. A further priority is to ensure the usage of all available federal highway revenue when selecting construction projects. An important element of our strategy is to provide sufficient funding to ensure the ongoing preservation of the highway system, which necessitates increased funding for state road operations, the program that funds highway maintenance budget activities. Our plan is to hold our vacancy rate in this area at its existing level of 6% and to maintain a salary/supply ratio of 70/30. In order to make additional funds available for highway preservation, it is necessary to reduce funding from state sources for state road construction. A reduction in funding for state road construction requires a reduction to highway program delivery, as expenditures from this program are related to expenditures for state road construction.

Each program will maintain a vacancy rate to cover the expected increase in salary costs. We anticipate an increase in our existing 6% vacancy rate to 9.5% in F.Y. 1994 and 13% in F.Y. 1995. Department-wide vacancy rates, compared with the current vacancy rate, will involve 104 additional positions being held vacant in F.Y. 1994 and 185 positions being held vacant in F.Y. 1995, as depicted in Number 3 above.

A decision also was made to transfer funding to some prior unfunded needs, which in the past had been funded from salary savings, and to a few initiatives that relate to the priorities listed above. Transit received some money for a light rail transit planner, and motor carrier received funding to replace the federal funding lost with a shift in duties to the State Patrol. Motor carrier also received funding for Hazardous Materials Specialists in line with our concern for safety. Data processing equipment money was transferred to general administration for use in information system development, such as geographic information system, administrative information including maintenance management, CADD (computer-aided drafting and design), and network and technology infrastructure. Other increases in general administration include money to fund continuation of the installation of the local area network, development of information architecture and standards, affirmative action including additional money for reasonable accommodation requests under the Americans with Disabilities Act, technical training and certification, Graduate Engineer rotation program, public affairs, legal services, audit, state map, and workers compensation.

The department will utilize quality improvement measures and restructuring to make the remaining operation more efficient and effective, but some services will be eliminated or reduced.

Agencies other than the Department of Transportation are affected by the reduced funding available in the trunk highway fund. The other agencies receiving appropriations from this fund will absorb a $3.3 million per year reduction in their combined appropriations.

2. Impact on Staffing:	F.Y. 1994	F.Y. 1995	
Additional positions left vacant	104	185	
3. Impact on Revenue Generation:	F.Y. 1994	F.Y. 1995	F.Y. 94-95
None.	$-0-	$-0-	$-0-

4. Affected Statutes:

None.

5. Governor's Recommendation:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates. The savings due to the salary planning estimates reduction are recommended to be used for highway construction.

1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Transportation, Department of **Fund:** State Airports

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$15,753	$15,753	$31,506
Forecast Adjustments	-0-	-0-	-0-
AGENCY BASE	$15,753	$15,753	$31,506
Inflation Cost Increases	430	853	1,283
Agency Management Decisions			
Agency Operations:			
Hold Position Vacant	($41)	($41)	($82)
Grants:			
Construction Grants	(390)	(813)	(1,300)
Subtotal	$(431)	$(854)	$(1,283)
TOTAL AGENCY PLAN	$15,752	$15,752	$31,504
Governor's Initiatives			
Salary Planning Estimates	$(68)	$(71)	$(139)
Statutory Appropriation			
Hangar Revolving Account	[300]	[250]	[550]
GOVERNOR'S RECOMMENDATION	$15,684	$15,681	$31,365

Brief Explanation of Agency's Overall Actions:

A vacant position, due to an anticipated retirement, will be held vacant for the next biennium. The responsibilities of that person will be spread among 3 other persons. Those that cannot be absorbed will be deferred until staffing is available.

The number and size of construction grants will be reduced. Criteria used for issuing grants will be modified to ensure that funding is used on high priority projects, such as safety and preservation of current investment. Due to the immediate need for pavement maintenance and weather information, it is not practical to reduce these areas of the budget to compensate for any shortfall in funding. These are safety items that, should they be reduced, would lead to a decrease in safe operations. Construction projects can be delayed; however, a delay will result in the loss of construction jobs and potential economic development in a community.

Continuation of these reductions into the F.Y. 1998-99 biennium will reduce the construction program as follows:

	Dollars in Thousands					
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Percent	5.4	11.1	17.1	23.4	30.1	37.1
Dollars	$390	$813	$1,231	$1,685	$2,167	$2,671

This represents a total deferral of $8,957,000, or more than a full year of construction at the current level of $7,200,000.

These actions are in accordance with the agency's goal of providing a safe transportation system while protecting the investment in the current infrastructure.

2. Impact on Staffing:

	F.Y. 1994	F.Y. 1995
Positions lift vacant	1.0	1.0

3. Impact on Revenue Generation:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
None.	$-0-	$-0-	$-0-

4. Affected Statutes:
None.

5. Governor's Recommendations:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

In addition, the Governor recommends a $550,000 statutory appropriation increase for the biennium which incorporates an initiative for additional hangar revolving account loans.

1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Transportation, Department of **Fund:** General

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$9,225	$9,225	$18,450
Forecast Adjustments	-0-	-0-	-0-
AGENCY BASE	$9,225	$9,225	$18,450
Inflation Cost Increases	38	68	106
Agency Management Decisions			
Agency Operations:			
Leave Position Vacant			
Transit Program - .5 position	$(14)	$(14)	$(28)
Railroads and Waterways Program - .5 position	(13)	(13)	(26)
Reduce Supplies for Hazardous Material Registration - Motor Carrier Program	(6)	(6)	(12)
Grants:			
Transit Program			
Reduce Greater Minnesota State-wide Assistance Grants	(464)	(494)	(958)
Subtotal	($497)	($527)	($1,024)
TOTAL AGENCY PLAN	$8,766	$8,766	$17,532
Governor's Initiatives			
Restore Transit Reductions	$440	$440	$880
Transit Expansion	5,500	2,500	8,000
Salary Planning Estimates	(23)	(23)	(46)
GOVERNOR'S RECOMMENDATION	~~$9,183~~ 14,683	~~$9,183~~ 11,683	~~$18,366~~ 26,366

Brief Explanation of Agency's Overall Actions:
General fund appropriation reductions are anticipated for the transit, motor carrier regulation, and railroads and waterways programs. A major portion of the agency financial impact (95.8%), is from the transit program, which consists of administrative and operations budgets. Salaries presently comprise approximately 97% of the transit administration budget. There are not sufficient state general funds to maintain a full complement. A reduction in the administrative account will be taken from salaries and a half-time position will be held vacant. The primary impact, aside from salaries, will be a decrease in service to existing transit systems statewide.

The transit program provides the state's share of operating and capital cost for 63 public transit systems in Greater Minnesota. Operating funds are distributed using a fixed share funding formula that requires the local recipient to provide a fixed percentage of total operating costs. State funds are used to supplement the balance of total operating costs, less any federal monies received. The 5% base reduction for F.Y. 1994 and F.Y. 1995 will result in direct cutbacks in current service levels. To accommodate base level transit funding impacts, each transit operator in Greater Minnesota will face a limited number of choices in adjusting the proportionate funding loss. Some local governments may be able to fill in the shortfall from their local budgets. Most, if not all systems, however, will be forced to reduce service, which will affect transit users directly in the loss of essential trips. Many Minnesotans with no alternative mode of transportation and potential users will be unable to use public transit to go to work, access medical services, travel to retail outlets, and maintain an independent life style.

At this time, 21 counties have no public transit and 23 counties have only municipal service. Requests for state participation in these areas cannot be accommodated with the current base.

Capital equipment replacement for transit has been postponed for lack of funding, and needs are approaching a critical stage. Without increased capital funds, operating funds may be used in an emergency to replace or repair vehicles that do not meet safety operating standards or force a major reduction in the service provided with those vehicles. Funding constraints have necessitated use of many public transit buses and vans beyond the recommended life of these vehicles.

In the motor carrier regulation program, the funding reduction will result in the operation being unable to upgrade a computer and printer that are needed to improve the registration of vehicles carrying hazardous material.

In railroads and waterways, the reduction of funds will result in one-half of a position being held vacant, which will reduce the ability to be responsive in advancing shortline railroad improvements, capital improvement projects, and track safety inspection activities.

2. Impact on Staffing:

	F.Y. 1994	F.Y. 1995
Positions left vacant or eliminated	1.0	1.0

3. Impact on Revenue Generation:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
None.	$-0-	$-0-	$-0-

4. Affected Statutes:
None.

5. Governor's Recommendation:

The Governor recommends restoring reductions for outstate transit operations, and $8,000,000 for the biennium for Greater Minnesota transit expansion. Proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
INVESTMENT INITIATIVES
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF

ITEM DESCRIPTION:	FUND	EXPENDITURES FY 1994	EXPENDITURES FY 1995	EXPENDITURES BIENNIUM	REVENUES FY 1994	REVENUES FY 1995	REVENUES BIENNIUM
(A) HANGAR REVOLVING ACCOUNT INCREASE	AIR	300	250	550			
(A) SALARY PLANNING ESTIMATES	GEN	<23>	<23>	<46>			
	AIR	<68>	<71>	<139>			
	THI	<7,414>	<7,414>	<14,828>			
(B) RESTORE TRANSIT ASSISTANCE	GEN	420	420	840			
(B) SERVICE EXPANSION	GEN	5,500	2,500	8,000			
(B) RESTORE TRANSIT ADMINISTRATION	GEN	20	20	40			
(B) HIGHWAY CONSTRUCTION	THI	8,095	7,663	15,758			
TOTAL BY FUND	GEN	5,917	2,917	8,834			
	AIR	232	179	411			
	THI	681	249	930			
TOTAL INVESTMENT INITIATIVES		6,830	3,345	10,175			

AGENCY: Transportation, Department of (Mn/DOT)

MISSION STATEMENT:

The Minnesota Department of Transportation was established and operates in accordance with statutory authority "...to provide a balanced transportation system, including aeronautics, highways, motor carriers, ports, public transit, railroads, and pipelines...". Further, Mn/DOT is sanctioned to function as the "...principal agency of the state for the development, implementation, administration, consolidation, and coordination of state transportation policies, plans, and programs."

Mn/DOT's mission reflects a realization and commitment that the agency's reason for existence goes beyond its historical role to plan, design, construct, and maintain a transportation infrastructure: Mn/DOT contributes to the "sustainable competitive advantage" of Minnesota (commercial-economic competitiveness; citizen-competitive quality of life) by facilitating the movement of goods and people within, through, and throughout Minnesota. Mn/DOT seeks to participate in those activities that contribute to creating public value in ways that increase the worth of its mix of products and services.

MINNESOTA MILESTONES:

Mn/DOT does not have primary responsibility among state agencies for any of the 5 Minnesota Milestones themes. However, Mn/DOT has an important supporting role for Minnesota Milestones goals because transportation supports so many aspects of the lives of all citizens. For example, programs that improve safety in air travel, motor vehicle use of streets and highways, and at railroad grade crossings all contribute to the community goals. Increased use of railroad travel, thus reducing energy use, and concerted efforts to construct highway facilities in ways that preserve and complement the environment contribute to goals concerning our surroundings. Mn/DOT contributes to learning through its contributions to public education curricula regarding transportation and its efforts to enhance education at technical colleges, especially with regard to occupations related to aeronautics. Mn/DOT also contributes to efficient government through its continual efforts to improve its operations, especially through the aggressive incorporation of quality improvement principles and through efforts to involve a variety of interested parties in transportation decision making.

CLIMATE:

Several factors have a major impact on the development of the policies and programmatic decision making incorporated into the agency budget plan, discussed in the following section. Included are the following:

- The need to manage increasing volumes of automobile and truck traffic and the resultant congestion on a highway system with a relatively fixed number of lane miles.
- The need for major investment in the reconstruction, rehabilitation, and replacement of an aging state and local road and bridge infrastructure.
- The need to encourage, develop, and strategically manage new technology and research activities, which lead to more effective use of the existing infrastructure and substantial improvements in the productivity of human resources.
- The need to complement economic development strategies with transportation systems that effectively move people, goods, and services within the state.
- The need to continue planning and promoting transportation alternatives to use of the automobile, as well as to manage all modes of transportation--aviation, waterways, railroads, bikeways, and highways--as a unified transportation network.
- The 1991 federal Intermodal Surface Transportation Efficiency Act, which adds significant flexibility in the use of funds, encourages statewide planning, focuses on managing existing transportation systems, permits new use of funds, and limits options for system improvements in the Twin Cities Metropolitan area, and which will have a substantial impact on transportation policy and strategy in Minnesota.
- The increasingly fuel efficient motor vehicles using Minnesota's streets and highways, as well as the prospect of increased use of alternate fuels in the future, creating the potential for "flattened" or reduced revenues from the gasoline tax, a principal source of funding for Minnesota's highways.
- Funding for aeronautics functions of Mn/DOT, which is projected to be stable for the next several years.
- Traffic increases on Minnesota's highways without corresponding increases in capacity on the highway system, which could result in significant increases in accidents unless programs and practices designed to maintain Minnesota's currently excellent safety record are given a very high priority.
- The fact that Minnesota's transit ridership is increasing in age, especially in Greater Minnesota, with the percentage of riders who are 60 years of age or older increasing over the last 10 years from 44% to 52%. This trend puts increased pressure on the need for transit services, despite fewer resources being available in the state's overall budget.

AGENCY BUDGET PLAN:

Mn/DOT's proposed agency budget plan was developed in recognition of decreased funding available for F.Y. 1994-95. The plan differs depending on the funding source. The remainder of this discussion will be organized by fund.

Trunk Highway Fund

Trunk highway fund resources in the upcoming biennium are projected to be about $134 million less than the amount needed to fund programs at the same level as the F.Y. 1992-93 biennium. While highway user related revenues are projected to be relatively "flat" in F.Y. 1994-95 compared with the current biennium, preliminary estimates of federal revenues show a decline of about $92 million. The remainder of the shortage of F.Y. 1994-95 revenues is due to the use this biennium of a large fund balance, along with current revenues, to support the appropriations. No fund balance is projected to be available in the upcoming biennium.

The strategy for addressing Mn/DOT's share of the shortfall involves several changes to base level funding. State road construction expenditures are proposed to be reduced by $86.402 million in each of F.Y. 1994 and 1995. Total funding for state road construction is based on assumed revenues from the federal highway administration of $185 million per year, $46 million per year less than was assumed when the F.Y. 1993 budget was approved. Thus, the $86.402 million per year reduction includes $40.402 million of reduced funding from state sources in addition to the assumed reduction in federal revenue. Expenditures for highway program delivery are proposed to be reduced by $3.668 million in F.Y. 1994 and $3.623 million in F.Y. 1995. These reductions are in part offset by proposed increases in expenditures for state road operations of $17.678 million in F.Y. 1994 and $22.065 million in F.Y. 1995. These changes are proposed because of the agency's belief that its priorities need to be changed due to reduced resources being available both in the upcoming biennium and, potentially, in years beyond F.Y. 1995.

Mn/DOT's priorities for F.Y. 1994 and 1995 are to preserve the existing infrastructure, maintain mobility of the traveling public, and maintain and improve safety. A further priority is to ensure the usage of all available federal highway revenue when selecting construction projects. An important element of our strategy is to provide sufficient funding to ensure the ongoing preservation of the highway system, which necessitates increased funding for state road operations, the program from which funding for highway maintenance budget activities is provided. Conversely, it is necessary to reduce state road construction, both because of reduced federal funding that is anticipated and in order to make the additional funds from state sources available for highway preservation. Since a reduction in funding for state road construction is proposed, reductions also are proposed to the highway program delivery program because of the relationship between these expenditures and those for state road construction.

A number of additional changes to Mn/DOT's trunk highway fund budget are proposed. A decision was made to transfer funding to some prior unfunded needs, which in the past had been funded from salary savings, and to a few initiatives that relate to the priorities listed above. Transit received some funding for a light rail transit planner, and motor carrier received funding to replace the federal funding lost with a shift in duties to the State Patrol. Motor carrier also received funding for Hazardous Materials Specialists, in line with our concern for safety. Data processing equipment money was transferred to general administration for use in information systems development, such as geographic information system; administrative information, including maintenance management; computer assisted design and drafting; and network and technology infrastructure. Other increases in general administration include money to fund continuation of the installation of the local area network; development of information architecture and standards; affirmative action, including additional money for reasonable accommodation requests under the Americans with Disabilities Act; technical training and certification; graduate engineer rotation program; public affairs; legal services; audit; state map; and workers' compensation.

Other elements of the Department of Transportation's strategy are to absorb increased costs associated with projected employee compensation and other operating inflation of 3.5% per year. Each program except state road operations will receive an across-the-board reduction in funding equivalent to the expected inflationary increase in operating costs. This reduction will result in an increase in unfilled positions reflected by anticipated vacancy rates of 9.5% in F.Y. 1994 and 13% in F.Y. 1995. Departmentwide vacancy rates compared with the current vacancy rate will involve 104 additional positions being held vacant in F.Y. 1994 and 185 positions being held vacant in F.Y. 1995. The department will utilize quality improvement measures and restructuring to make the remaining operation more efficient and effective, but some services will be eliminated or reduced.

Municipal State Aid Street and County State Aid Highway Funds

Since the distribution of monies in these 2 funds is defined in statutes, the budget strategy will be to distribute all available resources of the funds. The 2 primary sources of revenues for these funds are the gasoline tax and motor vehicle registration taxes. Projections for these 2 sources for the F.Y. 1994-95 biennium are for revenues of almost the same amount as are projected for the current biennium. Thus, expenditures for the upcoming biennium will be approximately the same as in the current biennium.

State Airports Fund

Since revenues to this fund are expected to be stable in each of F. Y. 1994 and 1995, the budget plan does not propose any reductions in spending, other than those due to increases in projected compensation costs and other operating inflation. Some shifting of resources is proposed to reflect the changing demand on this fund for additional levels of funding for aviation education programs; safety programs, including weather information dissemination; data processing needs; and infrastructure development. This additional level of funding will be provided by corresponding reduced levels of funding for navigational aids and air service contracts. Levels of service to the constituency will not be altered as a result of this reduction.

Increased costs for employee compensation will be absorbed by not filling for the entire biennium a position expected to become vacant because of a retirement. The duties of this position will be spread among 3 other positions to the extent possible, although some delays in collection of information used to support aviation planning, pavement management, and project programming will result. Increased costs due to other operating inflation will be absorbed primarily by reducing the number and size of construction grants, thus deferring capital improvements at some airports owned by municipalities throughout Minnesota. Municipalities will have a choice of paying for the improvements without state assistance or waiting until grant money is available.

General Fund

The proposed budget of Mn/DOT's programs funded by the state's general fund is based on the overall guidelines of a 5% base reduction for F.Y. 1994 and F.Y. 1995 and the requirement that increased employee compensation costs and other operating inflation be absorbed. Three of Mn/DOT's programs are partially funded by the state's general fund: transit, railroads and waterways, and motor carrier regulation. Reductions for each of these programs are described below, showing the combined effects of the 5 percent reduction and absorbed inflationary costs.

Transit

Greater Minnesota statewide assistance grants will be reduced by $464,000 in F.Y. 1994 and by $494,000 in F.Y. 1995. The effect of this will be direct cutbacks in current service levels, unless local governments have the financial capability to replace state financial aid from their local budgets. In addition, Mn/DOT's transit office will leave 0.5 of its positions funded by the general fund vacant for the entire biennium, which will result in a decrease in technical assistance provided to local

transit providers.

Railroads and Waterways

Mn/DOT's Office of Railroads and Waterways will maintain 0.5 of its positions funded by the general fund vacant for the entire biennium, resulting in a decrease in responsiveness in advancing shortline and regional railroad improvements, reduced ability to advance capital improvement projects, and a cutback in track safety inspection.

Motor Carrier

Reductions to this program will be accomplished by forgoing the purchase of a computer and printer needed to improve the registration of vehicles carrying hazardous materials.

GOVERNOR'S RECOMMENDATION:

General Fund

The Governor recommends restoring reduction for outstate transit operations, and $8,000,000 for the biennium for Greater Minnesota transit expansion. Proposed funding has been reduced due to revised salary planning estimates.

State Airports Fund

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

In addition, the Governor recommends a $550,000 statutory appropriation increase for the biennium which incorporates an initiative for additional hangar revolving account loan.

Municipal State AID Street Fund

The Governor concurs with the agency's budget plan.

County, State Aid Highway Fund

The Governor concurs with the agency's budget plan.

Trunk Highway Fund

The Governor concurs with the agency's plan; however, the the proposed funding has been reduced due to revised salary planning estimates. The savings due to the salary planning estimates reduction are recommended to be used for highway construction.

Environmental Fund

The Governor concurs with the agency's budget plan.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF

PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
AERONAUTICS	35,594	45,592	50,134	49,362	51,281	51,515	49,362	53,279	53,460
TRANSIT	15,796	11,147	16,988	16,586	18,483	24,401	16,586	14,345	17,263
RAILROADS & WATERWAYS	4,339	4,149	2,559	2,494	6,783	6,746	2,494	6,783	6,746
MOTOR CARRIER REGULATION	1,921	2,083	2,633	2,624	2,744	2,677	2,624	2,744	2,677
LOCAL ROADS	366,970	359,046	345,310	345,224	355,104	355,070	345,224	356,104	356,070
STATE ROAD CONSTRUCTION	392,257	381,025	468,792	436,713	365,163	373,065	436,713	371,719	379,189
HIGHWAY PROGRAM DELIVERY	104,390	114,611	121,744	121,977	118,309	115,223	121,977	118,354	115,268
STATE ROAD OPERATIONS	148,748	155,281	153,839	153,560	171,238	167,667	153,560	175,625	172,054
EQUIPMENT	13,351	20,986	17,921	17,498	15,793	15,793	17,498	15,793	15,793
GENERAL ADMINISTRATION	27,828	28,887	25,955	24,817	29,996	29,567	24,861	29,952	29,523
TOTAL EXPENDITURES BY PROGRAM	1,111,194	1,122,807	1,205,875	1,170,855	1,134,894	1,141,724	1,170,899	1,144,698	1,148,043
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	4,694	8,281	9,614	9,225	8,766	14,683	9,225	8,766	11,683
STATE GOVT SPEC REV		447	928						
SPECIAL REVENUE		36	70						
STATE AIRPORTS	13,908	14,470	16,607	15,753	15,752	15,684	15,753	15,752	15,681
MUNICPL/ST AID-HGHWY	81,105	71,613	67,000	67,000	71,990	71,990	67,000	71,990	71,990
CNTY/STATE AID-HGHWY	235,882	229,131	242,000	242,000	246,890	246,890	242,000	247,890	247,890
TRUNK HIGHWAY	682,539	696,733	773,739	741,082	687,807	688,488	741,126	695,001	695,250
ENVIRONMENTAL	856	200	200	200	200	200	200	200	200
TRANSIT ASSISTANCE	7,768								
OPEN APPROPRIATIONS:									
STATE AIRPORTS	49	48	50	50	50	50	50	50	50
TRUNK HIGHWAY	2,903	2,652	2,700	2,700	2,700	2,700	2,700	2,700	2,700
HGHWY USER TAX DISTR	544	465	470	470	470	470	470	470	470
STATUTORY APPROPRIATIONS:									
GENERAL	21								
SPECIAL REVENUE	3,175	3,026	1,336	1,331	5,629	5,629	1,331	5,629	5,629
STATE AIRPORTS	1,103	1,549	2,137	2,110	2,111	2,411	2,110	2,111	2,361
MUNICPL/ST AID-HGHWY	6	2,498	10	10	10	10	10	10	10
CNTY/STATE AID-HGHWY	103	490	110	110	110	110	110	110	110

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF

PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TRUNK HIGHWAY	1,273	828	823	823	823	823	823	823	823
TRANSPORTATION	2		90						
FEDERAL	74,974	89,880	87,801	87,801	91,363	91,363	87,801	92,973	92,973
AGENCY	289	458	183	183	216	216	183	216	216
GIFTS AND DEPOSITS		2	7	7	7	7	7	7	7
TOTAL FINANCING	1,111,194	1,122,807	1,205,875	1,170,855	1,134,894	1,141,724	1,170,899	1,144,698	1,148,043
POSITIONS BY FUND:									
GENERAL	14.0	13.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
SPECIAL REVENUE		1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
STATE AIRPORTS	40.0	43.0	43.0	43.0	43.0	43.0	43.0	43.0	43.0
TRUNK HIGHWAY	4,703.0	4,740.5	4,743.5	4,743.5	4,743.5	4,743.5	4,743.5	4,743.5	4,743.5
FEDERAL	10.0	18.0	18.0	23.0	23.0	23.0	23.0	23.0	23.0
TOTAL POSITIONS	4,767.0	4,815.5	4,820.5	4,825.5	4,825.5	4,825.5	4,825.5	4,825.5	4,825.5

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: TRANSPORTATION,DPT OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	1,205,875	1,205,875	9,614	9,614	1,108,460	1,108,460	87,801	87,801
TECHNICAL ADJUSTMENTS								
ONE-TIME APPROPRIATIONS	<71>	<71>			<71>	<71>		
BIENNIAL APPROPRIATIONS	1,759	1,759			1,759	1,759		
APPROPRIATIONS CARRIED FWD	<37,886>	<37,886>	<392>	<392>	<37,494>	<37,494>		
DOCUMENTED RENT/LEASE INC/DEC	85	129			85	129		
INSURANCE PREMIUM HOLIDAY	1,093	1,093	3	3	1,090	1,090		
SUBTOTAL TECH. ADJ.	<35,020>	<34,976>	<389>	<389>	<34,631>	<34,587>		
CURRENT SPENDING	1,170,855	1,170,899	9,225	9,225	1,073,829	1,073,873	87,801	87,801
FORECAST ADJUSTMENTS								
FEDERAL RECEIPTS	3,562	5,172					3,562	5,172
DED STAT APPROP SPENDING	28,591	32,397			28,591	32,397		
SUBTOTAL FORECAST ADJ.	32,153	37,569			28,591	32,397	3,562	5,172
AGENCY BASE	1,203,008	1,208,468	9,225	9,225	1,102,420	1,106,270	91,363	92,973

PROGRAM: Aeronautics
AGENCY: Transportation, Department of (Mn/DOT)

PROGRAM PURPOSE:

The aeronautics program exists to promote aviation and to improve aviation safety by assuming a leadership role and by providing innovative educational, technical, and financial assistance for developing and maintaining an excellent air transportation system for the social and economic benefit of all.

This program contributes to 3 Minnesota Milestones goals. Mn/DOT contributes to the goal that "Rural areas, small cities, and urban neighborhoods throughout the state will be economically viable places for people to live and work"; the goal that "Our communities will be safe, friendly, and caring"; and significantly to the goal that "Minnesotans will have the advanced education and training to make the state a leader in the global economy."

PROSPECTS:

1. The MN Aviation System Plan aspires to provide access for the state's population to the system of general aviation airports so that 90% of the people are within 30 miles of a state system's plan airport.

   Aircraft play an important role in agriculture, tourism, and medical service. Business people need to operate their own aircraft so that they can more easily reach their destinations with minimum delay to their schedules. As the value of time increases, aircraft will become a more valuable tool. A properly distributed system of airports is necessary to meet those needs and to help ensure economic vitality in greater Minnesota.

2. The goal of the Aviation System Plan is for 90% of the population of the state to be within 1 hour driving time of an airport with scheduled air service.

   This service provides access to destinations both in the U.S. and to foreign nations. As the influence of the world economy increases, access to the world markets needs to improve. An integrated system of scheduled air service is the only viable means of providing this access in a timely manner. Availability of this service directly affects the health of Minnesota's economy.

3. The plan strives to provide a basic transport airport for cities with a population of more than 25,000 to handle larger and faster general aviation aircraft to stimulate the economic development of the community and surrounding region.

   Business representatives tend to use larger, faster aircraft with a longer range. Many of these aircraft require basic transport category airports for safe operation and to carry the heavier wheel loadings. Providing these airports at the economic centers in greater Minnesota is an important element in the health and growth of the economy in the regions they serve.

4. Another goal of the office is providing safe, all-weather capability for aircraft at air transport category airports to maximize the effectiveness of the airport in serving the community and surrounding region.

   As business becomes more dependent on air transportation, it is important to reduce the impact of weather on aircraft operations. Providing precision landing systems, weather observation systems, and weather dissemination systems enhances the utility of the airport so it effectively supports the economy of the region it serves.

5. The office is assisting teachers with utilizing aviation and aerospace as a theme to motivate students to study math and science, thereby providing a work force that will support and encourage the growth of high technology industries in Minnesota.

   Development and implementation of high technology is predicted to provide the best potential for strong economic growth. These industries will also provide higher paying jobs to those who have completed an appropriate curriculum with a core of math and science. Excellence in education together with appropriate motivation are necessary for this success.

6. An added initiative of the office is to assist in fostering aviation education programs by working in partnership with the post secondary schools so that the aviation industry has a sufficient supply of appropriately trained personnel.

   The aviation industry has an increasing need for a more highly trained work force due to the use of more sophisticated technology. To be sure this work force is available when needed, education and training programs must be developed that supply the needed skills. Much of this training will be supplied by the technical college system. Mn/DOT will be the liaison between the various segments of the aviation industry and the education systems to foster the dialogue needed to ensure needs are identified and programs developed that meet those needs.

OUTCOMES AND OBJECTIVES:

The department has established some estimates regarding the transportation system priorities for aeronautics to demonstrate outcomes.

1. Objective: To provide all freestanding cities with regularly scheduled public passenger transportation to a city over 50,000 population.

   Cities need to have reasonable access to multi-modal transportation systems for the movement of people and goods. Accessibility is needed for the economic health of the city as well as for meeting other societal needs, such as emergency medical care. The percentage of population has remained stable for people living within 30 miles of a state system airport.

   Providing this accessibility supports the Minnesota Milestones goal, "Rural areas, small cities, and urban neighborhoods throughout the state will be economically viable places for people to live and work"; and "Our communities will be safe, friendly, and caring."

PROGRAM: Aeronautics
AGENCY: Transportation, Department of (Mn/DOT)
(Continuation)

	F.Y. 1990	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 2000
Percent of state's population within 30 miles (the goal is 90%) of a system airport	99	99	99	99	99	99
Percent of population within 1 hour driving time to airport with scheduled air service	87	90	90	90	90	90
Percent of 140 publicly owned airports paved and lighted	68	72	72	75	78	82

2. Objective: To provide a basic transport airport capable of handling larger and faster general aviation aircraft to promote the economic development of the community and surrounding region.

   Business activity requires the use of larger, faster aircraft, which need basic transport category airports to allow for safe operation. The value of time continues to increase, especially for the transportation of people and materials related to industries. Air transportation is the most effective means to rapidly transport people and lighter, compact items.

   This objective meets the Minnesota Milestones goal "Rural areas, small cities, and urban neighborhoods throughout the state will be economically viable places for people to live and work."

	F.Y. 1990	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 2000
Percent of cities with population over 25,000 served by basic transport airport	98	98	98	98	100	100
Percent of 25 basic transport airports with precision instrument approach capabilities to improve all-weather usage	40	40	40	50	75	100

3. Objective: To assist in fostering aviation education programs by working in partnership with the post-secondary schools so that the aviation industry has a sufficient supply of appropriately trained personnel.

   The aviation industry has an increasing need for a more highly trained work force due to the implementation of sophisticated materials and new technology. This will require motivated students who have sound training in math and science in high school, followed by specialized training in the post-secondary schools. The office receives federal grants for these purposes and distributes the funds to the Mid-America Aviation Resource Consortium and other education programs.

   This objective is consistent with the Minnesota Milestones goal "Minnesotans will have the advanced education and training to make the state a leader in the global economy."

	F.Y. 1990	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 2000
Percent of federal dollars appropriated/ distributed to post-secondary schools	100	100	100	100	100	100

4. Objective: To provide financial assistance to the Civil Air Patrol to support its programs.

   The Civil Air Patrol provides information to the general public about aviation, provides aviation education and leadership training to members, maintains a nationwide radio network, and provides aerial assistance in emergency situations and for search and rescue missions.

   This objective supports the Minnesota Milestones goals "Minnesotans will have the advanced education and training to make the state a leader in the global economy," and "Our communities will be safe, friendly, and caring."

	F.Y. 1990	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 2000
Percent of dollars appropriated/distributed to Civil Air Patrols	100	100	100	100	100	100

PROGRAM PLAN:

This program request reflects the changing demand for additional levels of funding for aviation education programs, safety programs, including weather information dissemination and acquisition, data processing needs, and infrastructure development. In order to accomplish these enhancements, funding for navigational aids and air service contracts will be reduced. Service to the constituency will not be altered since the needs for development of instrument landing systems and air service can be maintained with remaining funding levels.

To compensate for unfunded annual inflation and anticipated annual salary compensation increase, it will be necessary to make the following adjustments:

1. Due to an anticipated retirement, a position will be held vacant for the next biennium. The responsibilities of that position will be spread among 3 other positions. Those responsibilities that cannot be absorbed will be deferred until staffing is available. This action will result in delaying the collection of information used to support the aviation planning, pavement management, and project programming activities.

PROGRAM: Aeronautics
AGENCY: Transportation, Department of (Mn/DOT)
(Continuation)

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2. The number and size of construction grants in the program will be reduced. Criteria used for issuing grants will be modified to ensure that funding is used on high priority projects, such as safety and preservation of current investment. This action will defer capital improvements at some airports owned by municipalities throughout Minnesota. The municipalities will have a choice of paying for the improvements without state assistance or waiting until grant money is available. These actions are in accordance with the agency's goal of providing a safe transportation system while protecting the investment in the current infrastructure. Any additional reduction in authorization will result in the reduction of customer requested programs including construction, maintenance, and safety items.

Future reductions will result in further delays to infrastructure construction projects at airports, hangar development, navigational aids maintenance, educational programs, and safety seminars. This would result in increased accident rates, infrastructure failures, and fewer opportunities for the students of Minnesota to become aware of industry needs and educational opportunities.

These reductions will result in compounding delays in program delivery and customer response. In addition to diminished productivity that includes leaving 1 position vacant, this funding package shows a reduction to the aeronautics program of $54,000 in F.Y. 1994 and a reduction of $56,000 in F.Y. 1995. These actions are offset by corresponding state airport fund increases in the general administration program, for a net aeronautics funding change of zero for the biennium.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

In addition, the Governor recommends a biennial increase of $550,000 in the statutory appropriation for hangar revolving loans.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: AERONAUTICS

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
AIRPORT DEVELOP & ASSIST	30,360	38,970	43,642	42,805	44,165	44,465	42,805	46,001	46,251
CIVIL AIR PATROL	65	65	65	65	65	65	65	65	65
AERONAUTICS ADMINISTRATION	3,169	3,307	3,927	3,992	4,551	4,485	3,992	4,713	4,644
MID-AMER AVIATION RESRC CON	2,000	3,250	2,500	2,500	2,500	2,500	2,500	2,500	2,500
TOTAL EXPENDITURES BY ACTIVITY	35,594	45,592	50,134	49,362	51,281	51,515	49,362	53,279	53,460
GOV'S INITIATIVES:		FUND							
(A) HANGAR REVOLVING ACCOUNT INCREASE		AIR				300			250
(A) SALARY PLANNING ESTIMATES		AIR				<66>			<69>
TOTAL GOV'S INITIATIVES						234			181
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE AIRPORTS	13,704	14,178	16,384	15,612	15,558	15,492	15,612	15,556	15,487
STATUTORY APPROPRIATIONS:									
STATE AIRPORTS	362	792	1,160	1,160	1,160	1,460	1,160	1,160	1,410
FEDERAL	21,528	30,620	32,583	32,583	34,556	34,556	32,583	36,556	36,556
GIFTS AND DEPOSITS		2	7	7	7	7	7	7	7
TOTAL FINANCING	35,594	45,592	50,134	49,362	51,281	51,515	49,362	53,279	53,460
POSITIONS BY FUND:									
STATE AIRPORTS	34.0	36.0	36.0	36.0	36.0	36.0	36.0	36.0	36.0
TOTAL POSITIONS	34.0	36.0	36.0	36.0	36.0	36.0	36.0	36.0	36.0

BUDGET ACTIVITY: Airport Development and Assistance
PROGRAM: Aeronautics
AGENCY: Transportation, Department of

ACTIVITY DESCRIPTION:

The airport development and assistance activity provides both technical and financial assistance to municipalities owning the 140 publicly owned airports for planning, zoning, project development, programming, design, land acquisition, construction, and construction inspection. It also reimburses municipalities for a portion of the operating and maintenance costs related to their airports, and provides financial support for maintenance and improvements to the Piney-Pinecreek Border Airport, which is jointly owned and operated under international agreement by the State of Minnesota and the local Governmental District of Piney, Manitoba.

This activity enhances aviation safety by installing and operating a system of electronic navigation aids and automated weather stations, and assists municipalities to develop and improve airport lighting systems.

BUDGET ISSUES:

Navigational Aids
The Office of Aeronautics has been installing automated weather observation stations and instrument landing systems at Minnesota airports for the past 2 bienniums. This has reduced accidents and will provide better access to rural Minnesota in the future. The equipment is now installed and a maintenance mode is appropriate. New installations will be reduced by $206,000 the first year and $211,000 the second year. However, a reduction in air service grants will enable the navagational aids to apply $256,000 more in F.Y. 1994 and $520,000 in F.Y. 1995 for supplies and expense inflationary adjustment and to maintain the previously installed equipment.

Air Service Grants
The federally funded Essential Air Service program provides for the addition of new cities to the National Air Transportation System. To participate in the program the local government must participate on a matching basis. Funding levels contained in the current legislation were based on estimates of need. Following development of service at Fergus Falls, Minnesota, needs for state match of less than $200,000 annually have been identified. This line item is being reduced by $300,000 in each year of the biennium to better approximate the anticipated need. The reduced dollars will be used to offset increases in navational aids and the aeronautics administration activity.

Construction and Maintenance
A decrease of $390,000 the first year and $813,000 the second year is being moved from this activity to the aeronautics administration activity to offset unfunded inflation and anticipated salary increases.

EFFICIENCY MEASURES:

Safe access to regularly scheduled transportation systems.

	F.Y. 1992	F.Y. 1994	F.Y. 1995
Percent of 25 basic transport airports with precision instrument approach capabilities to improve all weather usage	40	50	75

	F.Y. 1990	F.Y. 1994	F.Y. 1995
Percent of 140 publicly owned airports paved and lighted	68	72	75

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - State Airports	$ 0	$ 975	$ 200	$ 200	$ 200
Dedicated - Federal	19,523	27,366	30,035	32,035	34,035

GRANTS:

Airport Construction Grants: M.S. 360.011.074 and 360.301 - 389
The purpose is to assist municipalities with all phases of airport improvement, ranging from planning to construction. Any municipality that owns an airport is eligible for grants, providing the airport is zoned or it is making a good faith effort to zone. Grants are typically for 2/3 of the project costs, with the municipality responsible for 1/3.

Airport Maintenance Grants: M.S. 360.110.074 and 360.301 - 389.
The purpose is to assist municipalities with the cost of operating airports by reimbursing a portion of expenditures for operation and maintenance. Any municipality that has zoned its airport or is making a good faith effort to zone is eligible for reimbursement. Reimbursement is based on a table of criteria. Rates are generally for 2/3 of state share of the eligible expense up to a maximum total amount, which is based on the type of airport.

Air Service Grants: M.S. 360.305, Subd.2(b).
The purpose is to provide municipalities with a portion of the matching funds required to secure new or enhanced air service under the federal Essential Air Service program.

Federal Airport Improvement Program Grants: M.S. 360.011, 360.015, 360.016, 360.039.
The purpose is to assist municipalities with airport improvements ranging from planning to construction. Airports listed in the Federal Aviation Administration's "National Plan of Integrated Airport Systems" are eligible for Airport Improvement Program (AIP) grants. AIP grants typically cover 90% of the cost of the eligible items.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: AERONAUTICS
ACTIVITY: AIRPORT DEVELOP & ASSIST

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
EXPENSES/CONTRACTUAL SRVCS	690	1,086	688	688	688	688	688	688	688
MISC OPERATING EXPENSES	91	148	117	117	117	117	117	117	117
SUPPLIES/MATERIALS/PARTS	93	189	6,193	6,193	6,193	6,193	6,193	6,193	6,193
CAPITAL EQUIPMENT	1,120	1,045	942	926	976	976	926	1,235	1,235
OTHER	413	865	1,160	1,160	1,160	1,460	1,160	1,160	1,410
SUBTOTAL STATE OPERATIONS	2,407	3,333	9,100	9,084	9,134	9,434	9,084	9,393	9,643
AIDS TO INDIVIDUALS	268	94							
LOCAL ASSISTANCE	27,685	35,543	34,542	33,721	35,031	35,031	33,721	36,608	36,608
TOTAL EXPENDITURES	30,360	38,970	43,642	42,805	44,165	44,465	42,805	46,001	46,251
GOV'S INITIATIVES:		FUND							
(A) HANGAR REVOLVING ACCOUNT INCREASE		AIR				300			250
TOTAL GOV'S INITIATIVES						300			250
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE AIRPORTS	10,549	10,850	12,482	11,645	11,005	11,005	11,645	10,841	10,841
STATUTORY APPROPRIATIONS:									
STATE AIRPORTS	362	792	1,160	1,160	1,160	1,460	1,160	1,160	1,410
FEDERAL	19,449	27,328	30,000	30,000	32,000	32,000	30,000	34,000	34,000
TOTAL FINANCING	30,360	38,970	43,642	42,805	44,165	44,465	42,805	46,001	46,251

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: AERONAUTICS
ACTIVITY: AIRPORT DEVELOP & ASSIST

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

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BUDGET ACTIVITY: Civil Air Patrol
PROGRAM: Aeronautics
AGENCY: Transportation, Department of

ACTIVITY DESCRIPTION:

This activity provides funding to the Civil Air Patrol (C.A.P.) as a reimbursement to cover its expenses. The C.A.P. informs the general public about aviation, provides members with aviation education, maintains a nationwide radio network, and provides aerial assistance during emergency conditions. The C.A.P. provides assistance to the Department of Transportation for emergency locator transmitter searches; the Department of Natural Resources for aerial fire watches; the Division of Emergency Services for flood control; and the State Patrol, the American Red Cross, the Salvation Army, the Federal Aviation Administration, and other public and private agencies for emergency services and disaster relief. The C.A.P. also trains and retains a group of volunteer cadets (ages 13-17) and senior (18 and over) to participate in search and rescue missions and render assistance to missing civilian and military persons and aircraft when requested by local law enforcement agencies.

BUDGET ISSUES:

A review of this activity has determined that current level funding will be adequate for the biennium.

EFFICIENCY MEASURES:

	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Percent of dollars appropriated/distributed to civil air patrol	100	100	100	100	100	100

REVENUE:

None

GRANTS:

Civil Air Patrol
Statutory Reference: Laws 87, Ch. 358, Sec. 2, Subd. 18(d)
Purpose: Reimbursement for some C.A.P. expenses incurred in carrying out its activity in Minnesota.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: AERONAUTICS
ACTIVITY: CIVIL AIR PATROL

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	65	65	65	65	65	65	65	65	65
TOTAL EXPENDITURES	65	65	65	65	65	65	65	65	65
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE AIRPORTS	65	65	65	65	65	65	65	65	65
TOTAL FINANCING	65	65	65	65	65	65	65	65	65
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

BUDGET ACTIVITY: Aeronautics Administration
PROGRAM: Aeronautics
AGENCY: Transportation, Department of

ACTIVITY DESCRIPTION:

This activity promotes aviation and air safety through aerospace education programs, pilot safety seminars, and aviation and aerospace education for schools. The activity inspects and licenses public, private, and personal use airports, helicopters, seaplane bases, and commercial operations in accordance with standards set by state statutes and rules. The activity also registers all general aviation aircraft, collects annual registration fees, and maintains records of aircraft owned by Minnesota residents. In addition, the activity disseminates weather information to pilots through use of computer terminals and provides access to weather information through a home user program. Finally, the activity provides for the budgeting, accounting, personnel records, and office management support services for the Aeronautics program, including the Mid-America Aviation Resource Consortium (MARC).

BUDGET ISSUES:

The aeronautics administration activity will receive $586,000 in F.Y. 1994 and $748,000 in F.Y. 1995 from reductions in the airport development and assistance activity. From this transfer, $170,000 will be used in F.Y. 1994 to fund salary and estimated supplies and expenses inflationary increases, and $327,000 in F.Y. 1995 will be used for the same purpose.

The weather dissemination program is being increased by $88,000 each year of the biennium to meet actual and anticipated contract increases for the Minnesota Weather Access System and the broadcasting of real time weather on Public Television, Channel 17. These programs have proven to be high use and very beneficial to aviation users and to the general public.

The aeronautics administration activity is being increased by $220,000 the first year and $225,000 the second year to cover the cost of renting an office facility at 222 Plato Boulevard in St. Paul.

The Office of Aeronautics created the Aviation Education Relations Section to oversee the Mid-America Aviation Resource Consortium and to bring together and coordinate the aviation education and training needs of state government with the aviation industry and the educational system of Minnesota. Aeronautics administration is responsible for the increase in aviation awareness and educational materials available for kindergarten through high school students. This activity continues to be a partnership between private industry, the educational systems, the Federal Aviation Administration and the Mn/DOT Office of Aeronautics. With the increased emphasis in this area, additional funding of $60,000 per year will be used for anticipated projects.

The safety seminar program will be expanded to include 8 safety centers throughout greater Minnesota that will make safety information available to more pilots. The $15,000 increase each year will be for an initial project in 1 of Mn/DOT's district offices.

An increase of $10,000 per year will be used for proficiency training of Aeronautics' pilots who regularly fly the single engine aircraft.

An increase of $23,000 each year is for enhancements to the office's local area network to facilitate the electronic transfer of information and funds between the Federal Aviation Administration and the Office of Aeronautics.

This increased funding will be provided by reductions in the airport development activity.

EFFICIENCY MEASURES:

Airports Inspected	F.Y. 1990	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of public airports inspected vs total public airports	119/119	145/145	145/145	145/145	145/145
Number of private airports inspected vs total private airports open to the public	10/16	14/16	15/16	16/16	16/16

Aviation Safety	F.Y. 1990	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of computer weather terminals made available to pilots	78	90	93	95	100

Aircraft Registrations	F.Y. 1990	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of aircraft registered	6,124	6,175	6,185	6,200	6,200
Percent of eligible aircraft registered	100	100	100	100	100

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - General	$ 14	$ 15	$ 15	$ 15	$ 15
Non-dedicated - State Airports	3,830	4,087	3,302	3,178	3,178
Dedicated - Federal	10	2	21	21	21
Dedicated - Gifts and Deposits	0	8	0	0	0
Dedicated - State Airports	378	449	917	917	917

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: AERONAUTICS
ACTIVITY: AERONAUTICS ADMINISTRATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,818	1,987	1,921	1,921	2,006	1,940	1,921	2,074	2,005
EXPENSES/CONTRACTUAL SRVCS	1,177	1,170	1,288	1,353	1,746	1,746	1,353	1,751	1,751
MISC OPERATING EXPENSES	60	98	95	95	95	95	95	95	95
SUPPLIES/MATERIALS/PARTS	62	48	573	573	658	658	573	747	747
CAPITAL EQUIPMENT	20		25	25	25	25	25	25	25
SUBTOTAL STATE OPERATIONS	3,137	3,303	3,902	3,967	4,530	4,464	3,967	4,692	4,623
LOCAL ASSISTANCE	32	4	25	25	21	21	25	21	21
TOTAL EXPENDITURES	3,169	3,307	3,927	3,992	4,551	4,485	3,992	4,713	4,644
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		AIR				<66>			<69>
TOTAL GOV'S INITIATIVES						<66>			<69>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE AIRPORTS	3,090	3,263	3,837	3,902	4,488	4,422	3,902	4,650	4,581
STATUTORY APPROPRIATIONS:									
FEDERAL	79	42	83	83	56	56	83	56	56
GIFTS AND DEPOSITS		2	7	7	7	7	7	7	7
TOTAL FINANCING	3,169	3,307	3,927	3,992	4,551	4,485	3,992	4,713	4,644
POSITIONS BY FUND:									
STATE AIRPORTS	34.0	36.0	36.0	36.0	36.0	36.0	36.0	36.0	36.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: AERONAUTICS
ACTIVITY: AERONAUTICS ADMINISTRATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TOTAL POSITIONS	34.0	36.0	36.0	36.0	36.0	36.0	36.0	36.0	36.0

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BUDGET ACTIVITY: Mid-America Aviation Resource Consortium
PROGRAM: Aeronautics
AGENCY: Transportation, Department of

ACTIVITY DESCRIPTION:

The Mid-America Aviation Resource Consortium (MARC) coordinates the education and training needs of the Federal Aviation Administration (FAA), aviation industry groups, and post-high school educational institutions to develop aviation training programs and train students to become aircraft controllers and mechanics. This activity facilitates identification of training needs and finds educational institutions that will provide programs to meet those needs. MARC serves as a pass-through of Federal Aviation Funds to the technical college system.

BUDGET ISSUES:

This activity has been reviewed and the current level of funding is adequate.

EFFICIENCY MEASURES:

	F.Y. 1990	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Percent of federal grants appropriated/distributed to post-high schools	100	100	100	100	100

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Federal	$2,000	$3,250	$2,500	$2,500	$2,500

GRANTS:

Funds administered under this activity are passed through to the technical college system.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: AERONAUTICS
ACTIVITY: MID-AMER AVIATION RESRC CON

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	2,000	3,250	2,500	2,500	2,500	2,500	2,500	2,500	2,500
TOTAL EXPENDITURES	2,000	3,250	2,500	2,500	2,500	2,500	2,500	2,500	2,500
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
FEDERAL	2,000	3,250	2,500	2,500	2,500	2,500	2,500	2,500	2,500
TOTAL FINANCING	2,000	3,250	2,500	2,500	2,500	2,500	2,500	2,500	2,500
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

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PROGRAM: Transit
AGENCY: Transportation, Department of (Mn/DOT)

PROGRAM PURPOSE:

The Department of Transportation is the principal transportation resource management agency for state government. The agency's mission is to manage a transportation system to serve the people in Minnesota. The transit program provides technical assistance and grants to Greater Minnesota public and private providers of transportation services. Minnesota statutes that support key prospects highlighted are:

Mobility:

To provide access to transit for persons who have no alternative mode of transportation available (M.S. 174.21).

To alleviate problems of automobile congestion and energy consumption and promote desirable land use where such activities are cost effective (M.S. 174.21).

To provide transit services throughout the state to meet the needs of transit users (M.S. 174.01).

Performance:

To increase the efficiency and productivity of public transit systems (M.S. 174.21).

To meet the needs of individual transit systems to the extent that are consistent with the other objectives stated above (M.S. 174.21).

State Commitment:

To maintain a state commitment to public transportation (M.S. 174.21).

In addition, the new federal Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) calls for methods to "expand and enhance transit service and increase the use of such services."

The transit services provided through this program are funded through a local, state, and federal funding partnership that shares in the total cost of providing public transit trips to residents of Minnesota. The agency's Office of Transit administers the program in geographic areas located outside the 7-county Twin Cities metropolitan area. The major activities of the Office of Transit are:

- To examine, negotiate, approve, and administer annual contracts with eligible public and private providers for transit system operating and capital financial assistance.
- To approve and process contract payments to transit service providers.
- To provide technical and management assistance to recipients of public transit funds, local officials, and prospective providers augmenting local transit management resources and expertise.
- To facilitate and encourage the development of local public transit planning to ensure goal attainment is consistent with overall state transit planning.
- To direct the financial analysis, budget preparation and management, accounting, reporting, and program review work in the implementation of federal/state transit appropriations.
- To monitor and evaluate transit system costs and service performance relative to local goals and the state's transit program purpose.
- To direct transit planning and research programs that will accurately predict and provide for the future transit needs of the state.
- To manage a capital investment strategy used to determine fleet management and replacement expenditures.
- To implement and develop statewide car and vanpooling programs to enhance existing transit provider service capability, provide cost containment, and reduce single-occupancy vehicle rates.
- To direct the design, development, management, and support of transit related automated/integrated networking systems.
- To assist in the identification and analysis of transit alternatives, including light rail transit (LRT), for transportation corridors in the Twin Cities metropolitan area.

Transit program statutory requirements are directly related to the Minnesota Milestones goal, "Rural areas, small cities, and urban neighborhoods throughout the state will be economically viable places for people to live and work."

PROSPECTS:

Significant factors that impact the transit program are:

1. MOBILITY

In 1991, the legislature declared that transit services be provided throughout the state to meet the needs of transit users. The Greater Minnesota transit program benefits thousands of Minnesotans in areas where public transit is often the only means of access to life-sustaining goods, services, and work opportunities. These areas typically have shrinking tax bases, lower revenues, increased share of low income residents, and a growing elderly population. The proportion of people who are typically dependent upon public transportation (the elderly, persons with disabilities, and the poor) will increase more rapidly than the population as a whole.

2. PERFORMANCE

Each local public transit system receives Mn/DOT technical and management assistance in developing a transit management plan that describes service appropriate to specific community needs and identifies financial resources to meet the costs.

Goals and objectives contained in the management plan provide benchmarks for measuring system performance. Since each system is uniquely designed to serve area residents, individual system performance is measured relative to the goals and objectives. Mn/DOT regularly maintains data on each system, which facilitates frequent analysis of efficiency measures and provides a basis for making service delivery adjustments when indicated. In some instances where the transit service design no longer meets community needs, Mn/DOT provides planning and other technical assistance in restructuring service. The city of Marshall is a recent example in which the level of system productivity and efficiency was significantly improved. Mn/DOT is currently engaged in providing similar services to the city of Red Wing.

Coordination of existing transportation is an additional means through which Mn/DOT is working to enhance transportation opportunities and maximize the public transit investment. Mn/DOT and the Department of Human Services (DHS) have recently entered into a memorandum of

understanding to jointly develop the most efficient transportation delivery network possible and promote cost-effective use of state, federal, and local transportation funds. A Transportation Coordination Advisory Council, created as a result of the memorandum, has begun to explore coordination possibilities and is expected to provide valuable assistance to the 2 agencies.

3. STATE COMMITMENT

The Office of Transit's statewide transit plan sets the vision for transit in Greater Minnesota and establishes a process for providing comprehensive, coordinated service. The plan is a result of numerous public meetings that provided excellent exchange of ideas between local and state participants. It focuses on a strategy that acknowledges the diversity of service options available to meet transit needs throughout Greater Minnesota.

The need for local transit, particularly in Greater Minnesota, is increasing, especially among elderly and low-income citizens. A number of communities have requested assistance to start up new transit service. Currently, 21 counties have no public transit and 23 counties have only municipal service.

The current priorities for transit operating and capital financial assistance are:

1. Existing Systems - Operating (same level).
2. Existing Systems - Capital Assistance (critical for continued system operation).
3. Establishing New Systems - Operating and Capital funding.

OUTCOMES AND OBJECTIVES:

With Mn/DOT's emphasis on customer service, timely information on the public's attitude about transit service is important. In 1991, the Office of Transit conducted on-board surveys to determine travel patterns, personal characteristics of its riders; to determine attitudes towards transit services; to provide data base for ridership prediction techniques; and to identify potential markets for transit services.

The current mission is to provide the expertise from within the Minnesota Department of Transportation to maintain the state's role in the delivery of transit service in partnership with the federal government and local communities through the development of policy and programs during 1994-95.

1. MOBILITY

Findings from the on-board surveys show that elderly and disabled persons account for more than 70% of the transit riders in rural areas, with over 50% of the rides occurring in small urban areas.

Over the past 10 years, the "60 years and over category" has increased from 43.5% to 51.8%. A significant statistic: nearly 1/4 of the elderly riders are age 90 and above!

Vehicle ownership often indicates the ability a rider has to choose an alternate form of transportation, such as transit. Nearly 50% of the on-board respondents indicated that they did not own a vehicle, a trend that has remained relatively constant over the past decade.

Another important statistic relates to personal income. Slightly more than 1/3 of the individuals surveyed, using transit for transportation to work in small urban areas, reported an annual income less than $10,000.

Mn/DOT Indicator: Number of freestanding cities (outside metropolitan areas) with regularly scheduled public passenger transportation to a city over 50,000 population.

	F.Y. 1980	F.Y. 1992	F.Y. 1994-95	FY 2000-01
Cities	n/a	*	*	*

n/a = data not available
* These figures will be available upon completion of the statewide study on Regulations of Passenger Services.

2. PERFORMANCE

Recent actual transit system performance data routinely collected by the Office of Transit indicate promising trends in both ridership and cost performance areas.

	System Use		
	C.Y. 1990	C.Y. 1991	% Change
Urbanized	6,390,713	6,407,107	0.2
Urbanized (Elderly and Disabled)	130,113	136,845	4.9
Small Urban and Rural	1,986,690	2,038,457	2.5
Overall Greater MN Ridership	8,507,516	8,582,409	0.8

	Cost/Rider		
	C.Y. 1990	C.Y. 1991	% Change
Urbanized	$1.63	$1.65	1.3
Urbanized (Elderly and Disabled)	5.05	5.53	8.7
Small Urban and Rural	3.30	3.31	0.1
Average Cost Per Rider	2.07	2.11	1.8

Mn/DOT Indicator: Ridership on urban public transit systems in Greater Minnesota.

	System Use	
	C.Y. 1994-95	CY 2000-01
Urbanized	13,039,908	13,436,028
Urbanized (Elderly and Disabled)	278,510	286,971
Small Urban and Rural	4,148,720	4,274,748
Overall Greater MN Ridership	17,467,138	17,977,747

	Cost/Rider	
	C.Y. 1994-95	CY 2000-01
Urbanized	$1.86	$2.28
Urbanized (Elderly and Disabled)	6.24	7.66
Small Urban and Rural	3.73	4.58
Average Cost Per Rider	2.37	2.91

PROGRAM: Transit
AGENCY: Transportation, Department of (Mn/DOT)
(Continuation)

3. STATE COMMITMENT

A demonstrated commitment to transit service in Greater Minnesota is reflectd by the increasing number of contracts for service.

	C.Y. 1986	C.Y. 1988	C.Y. 1990	C.Y. 1992
Systems	43	46	57	60

In calendar year 1992, the Office of Transit staff managed 60 contracts for transit service in Greater Minnesota. These contracts represent a combination of public and private operators serving large urbanized and urbanized areas; special services for the elderly and handicapped; and public transit services in small urban and rural areas.

Technical assistance is being provided to help establish and support 22 rideshare projects in Greater Minnesota.

Mn/DOT Indicator: Number of transit systems in Greater Minnesota.

	F.Y. 1986	F.Y. 1993	F.Y. 1994-95	FY 2000-01
Large Urban Fixed Route	1	1	1	1
Large Urban Elderly and Disabled	1	1	1	1
Urban Fixed Route	4	4	4	4
Urban Elderly and Disabled	3	3	3	3
Small Urban	20	25	25	25
Rural	14	29	30	48
Total	43	63	64	82

Mn/DOT Indicator: Number of non metropolitan counties with rural transit systems.

	F.Y. 1980	F.Y. 1990	F.Y. 1994-95	FY 2000-01
Counties	28	43	45	80

PROGRAM PLAN:

Program Operation Change Factors
Any reduction to base level funding for operations would preclude any expansion of service, as projected previously, through the year 2000; cancel purchase of vehicles scheduled for replacement; and implement direct service cutbacks.

Applications for financial assistance in C.Y. 1993 exceed the base budget by $860,100. During C.Y. 1993, there are unmet capital needs of $2.791 million. In 1994-95, $9.564 million in capital funds will be needed to maintain existing operating levels.

Greater Minnesota public transit unmet capital needs are based upon number of replacement vehicles needed to maintain the 1992 same level of service.

	Estimated Unmet Capital Needs Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Local	$ 698	$ 953	$ 871	$ 898	$ 929
State	2,791	3,420	3,353	3,487	3,626
Federal	0	393	131	105	89
Total	$3,489	$4,766	$4,355	$4,490	$4,644

The 1991 Minnesota Transportation Study Board "Study of Minnesota's Surface Transportation Needs" report and Mn/DOT's indicator, "Number of non-metropolitan counties with rural transit systems," both recommend expansion of service into all 80 non-metropolitan counties by 2000. As of F.Y. 1993, no state funds have been appropriated to establish new systems and decrease the number of non-metropolitan counties without transit service. To implement transit service to 15 new counties annually from 1994-95, $3.681 million would have to be appropriated in state funds by the legislature.

	Estimated Unmet New Service Needs Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Operating				
Local	$ 575	$1,352	$1,406	$1,463
State	788	2,090	2,275	2,469
Federal	280	421	336	248
Total	$1,643	$3,863	$4,017	$4,180
Capital				
Local	$ 337	$ 337	$ 0	$ 0
State	1,349	1,349	0	0
Total	$1,686	$1,686	$ 0	$ 0

New system starts require a high level of involvement from Office of Transit staff, who work closely with local transit assistance recipients and potential recipients to assess local transportation needs, design appropriate systems, and implement services that meet the requirements of the community.

State Transit Plan
The State Transit Plan for a comprehensive, coordinated transit system serving every county of the state is scheduled for release in January 1993. Coordination of transit service delivery is a key element in providing effective transportation in the most cost effective manner. Key elements of the plan include the following:

- Identification of existing service and unmet service and capital needs.
- Implementation strategy to obtain public transit service and meet capital needs in counties without service and counties with municipal service only.
- Coordination of existing DHS and/or Mn/DOT services through rideshare, time share, operations, maintenance, administration, and integrated transportation systems. The anticipated benefits of coordination include higher quality service, increased availability of transportation options, and reduced duplication of services.

The Office of Transit completed the design, development, and implementation of its integrated database network in the spring of 1991. Technical activities pertinent to the system will involve transit planning (State Transit Plan). Concurrent to this activity is implementation of ISTEA management systems, which require the Secretary of Transportation to issue regulations within 1

year after the date of enactment (by 12-18-92), for "state development, establishment and implementation of a system for managing...public transportation facilities and equipment." States must be implementing each management system beginning in federal F.Y. 1995, and must annually certify, before January 1 of each fiscal year (the first certification is due by 1-1-95), that the systems are implemented, or the Secretary may withhold up to 10% of funds apportioned under Title 23, U.S.C., or under the Federal Transit Act for any fiscal year beginning after 9-30-95.

Budget Distribution Decisions
Priority area allocations would remain as follows:

1. Existing Systems - Operating.
2. Existing Systems - Capital Assistance.
3. Establishing New Systems - Operating and Capital funding.

To accommodate base level transit funding impacts, each of the transit operations in Greater Minnesota would face a limited number of choices in adjusting their proportionate funding loss. Some local governments may be able to fill in the shortfall from their local budgets. Most, if not all systems, however, will be forced to reduce service, which will impact transit users directly in the loss of essential trips. The type of adjustments necessary would range from carefully targeted service reductions to general across-the-board dollar reductions. Any adjustments would reduce the services to the general public.

Applications for operating assistance in C.Y. 1993 exceed the budget by $860,110. Over 97% of state transit assistance funds for Greater Minnesota are used for operating costs. The 5% base reduction will result in direct cutbacks in current service levels. No state transit assistance funds will be available for vehicle replacement. Capital replacement has been postponed for lack of funding, and needs are approaching a critical stage. Vehicle funding requirements exceeding $9.5 million for the biennium have been identified.

Coupled with current recipient needs are expressions of interest from numerous cities and local agencies (currently 21 counties have no public transit service and 23 counties have city-only service) who have made their transit needs known through public meetings for the State Transit Plan. The federal share through ISTEA is not expected to be at the level originally authorized (more than likely we will wind up at the F.Y. 1991 level, which was nearly $775,000 less than what we received in F.Y. 1992). To absorb the $420,000 general fund transit assistance reduction in F.Y. 1994 and F.Y. 1995, all transit contracts receiving general fund operating assistance will be reduced by 5%.

The Office of Transit's administrative budget consists of general and trunk highway funds. Salaries comprise approximately 97% of our administrative budgets. With no salary supplement, we will no longer be able to operate at full complement. The general fund reduction of $20,000 per year in the administrative account will be taken from regular classified salaries.

The primary impact, aside from full-time staff salaries, would be the lack of service we would be able to provide our existing transit systems statewide. To provide technical assistance to the systems, our staff must travel to the site and meet with local representatives to negotiate contracts, conduct program reviews, review the budget, and review service design and performance. On-site training would also be cancelled.

The trunk highway fund base for in-state travel has been increased for F.Y. 1994 ($8,000) and F.Y. 1995 ($10,000) to ensure that contract negotiations can be completed. Contracts for each calendar year have to executed by January 1 for each year in order for Mn/DOT to receive operating funds from FTA Section 18.

The trunk highway base has also been increased by $55,000 for F.Y. 1994 and F.Y. 1995 to ensure Mn/DOT's share of local contribution (soft match) to complete the central corridor alternatives analysis/draft environmental impact statement federal study is available.

GOVERNOR'S RECOMMENDATION:

The Governor recommends restoring reductions proposed with the agency's plan and $8,000,000 for the biennium for Greater Minnesota transit expansion. Proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: TRANSIT

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
GREATER MINN TRANSIT ASSIST	11,564	9,566	13,721	13,346	11,626	17,546	13,346	11,684	14,604
TRANSIT ADMINISTRATION	4,232	1,581	3,267	3,240	6,857	6,855	3,240	2,661	2,659
TOTAL EXPENDITURES BY ACTIVITY	15,796	11,147	16,988	16,586	18,483	24,401	16,586	14,345	17,263
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<13>			<13>
(A) SALARY PLANNING ESTIMATES		THI				<9>			<9>
(B) RESTORE TRANSIT ASSISTANCE		GEN				420			420
(B) RESTORE TRANSIT ADMINISTRATION		GEN				20			20
(B) SERVICE EXPANSION		GEN				5,500			2,500
TOTAL GOV'S INITIATIVES						5,918			2,918
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	4,065	7,971	9,192	8,802	8,362	14,289	8,802	8,362	11,289
TRUNK HIGHWAY	237	253	256	244	307	298	244	309	300
TRANSIT ASSISTANCE	7,768								
STATUTORY APPROPRIATIONS:									
FEDERAL	3,437	2,843	7,357	7,357	9,598	9,598	7,357	5,458	5,458
AGENCY	289	80	183	183	216	216	183	216	216
TOTAL FINANCING	15,796	11,147	16,988	16,586	18,483	24,401	16,586	14,345	17,263
POSITIONS BY FUND:									
GENERAL	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
TRUNK HIGHWAY	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
FEDERAL	2.0	2.0	2.0	7.0	7.0	7.0	7.0	7.0	7.0
TOTAL POSITIONS	15.0	15.0	15.0	20.0	20.0	20.0	20.0	20.0	20.0

BUDGET ACTIVITY: Greater Minnesota Transit Assistance
PROGRAM: Transit
AGENCY: Transportation, Department of

ACTIVITY DESCRIPTION:

Statutory Reference: M.S. 174.21-24, 174.32. This budget activity is administered by the Office of Transit, Intermodal Division. The Greater Minnesota transit assistance program provides needed transportation service to an area containing approximately 50% of Minnesota's population. Recipients include the cities of Duluth, Moorhead, St. Cloud, Rochester, East Grand Forks, 24 small urban systems, and 26 rural systems. The type of transit service provided by each recipient varies, including fixed route service, demand responsive, and specialized services.

Without this program, users of these systems would have little or no mobility. This program allows many Minnesotans the ability to maintain independent life styles. Trip purposes include trips to work, medical appointments, shopping, recreation, and congregate meal sites.

BUDGET ISSUES:

The transit services provided through this grant program are funded through a local, state, and federal funding partnership that shares in the total cost of providing public transit trips to residents of Greater Minnesota.

To accommodate base level transit funding impacts, each of the transit operations in Greater Minnesota would face a limited number of choices in accommodating its proportionate funding loss. Some local governments may be able to fill in the shortfall from their local budgets. Most, if not all systems, however, will be forced to cut costs, which will impact transit users directly in the loss of essential trips. The type of adjustments necessary would range from carefully targeted service reductions to general acrosss-the-board dollar reductions. Any adjustments would reduce the services to the general public.

The type of adjustments necessary would range from carefully targeted service reductions to general across-the-board dollar reductions. Any adjustments would reduce the services to the general public.

Applications for operating assistance in C.Y. 1993 exceed the budget by $860,110. Over 97% of state transit assistance funds for Greater Minnesota are used for operating costs. A 5% base reduction will result in direct cutbacks in current service levels. No state transit assistance funds will be available for vehicle replacement. Capital replacement has been postponed for lack of funding, and needs are approaching a critical stage. Vehicle funding requirements exceeding $9.5 million for the biennium have been identified.

Coupled with our current needs are expressions of interest from numerous cities and local agencies (currently 21 counties have no public transit service and 23 counties have city-only service) who have made their transit needs known through public meetings for the State Transit Plan. The federal share through the Intermodal Surface Transportation Efficiency Act is not expected to be at the level originally authorized (more than likely we will wind up at the F.Y. 1991 level, which was nearly $775,000 less than we received in F.Y. 1992).

To absorb the $420,000 general fund transit assistance reduction in F.Y. 1994 and F.Y. 1995, all transit contracts receiving general fund operating assistance will be reduced by 5%.

EFFICIENCY MEASURES:

Cost per Mile	C.Y. 1990	C.Y. 1994	C.Y. 1995	C.Y. 2000	C.Y. 2001
Urbanized	$2.76	$3.16	$3.29	$4.00	$4.16
Urbanized (Elderly and Disabled)	1.61	1.92	2.00	2.43	2.53
Small Urban and Rural	1.22	1.39	1.44	1.76	1.83
Average Cost per Mile	1.85	2.10	2.19	2.66	2.77

Cost per Rider	C.Y. 1990	C.Y. 1994	C.Y. 1995	C.Y. 2000	C.Y. 2001
Urbanized	$1.63	$1.83	$1.89	$2.25	$2.32
Urbanized (Elderly and Disabled)	5.05	6.13	6.35	7.53	7.79
Small Urban and Rural	3.30	3.66	3.79	4.50	4.65
Average Cost per Rider	2.07	2.33	2.41	2.86	2.96

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - General	$153	$ 72	$ 0	$ 70	$ 70
Non-dedicated - Transit	395	0	0	0	0
Dedicated - Federal	~~218~~	~~170~~	~~188~~	~~378~~	~~379~~
	2,278	1,407	4,274	3,436	3,494
Dedicated - Agency	284	80	183	216	216

GRANTS:

Mn/DOT is responsible for administering state and federal transit assistance funds for Greater Minnesota under M.S. 174. In addition, Mn/DOT has statewide responsibility for administering Federal Transit Administration programs (Sections 3, 8, 16, 18, and 26).

Key statutory purposes include: To provide access to transit for persons who have no alternative mode of transportation available; to increase the efficiency and productivity of public transit systems; to maintain a state commitment to public transportation; and to meet the needs of individual transit systems to the extent they are consistent with other objectives stated above.

Since 1-1-84, all transit systems in Greater Minnesota and several in the Metropolitan area have received state assistance through a fixed-share funding formula (M.S. 174.24).

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: TRANSIT
ACTIVITY: GREATER MINN TRANSIT ASSIST

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
EXPENSES/CONTRACTUAL SRVCS	36	2	88	88	104	104	88	103	103
MISC OPERATING EXPENSES		1	4	4	4	4	4	4	4
SUPPLIES/MATERIALS/PARTS		1	4	4	4	4	4	4	4
CAPITAL EQUIPMENT		3							
SUBTOTAL STATE OPERATIONS	36	7	96	96	112	112	96	111	111
AIDS TO INDIVIDUALS		13	65	65	37	37	65	37	37
LOCAL ASSISTANCE	11,528	9,546	13,560	13,185	11,477	17,397	13,185	11,536	14,456
TOTAL EXPENDITURES	11,564	9,566	13,721	13,346	11,626	17,546	13,346	11,684	14,604
GOV'S INITIATIVES:		FUND							
(B) RESTORE TRANSIT ASSISTANCE		GEN				420			420
(B) SERVICE EXPANSION		GEN				5,500			2,500
TOTAL GOV'S INITIATIVES						5,920			2,920
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	3,689	7,579	8,769	8,394	7,974	13,894	8,394	7,974	10,894
TRANSIT ASSISTANCE	5,010								
STATUTORY APPROPRIATIONS:									
FEDERAL	2,576	1,907	4,769	4,769	3,436	3,436	4,769	3,494	3,494
AGENCY	289	80	183	183	216	216	183	216	216
TOTAL FINANCING	11,564	9,566	13,721	13,346	11,626	17,546	13,346	11,684	14,604

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: TRANSIT
ACTIVITY: GREATER MINN TRANSIT ASSIST

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Transportation, Department of
PROGRAM: Transit
ACTIVITY: Greater Minnesota Transit

ITEM TITLE: Greater Minnesota Transit Expansion

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- Grants	$5,500	$2,500	$2,500	$2,500

Statutory Change? Yes _____ No __X__
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increased level of $5,500,000 in F.Y. 1994 and $2,500,000 in F.Y. 1995 in Greater Minnesota Transit Assistance to provide capital and operating assistance for implementing new transit service is Greater Minnesota.

This request represents an implementation strategy to establish public transit service in 20 counties without service and 23 counties with only municipal service.

People who use Greater Minnesota transit are typically older, disabled, or economically disadvantaged. There is a demonstrated need for transportation that will enable persons to access vital goods and services and remain independent in their communities. In the absence of adequate funding, public transit service will not be available in these areas.

PROGRAM OUTCOMES:

The positive net change for each year reflects a budget developed on the following basis: 1) implementation of new transit operations and capital investments for 43 counties; 2) anticipate federal participation for transit operations remains at F.Y. 1993 level; and 3) same level state investment for transit operations for F.Y. 1996 and F.Y. 1997. This initiative reflects a state fund increase required for additional transit services.

Funds are distributed using a fixed share funding formula which requires the local recipient to provide a fixed percentage of total operating costs. State funds are used to supplement the balance of total operating costs, less any federal monies received. In cases where a recipient can show that the fixed share funding formula causes an undue hardship, the commissioner may reduce the percentage to be paid from local sources.

LONG-TERM IMPACT:

At this time, 20 counties have no public transit and 23 counties have only municipal service. This request includes operating and capital dollars for implementation of new transit service in 43 counties.

Without these systems, many Minnesotans with no alternative mode of transportation available will be unable to maintain an independent life style. The resulting benefits of this program impact thousands of potential users who need public transit to go to work, access medical services, travel to retail outlets, enjoy local recreational functions, get to appointments and reach congregate meal sites.

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BUDGET ACTIVITY: Transit Administration
PROGRAM: Transit
AGENCY: Transportation, Department of (Mn/DOT)

ACTIVITY DESCRIPTION:

Greater Minnesota:

Statutory Reference: M.S. 174.21-174.32. The transit administration activity manages public transit assistance programs located outside the 7-county Twin Cities Metropolitan Area. Activities conducted in partnership with the federal government and local communities are achieved through:

- Examination, negotiation, approval, and administration of annual contracts with eligible public and private providers for transit system operating and capital assistance.
- Providing technical, professional, and management assistance to recipients of public transit funds, local officials, and prospective providers to augment local transit management resources and expertise.
- Directing financial analysis, budget preparation and management, accounting, reporting, and program review work in the development and implementation of programs mandated through federal/state appropriations.
- Directing the design, development, management and support of transit related automated/ integrated networking systems.
- Coordinating public transit systems to achieve an equitable balance between available resources and the transportation needs of the general public and transit dependent throughout Minnesota through increased use and operation of existing transportation facilities.

Twin Cities Metropolitan Area:

Statutory Reference: M.S. 174.03. This budget activity is administered by the Office of Transit, Intermodal Division. The program provides state funds for distribution to regional rail authorities in the metropolitan area for planning, preliminary engineering, design, and construction of light rail transit (LRT) facilities.

Applications from eligible regional rail authorities are reviewed based on established allocation guidelines. Upon approval of the applications by the Regional Transit Board (RTB), appropriate fund levels are determined and contracts executed. The level of state funding is limited in that no more than 60% of the available funds may be distributed to a single recipient and must be matched by local funds on a dollar-for-dollar basis.

The Federal Transit Administration (FTA), Mn/DOT, Hennepin County Regional Railroad Authority (HCRRA), and Ramsey County Regional Railroad Authority (RCRRA) are jointly completing the necessary studies and environmental documents to make major transit capital improvement in the central corridor (Minneapolis-St. Paul) eligible for federal design and construction funding. The federal, state, and local governmental units are joint lead agencies developing the project, with Mn/DOT as the responsible governmental unit (RGU). The studies will produce an alternatives analysis/draft environmental impact statement (AA/DEIS) for the central corridor.

The central corridor links downtown St. Paul, the State Capitol area, the main campus of the University of Minnesota, and downtown Minneapolis. It is identified in the 1992 Regional Transit Facilities Plan as the region's priority corridor for light rail transit, and is the first of 2 corridors proposed as an initial 2-corridor LRT system for the Twin Cities.

The AA/DEIS will define the physical, operational, economic, and financial characteristics of various transit alternatives in the corridor. It will also provide an analysis of environmental impacts for each alternative, including air quality, noise, water quality, energy, historic, and economic impacts.

Later phases of the study will include a final environmental impact statement (EIS) and continued preliminary engineering. The detailed work program for the final EIS will be based on the transit alternative selected and FTA approval to enter the preliminary engineering/final EIS statement stage of project development.

BUDGET ISSUES:

Federal funding will be used to offset state costs of the transit technical studies and evaluation efforts. The FTA Section 8 Program currently provides about $770,000 annually, of which $126,000 is used to support technical studies and evaluation. The balance is "pass-through" funds to area planning agencies for similar efforts.

The governor and legislature eliminated LRT grants in F.Y. 1992-93 biennial budget appropriations. On 9-17-92, the Legislative Advisory Commission granted permission for Mn/DOT to accept $1,000,000 from the FTA in F.Y. 1993 to prepare an alternative analysis and an environmental impact statement for the central corridor between Minneapolis and St. Paul. An additional ~~$1,000,000~~ $4,200,000 is expected in F.Y. 1994, for a total of ~~$2,000,000~~ $5,200,00. The local "soft" match for this grant consists of the salaries of the joint lead agency staff members involved in the preparation of the AA/DEIS. Mn/DOT's share of this local contribution includes $55,000 set aside for additional staff assistance that may be required to complete the federal study.

The Office of Transit's administrative budget consists of the general and trunk highway funds. Salaries presently comprise approximately 97% of our administrative budgets. With a 5% base reduction and no salary supplement, we will no longer be able to operate at complement. The $20,000 reduction (5%) in the state general fund administrative account will be taken from regular classified salaries.

The primary impact, aside from full-time staff salaries, would be the lack of service we would be able to provide our existing transit systems statewide. In order to provide technical assistance to the systems, it is necessary for our staff to travel to the site and meet with local representatives to negotiate contracts, conduct program reviews, review the budget, and review service design and performance. On-site training would also be cancelled.

BUDGET ACTIVITY: Transit Administration
PROGRAM: Transit
AGENCY: Transportation, Department of (Mn/DOT)
(Continuation)

The trunk highway fund base for in-state travel has been increased for F.Y. 1994 ($8,000) and F.Y. 1995 ($10,000) to ensure that contract negotiations can be completed. Contracts for each calendar year have to be executed by January 1 for each year in order for Mn/DOT to receive operating funds from FTA Section 18. The trunk highway fund base has also been increased by $55,000 for F.Y. 1994 and F.Y. 1995 to ensure that Mn/DOT's share of local contribution ("soft" match) to complete the central corridor AA/DEIS federal study is available.

EFFICIENCY MEASURES:

Mn/DOT administers state and federal funding for the transit assistance program in Greater Minnesota.

	Transit Systems in Greater Minnesota Dollars and Passengers in Thousands			
	F.Y. 1986	F.Y. 1990	F.Y. 1994	F.Y. 1995
Total operating costs	~~$9,018~~ $14,173	$18,602	$18,867	$21,814
Passengers carried	8,646	8,675	8,745	8,987
Contracts administered	41	62	63	65

	FTA Section 16 Capital Assistance			
	F.Y. 1986	F.Y. 1990	F.Y. 1994	F.Y. 1995
Number of vehicles	161	250	291	300
Organizations*	93	146	246	271

* Elderly and disabled

	FTA Section 18 Rural Transit Assistance Program				
	F.Y. 1990	F.Y. 1994	F.Y. 1995	F.Y. 2000	F.Y. 2001
Training attendance	106	175	250	308	350
Courses sponsored	8	9	16	26	36

	Rideshare Program				
	F.Y. 1990	F.Y. 1994	F.Y. 1995	F.Y. 2000	F.Y. 2001
Projects per year	11	22	22	22	25

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Dedicated - Federal	~~$2,916~~ $856	~~$2,054~~ $817	~~$5,674~~ $2,588	~~$5,019~~ $6,162	~~$5,079~~ $1,964

GRANTS:

Mn/DOT is responsible for statewide administration of federal rideshare funds (M.S. 473.375). Administration expenses for programs in Greater Minnesota are 100% funded, while historically the grant to the RTB is provided at a 75% federal fund, 25% RTB match. Other objectives are stated above.

	Rideshare Program Dollars in Thousands					
	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Grant	$375.0	$372.0	$242.4	$609.5	$692.0	$692.0
Administration	8.7	17.0	16.5	58.7	71.6	74.5
	$383.7	$389.0	$258.9	$668.2	$763.6	$766.5

Mn/DOT is responsible for administration of state and federal funds for light rail transit planning in the Twin Cities metropolitan area.

	Light Rail Transit Program Dollars in Thousands						
	~~F.Y. 1988~~	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994
State	~~0~~	$4,170	$3,408	$2,758	0	0	
Federal	~~0~~	0	~~1,000~~ 0	~~1,000~~ 0	0	~~0~~ 1,000	
	~~0~~	$4,170	~~$4,408~~ $3,408	~~$3,758~~ $2,578	0	~~0~~ $1,000	4,200 $4,200

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: TRANSIT
ACTIVITY: TRANSIT ADMINISTRATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	652	749	769	772	1,027	1,025	772	1,034	1,032
EXPENSES/CONTRACTUAL SRVCS	220	34	1,112	1,112	4,346	4,346	1,112	151	151
MISC OPERATING EXPENSES	31	42	72	55	81	81	55	70	70
SUPPLIES/MATERIALS/PARTS	4	5	47	34	44	44	34	45	45
OTHER			20	20	20	20	20	22	22
SUBTOTAL STATE OPERATIONS	907	830	2,020	1,993	5,518	5,516	1,993	1,322	1,320
LOCAL ASSISTANCE	3,325	751	1,247	1,247	1,339	1,339	1,247	1,339	1,339
TOTAL EXPENDITURES	4,232	1,581	3,267	3,240	6,857	6,855	3,240	2,661	2,659
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<13>			<13>
(A) SALARY PLANNING ESTIMATES		THI				<9>			<9>
(B) RESTORE TRANSIT ADMINISTRATION		GEN				20			20
TOTAL GOV'S INITIATIVES						<2>			<2>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	376	392	423	408	388	395	408	388	395
TRUNK HIGHWAY	237	253	256	244	307	298	244	309	300
TRANSIT ASSISTANCE	2,758								
STATUTORY APPROPRIATIONS:									
FEDERAL	861	936	2,588	2,588	6,162	6,162	2,588	1,964	1,964
TOTAL FINANCING	4,232	1,581	3,267	3,240	6,857	6,855	3,240	2,661	2,659

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: TRANSIT
ACTIVITY: TRANSIT ADMINISTRATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
TRUNK HIGHWAY	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
FEDERAL	2.0	2.0	2.0	7.0	7.0	7.0	7.0	7.0	7.0
TOTAL POSITIONS	15.0	15.0	15.0	20.0	20.0	20.0	20.0	20.0	20.0

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PROGRAM: Railroads and Waterways
AGENCY: Transportation, Department of (Mn/DOT)

PROGRAM PURPOSE:

The purpose of the railroads and waterways program is to foster the safest, most effective rail and waterway transportation systems possible. This is accomplished through the promotion of an environment in which all modes of transportation can operate competitively and that enhances the interaction between the users and providers of transportation services. The program provides customer service to railroads, shipper associations, regional rail authorities, road authorities, industry associations, other state agencies, other state DOTs, state and national associations, and local units of government through the efforts of professional employees who are committed to safe, efficient transportation service.

The railroads and waterways program continues to provide the primary source of professional expertise to the department for development and promotion of railroads and waterways as vital parts of the total transportation system. The program influences the public and private sector to enhance the railroad and waterway transportation systems, makes travel safer for motorists through its railroad-highway grade crossing improvement programs, and provides assistance to the water and rail transportation industries for the benefit of Minnesota's shippers through both the Harbor Assistance Program and the Rail Service Improvement Program.

This program contributes directly to several Minnesota Milestones themes. Mn/DOT works toward the goal that "Our communities will be safe, friendly, and caring." The Office of Railroads and Waterways works with an important indicator of this goal: "Number of traffic fatalities." Mn/DOT works toward the goal that "Minnesotans will act to protect and enhance their environment." It measures its results with an indicator measuring "Average annual energy use by each person." The department also contributes to the goal that "Minnesotans will have the opportunity to enjoy the state's natural resources." The results of this goal are measured by "Miles of public and private recreational trails," established with assistance of the State Rail Bank Program.

Mn/DOT also works toward the goal that "Rural areas, small cities, and urban neighborhoods throughout the state will be economically viable places for people to live and work."

The program accomplishes its purpose by:

- Promoting the efficient movement of goods via rail and water transport through a comprehensive rail and water transportation planning process that identifies the major needs and issues, provides a sound basis for prioritizing the needs of shippers and receivers, and allows for improvements in interstate rail service through the study of new rail technologies, such as high speed passenger rail service.

- Promoting the safe interaction of rail transportation with highway and pedestrian movements through:
  - Administration of the Federal Railroad Grade Crossing Safety Improvement Program.
  - Enforcement of track safety standards.
  - Enforcement of safety and service standards for clearance variances.
  - Crossing safety.
  - Construction.
  - Encouraging the closure of crossings.

- Providing input to the development of national and state legislation and policies to ensure that Minnesota's interests in these modal areas are represented by reviewing and conducting impact analyses of those policies and legislation, and recommending appropriate action.

- Managing railroad related programs and activities that are accomplished through:
  - Minnesota Rail Service Improvement Program, which provides for the acquisition of rail lines, improvements (rail rehabilitation) of these lines, preservation of rail rights of way, and capital improvement to other rail facilities.
  - Minnesota Railroad-Highway Grade Crossing Safety Improvement Program, which will improve signing and pavement markings at all public grade crossings within the state as well as combine and improve grade crossings.
  - Interface with road authorities on rail related construction activities.
  - Railroad abandonment.
  - Rail banking.

- Providing industry clients with the reports, studies, and data necessary to make appropriate decisions on issues affecting their mode.

- Encouraging economic development by providing opportunity for federal, state, local, and private investment in rail and water facilities (e.g., regional and shortline railroads, shipping terminals, ports and grain elevators).

PROSPECTS:

Many functions of the Office of Railroads and Waterways are ongoing to ensure that the railroad and waterway modes continue to provide the high level of safe, reliable, and efficient transportation service necessary to the economy of the state. Some of these activities include:

- Coordination of rail related highway construction projects.

- Review and analysis of national and state legislation and policies, and recommendations on positions/actions that ensure the state's rail and waterway interests are served.

- Inspection of railroad track safety.

- Regulation and commentary on pending rail abandonment filings including notifying affected communities and shippers and coordinating responses where appropriate.

- Identification of rail corridors that may have potential for future transportation uses such as highway projects, utility corridors, high speed rail corridors, and recreational trails.

- Administration of the Federal Grade Crossing Safety Improvement Program.

- Participation in the design and funding plan for a replacement confined disposal site in Duluth-Superior.
- Participation in the plan design and implementation of the Mississippi River Coordination Commissions program.
- Participation in a study to determine barge storage area (fleeting) needs on the river.

As the state looks for long-term solutions to improve Minnesota's infrastructure, it becomes clear that the railroad and waterway modes offer great potential for relieving some of the stress on the existing system. As an example, the state's rail system has under-utilized capacity. To maximize the benefits these modes can provide, several new activities must be considered:

- The state should develop a system of priority rail corridors and upgrade them for high speed trains to include grade separations, track improvements, etc.
- The state needs to consider the development of intermodal transfer facilities as a part of its infrastructure system.
- The state should examine the feasibility of higher speed passenger rail service and the benefits it may offer in terms of relieving airport and highway congestion, energy conservation, and environmental impacts.
- The state needs to identify a mechanism to fund the harbor improvement program. Both the river and lake transportation systems are facing ever-increasing costs for development and maintenance of facilities. Without assistance, there is a very real threat to the continued effectiveness of this economical transportation system.
- The state should make a determination of the costs and benefits and the design of a program to alleviate traffic conflicts on Trunk Highway 61 (North Shore) by transferring some freight from trucks to vessels.

By necessity, significant elements of the Office of Railroads and Waterways program must be reactive rather than proactive. Due to the volatility and unpredictability of the railroad industry, the office must be in a position to respond quickly to requests for rail purchase assistance, rehabilitation, capital improvements, and the acquisition of abandoned lines for inclusion in the State Rail Bank Program.

OUTCOMES AND OBJECTIVES:

1. Reduce public's exposure to railroad-highway grade crossing accidents

The department remains committed to its goal to reduce the number of accidents that occur at railroad-highway grade crossings. Grade crossing accidents have significant cost in terms of personal property loss and human life. The department will continue working to reduce the number of accidents by increasing visibility at crossings, educating the public, and by closing and/or combining crossings where appropriate. This program activity is consistent with 2 Minnesota Milestones: 1) "Our communities will be safe, friendly, and caring," and 2) "Rural areas, small cities, and urban neighborhoods throughout the state will be economically viable places for people to live and work."

Outcomes	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992
Number of crossing accidents	119	128	125	117
Number of crossing fatalities	14	18	10	5
Number of crossing signal improvements	13	10	35	50
Number of crossings improved with passive signing and/or pavement markings	0	0	590	1,010

Objectives Accumulative totals system-wide	F.Y. 1994	F.Y. 1995	F.Y. 2000
Number of crossings signalized	1,350	1,380	1,530
Number of crossings improved with passive signing and/or pavement markings	4,200	4,600	5,414
Number of crossings closed	20	40	140

2. Improved competitiveness with the preservation and/or improvement of rail service

Rail freight service is vital to rural Minnesota, providing a competitive market for movement of commodities, reducing truck traffic, and providing an efficient, economical, and energy efficient transportation alternative. The department's goal to preserve and improve rail service where economically viable is consistent with the state's Minnesota Milestones goals: 1) "Rural areas, small cities, and urban neighborhoods throughout the state will be economically viable places for people to live and work," and 2) "Minnesotans will act to protect and enhance their environment."

Outcomes	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992
Additional revenue earned by producers (cents/bushel)	$0.08	$0.08	$0.06	$0.05
Energy Efficiency	Moving a ton of bulk product 1 mile by rail is 3.4 times more fuel efficient than moving that same product by truck.			

PROGRAM: Railroads and Waterways
AGENCY: Transportation, Department of (Mn/DOT)
(Continuation)

Objectives	F.Y. 1994	F.Y. 1995	F.Y. 2000
Miles of rail line acquired for freight service	42	94	111
Miles of rail line rehabilitated	60	94	68
Capital improvement loans for rail users	6	5	20
Number of communities benefited	8	13	21
Truckloads kept off the highways	215,000	217,000	250,000

3. Preservation of abandoned rail line right-of-way for future transportation purposes, including recreational trails.

Railroad companies continue to abandon rail lines at an average of 100 miles per year. These linear corridors provide a valuable, non-renewable resource which, if preserved, can serve future transportation uses including: rail service, light rail transit, utility and transmission lines, highways, and recreational trails. This program activity is consistent with the Minnesota Milestones goal that directs that "Minnesotans will have the opportunity to enjoy the state's natural resources."

Outcomes	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992
Percent of total rail line abandonments preserved for transportation purposes (including recreational trails)	0	0	50	50

Objective	F.Y. 1994	F.Y. 1995	F.Y. 2000
Percent of total rail line abandonments preserved for transportation purposes (including recreational trails)	50	75	75

4. Facilitation of trunk highway construction projects where rail and highways interface

This ensures that trunk highway projects proceed through the letting process and minimizes unnecessary construction of rail facilities that could cost the state millions of construction dollars. This activity is consistent with Minnesota Milestones goal, "Rural areas, small cities, and urban neighborhoods throughout the state will be viable places for people to live and work."

A methodology for measuring the effectiveness of this program activity has not been established. It is recognized, however, that substantial construction dollars have been saved through this program. Efforts will be made to develop a means to accurately measure program effectiveness.

	Dollars in Thousands		
	F.Y. 1994	F.Y. 1995	F.Y. 2000
Funds saved through design improvements	$300	$300	$600

PROGRAM PLAN:

The 5% reduction of funds for the F.Y. 1994-95 biennium will result in 1/2 of a position being held vacant.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: RAILROADS & WATERWAYS

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
RAIL SERVICE IMPROVEMENTS	3,165	2,931	1,250	1,250	5,550	5,550	1,250	5,550	5,550
RAILROADS & WATERWAYS ADMIN	1,174	1,218	1,309	1,244	1,233	1,196	1,244	1,233	1,196
TOTAL EXPENDITURES BY ACTIVITY	4,339	4,149	2,559	2,494	6,783	6,746	2,494	6,783	6,746
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<8>			<8>
(A) SALARY PLANNING ESTIMATES		THI				<29>			<29>
TOTAL GOV'S INITIATIVES						<37>			<37>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	259	262	261	262	249	241	262	249	241
SPECIAL REVENUE		36	70						
TRUNK HIGHWAY	862	873	918	922	922	893	922	922	893
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	3,165	2,931	1,250	1,250	5,550	5,550	1,250	5,550	5,550
FEDERAL	53	47	60	60	62	62	60	62	62
TOTAL FINANCING	4,339	4,149	2,559	2,494	6,783	6,746	2,494	6,783	6,746
POSITIONS BY FUND:									
GENERAL	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
TRUNK HIGHWAY	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
FEDERAL	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL POSITIONS	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0

BUDGET ACTIVITY: Rail Service Improvements
PROGRAM: Railroads and Waterways
AGENCY: Transportation, Department of

ACTIVITY DESCRIPTION:

This budget activity is administered by the Office of Railroads and Waterways, Intermodal Programs Division. Within the activity are 2 specific program areas: Minnesota Rail Service Improvement Program and State Rail Bank Program.

The Minnesota Rail Service Improvement Program purpose is accomplished through the following activities:

1. Preserving and improving rail lines that might otherwise be lost through abandonment when rail line viability is likely. This purpose is accomplished with the provision of loans and/or grants to regional railroad authorities, shippers, and railroad companies.

2. Increasing rail use by providing capital improvement loans to rail shippers to improve rail shipping facilities.

The State Rail Bank Program purpose is accomplished through purchasing and preserving abandoned railroad rights-of-way for potential future commercial transportation uses, including recreational trail use.

This budget activity supports the program level objectives by:

- Preserving and/or improving rail lines for continued freight rail service.
- Preserving rail service to the direct benefit of producers, shippers, and communities on the rail lines.
- Improving rail user facilities to increase rail shipping on project lines.
- Reducing energy consumption.
- Preserving abandoned rail lines for future transportation purposes, including recreational trail use.

BUDGET ISSUES:

This budget activity is funded through a general obligation bond authorization. In 1982, a constitutional amendment was approved allowing the sale of $25.5 million in bonds for rail acquisition/rehabilitation purposes. Since that time, $18.5 million in bonds have been sold.

The use of these bonds, in combination with federal rail service improvement grants, as well as railroad, shipper(s), and local units of government funding, has driven investments in projects totalling $69.4 million. In addition, the investment of bonds is generally in the form of loans, and therefore, the program is self-sustaining to some degree.

EFFICIENCY MEASURES:

	Dollars in Thousands					
	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Miles of rail line rehabilitated	25	44	114	87	75	69
State investment per mile of rail line rehabilitated	$8	$18.2	$25.5	$25.8	$36.0	$34.1
Truckloads kept off highways	176,000	180,000	200,000	210,000	215,000	220,000
Shipper facilites improved	6	5	3	12	10	10
State investment per facility improved	$149	$162	$140	$150	$160	$170

REVENUE:

This activity generates dedicated revenue. The activity provides grants and loans for railroad service improvements through three-party agreements among the state, the railroad company, and rail users. The agreements generate revenues as the loans are repaid. In keeping with legislative direction, these revenues are deposited in the rail service improvement account and are available for future rail service improvement investments.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Special Revenue	$1,958	$2,648	$1,250	$5,550	$5,550

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: RAILROADS & WATERWAYS
ACTIVITY: RAIL SERVICE IMPROVEMENTS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
EXPENSES/CONTRACTUAL SRVCS	10	50	50	50	50	50	50	50	50
OTHER	1,861	1,046	1,200	1,200	5,000	5,000	1,200	5,000	5,000
SUBTOTAL STATE OPERATIONS	1,871	1,096	1,250	1,250	5,050	5,050	1,250	5,050	5,050
LOCAL ASSISTANCE	1,294	1,835			500	500		500	500
TOTAL EXPENDITURES	3,165	2,931	1,250	1,250	5,550	5,550	1,250	5,550	5,550
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	3,165	2,931	1,250	1,250	5,550	5,550	1,250	5,550	5,550
TOTAL FINANCING	3,165	2,931	1,250	1,250	5,550	5,550	1,250	5,550	5,550
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

BUDGET ACTIVITY: Railroads and Waterways Administration
PROGRAM: Railroads and Waterways
AGENCY: Transportation, Department of

ACTIVITY DESCRIPTION:

The purpose of the railroads and waterways administration activity is to ensure the safe and efficient movement of goods and people via rail and vessel for all geographical areas and economic sectors of the state. The budget activity purpose is accomplished through the following functions:

1. Promoting the safe interaction of rail transportation with highway and pedestrian movements through:
   - Administration of the Federal Grade Crossing Safety Improvement Program agreements between the state, railroads, and local units of government.
   - Enforcement of track safety standards on 4,700 miles of track.
2. Maintaining a comprehensive rail and water transportation planning process that identifies the major needs and issues of shippers, receivers, and rail and water transportation carriers and provides a sound basis for prioritizing those needs.
3. Expediting the relocation and restoration of railroad facilities and acquisition of railroad rights-of-way where affected by trunk highway construction projects.
4. Providing information and technical assistance to rail users who face loss of service through railroad abandonments.
5. Administering the Minnesota Rail Service Improvement Program, which provides for the acquisition of rail lines, rehabilitation of these lines for continued rail service for portions of the 900 miles of railroad threatened with loss of service, preservation of rail rights-of-way for future transportation purposes, and capital improvements to other rail facilities.

The budget activity supports the program level objectives by:

- Increasing grade crossing safety at all public grade crossings in the state.
- Facilitating and influencing the development of intermodal transportation.
- Promoting competitive freight opportunities for shippers.
- Facilitating trunk highway construction projects where railroads and highways interface.

BUDGET ISSUES:

The budget request for this activity is consistent with guidelines from the Department of Finance. The general fund request reflects a 5% reduction from base level, totalling $13,000 per year. The office will manage this reduction by holding a current vacancy open.

EFFICIENCY MEASURES:

	Dollars in Thousands					
	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of signal improvments	10	35	50	50	50	50
Average cost per signal improvements	$112	$68	$50	$60	$60	$60
Number of crossing surface improvements	2	13	16	25	25	25
Average cost per surface improvement	$75	$68	$65	$40	$40	$40
Number of crossings improved with passive signing and/or pavement markings	0	590	1,010	1,600	1,000	400
Average cost per crossing for improved passive signing and/or pavement markings	$2	$2	$2	$2	$2	$2

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Federal	0	$36	$60	$62	$62

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: RAILROADS & WATERWAYS
ACTIVITY: RAILROADS & WATERWAYS ADMIN

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,098	1,119	1,178	1,148	1,137	1,100	1,148	1,137	1,100
EXPENSES/CONTRACTUAL SRVCS	35	38	48	44	44	44	44	44	44
MISC OPERATING EXPENSES	28	31	49	40	40	40	40	40	40
SUPPLIES/MATERIALS/PARTS	5	16	8	6	6	6	6	6	6
CAPITAL EQUIPMENT	8								
OTHER			6	6	6	6	6	6	6
SUBTOTAL STATE OPERATIONS	1,174	1,204	1,289	1,244	1,233	1,196	1,244	1,233	1,196
LOCAL ASSISTANCE		14	20						
TOTAL EXPENDITURES	1,174	1,218	1,309	1,244	1,233	1,196	1,244	1,233	1,196
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<8>			<8>
(A) SALARY PLANNING ESTIMATES		THI				<29>			<29>
TOTAL GOV'S INITIATIVES						<37>			<37>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	259	262	261	262	249	241	262	249	241
SPECIAL REVENUE		36	70						
TRUNK HIGHWAY	862	873	918	922	922	893	922	922	893
STATUTORY APPROPRIATIONS:									
FEDERAL	53	47	60	60	62	62	60	62	62
TOTAL FINANCING	1,174	1,218	1,309	1,244	1,233	1,196	1,244	1,233	1,196

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: RAILROADS & WATERWAYS
ACTIVITY: RAILROADS & WATERWAYS ADMIN

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
TRUNK HIGHWAY	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
FEDERAL	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL POSITIONS	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0

PROGRAM: Motor Carrier Regulation
AGENCY: Transportation, Department of (Mn/DOT)

PROGRAM PURPOSE:

The purpose of the motor carrier program is to play a significant and distinctive role to ensure that transportation of people and property on Minnesota's public highways is safe and meets the needs of carriers, shippers, passengers, and the public. The program works with other state and federal agencies, principally the Minnesota Department of Public Safety (DPS), the Minnesota Pollution Control Agency (PCA), and the Federal Highway Administration (FHWA) to develop, implement, and administer responsive policies and programs. The program continues to strive to form and maintain cooperative relationships with motor carriers and with shippers and manufacturers to obtain compliance with Minnesota's motor carrier laws and rules and to protect the public.

The program contributes directly to several Minnesota Milestones goals. Mn/DOT works toward the goal that "Our communities will be safe, friendly, and caring." The program measures its effectiveness by the indicator, "Number of traffic fatalities." The program contributes to the goal, "We will improve the quality of the air, water, and earth." The indicator for this goal is "Percentage of hazardous waste properly managed." The office also works toward the goal "Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them."

The program accomplishes its purposes by:

- Educating shippers, carriers, and law enforcement officials about state and federal motor carrier laws and rules through its motor carrier safety reviews, classes, meetings, seminars, and educational materials.
- Administering and enforcing motor carrier licensing and insurance programs for all for-hire motor carriers operating in and through Minnesota, including building movers, special transportation services for the elderly and disabled, hazardous waste transporters, limousines, personal transportation services, and hazardous materials transporters and shippers.
- Enforcing motor carrier safety and hazardous materials transportation regulations and economic operating regulation through vehicle and cargo tank inspections and audits of motor carriers' and shippers' records, shipping papers, and packaging practices.
- Educating carriers and shippers that motor carrier rates must be reasonable, compensatory, and nondiscriminatory, and enforcing the common carrier obligation to provide service to all authorized points.
- Implementing the agreement between Mn/DOT and DPS to more efficiently allocate motor carrier regulatory responsibilities between the 2 departments in order to avoid overlap or duplication of duties and to promote cooperation and sharing of data resources.

The office has a statutory obligation to provide administrative services to and to enforce the orders, rules, and directives of the Transportation Regulation Board (TRB) with respect to the requirements that all persons providing for-hire transportation in Minnesota receive a permit or certificate from the TRB. The law also requires the department to enforce truck and bus safety and hazardous materials regulations adopted by Mn/DOT and the U.S. Department of Transportation (U.S.DOT).

M.S. 221.035 and 221.036 require the department to license and ensure the safety of carriers who transport hazardous waste. M.S. 221.031, 221.033, 221.605, and 221.221 require the department to adopt and enforce rules and monitor the compliance of shippers and carriers with motor carrier economic, safety, and hazardous material transportation regulations. M.S. 221.81 requires the licensing of building movers. M.S. 221.84 requires the licensing of limousines. M.S. 221.85 requires the licensing of personal transportation services. M.S. 174.30 requires the certification of special transportation services for the elderly and handicapped. M.S. 221.0335 requires the department to register transporters and shippers of hazardous materials.

PROSPECTS:

1. In 1991, the U.S. DOT adopted significant new hazardous material transportation regulations governing the construction, design, and maintenance of cargo tanks and establishing performance-based hazardous material packaging standards that are compatible with standards used in Canada and in Europe. The U.S.DOT adopted hundreds of pages of new regulations. Mn/DOT is committed to helping shippers and transporters learn the new regulations so that they may be effectively implemented in order to provide for the safe and economical transportation of hazardous materials.

   The federal government is increasingly passing on the responsibility for enforcement to the states. The state will soon begin to do federal compliance reviews by which the state audits and enforces federal regulations against interstate carriers and hazardous material shippers based in Minnesota. There are about 2,000 to 2,500 shippers of hazardous materials in Minnesota. Mn/DOT intends to develop a strong program to help shippers learn to comply with those regulations and to enforce the hazardous material regulations.

   The federal government has adopted new regulations governing the construction, maintenance, and inspection of cargo tanks used to transport gasoline and other hazardous materials. These regulations have been adopted in Minnesota. The office is beginning a new program to work with manufacturers and users of cargo tanks to ensure their compliance with the regulations. It is anticipated that this program will grow in scope as shippers solicit assistance in complying with new, complex federal regulations. There may be about 6,000 cargo tanks in use in Minnesota to transport hazardous materials on the highways.

2. Congress has directed the U.S. DOT to more strictly regulate the transportation of passengers for-hire. Mn/DOT, through its regulation of limousines, charter and regular route buses, and transportation services for the elderly and handicapped, is expanding its safety regulation of the drivers, vehicles, and programs used to provide passenger transportation services.

3. Mn/DOT is a grant recipient in the federal Motor Carrier Safety Assistance Program and, as a result, is committed to assisting the Federal Highway Administration in the performance of motor carrier enforcement compliance reviews, educational safety reviews, and hazardous material shipper dock audits in order to ensure the safety of truck transportation. The office is obligated to meet certain performance requirements of U.S. DOT to remain in the program.

4. The Intermodal Surface Transportation Efficiency Act (ISTEA) imposes new record keeping and data collection requirements on agencies and states participating in the federal Motor Carrier Safety Assistance Program. Mn/DOT, as the principle collector of motor carrier safety data in Minnesota, must regularly transmit data to the safety net data base maintained by the FHWA in Washington, D.C. This requires integration of data collected by the DPS and Mn/DOT and maintenance of the state database in accordance with federal standards.

5. The ISTEA requires states that register interstate motor carriers to follow regulations to be established by the Interstate Commerce Commission (ICC) for implementation effective 1-1-1994. Mn/DOT will be seeking ways to comply with those regulations when they are adopted by the ICC in 1993.

6. The FHWA is proposing to rewrite all of its motor carrier safety regulations. It regularly amends and changes both the motor carrier safety regulations and the hazardous materials transportation regulations. As a result, Mn/DOT employees who assist carriers and shippers in compliance and who enforce the federal regulations adopted in Minnesota must be constantly retrained in the new regulations.

7. The FHWA has announced new uniformity requirements, also know as tolerance guidelines, for those states that participate in the federal Motor Carrier Safety Assistance Program. Mn/DOT, as a grantee, and also in order to assist shippers and carriers in complying with national transportation regulations, will seek to have Minnesota's laws and rules governing motor carrier safety and hazardous materials transportation amended so that they are uniform with national requirements.

8. Mn/DOT is charged with the responsibility of enforcing the motor carrier for-hire regulations contained in M.S. 221. In 1992, the Minnesota legislature passed the Motor Carrier Reorganization Act that required all regular route common carriers of freight and all irregular route common carriers of freight to convert their for-hire operating authority to new classes of operating authority. The purpose of this conversion was to attempt to resolve disputes that had arisen in the motor carrier industry over the meaning of the old law. Mn/DOT was directed by the legislature to increase enforcement of the operating authority requirements in Chapter 221. Mn/DOT must enforce the new Motor Carrier Reorganization Act. The legislature gave Mn/DOT 6 new employees with which to accomplish increased economic regulation enforcement. The department has begun an intrastate motor carrier audit program that has 2 purposes: 1) identify non-compliance and enforce M.S. 221 governing safety and intrastate operating authority and 2) assist motor carrier owners with complying with the law. The legislature also gave the department civil administrative penalty authority to enforce economic regulations. This will enable Mn/DOT to seek to impose civil, rather than criminal, penalties on motor carriers and will allow motor carrier regulation to be decriminalized. In view of possible reductions in the budget in F.Y. 1994-95, Mn/DOT will be unable to fill the positions that the legislature gave us to enforce economic regulations. Therefore, some of this activity will be conducted by existing employees, but it is possible that the overall regulation may be less than that originally desired.

9. The office is involved with developing a new statewide motor carrier information system that will serve as a motor carrier database for Mn/DOT, the Minnesota State Patrol, and the TRB. This new system will reduce the amount of data input and provide greater access to motor carrier information. As a result, it may be possible for the department to conduct some of the additional regulatory duties it was given that have heavy data input requirements without hiring additional data input staff.

OUTCOMES AND OBJECTIVES:

The outcome of the department in its motor carrier regulation program is to maintain the state's low accident rate, reduce hazardous material and hazardous waste spills and accidents, administer efficient and customer-responsive licensing and rate regulation programs, and assist carriers and shippers in complying with state and federal transportation regulations.

Initial Motor Carrier Contact Program - new program started in 1992

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Contacts	16	30	40	40

State law requires new intrastate carriers to attend a day-long training course provided by Mn/DOT. The course covers the requirements for compliance with M.S. 221, motor carrier safety and hazardous material transportation regulations. It teaches carriers how to comply with the law. Safety education helps achieve the Minnesota Milestones goal "Our communities will be safe, friendly and caring," measured by the indicator "Number of traffic fatalities."

Hazardous Material Training - 3-day Classes Offered at Vocational Technical Colleges

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Classes	3	5	5	5

The training teaches hazardous material transporters how to comply with hundreds of federal regulations governing packaging, identification, and transportation of hazardous wastes and materials. It is provided as a service to the industry. Training up front to prevent problems is more efficient and effective than enforcement action and emergency response after an accident occurs.

Hazardous Material Shipper and Carrier Dock Audits

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Audits	4	25	30	30

Hazardous Material Specialists go to carrier loading docks and inspect packages and containers of hazardous materials waiting to be loaded on trucks. The department contacts shippers who have not properly packaged or labeled the hazardous materials. Shippers are instructed about how to comply with safe packaging standards. In extreme cases, enforcement action is taken. This activity and the

3-day training classes contribute to the Minnesota Milestones goal "We will improve the quality of the air, water, and earth." The indicator is "Percentage of hazardous waste properly managed."

Motor Carrier Safety Reviews

	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Reviews	373	351	462	600	550	500

These reviews are non-enforcement educational audits of safety records maintained by motor carriers. The department examines driver qualification, vehicle maintenance, insurance, accident reports, and drivers' hours-of-service records. Carriers are provided with forms and instructional materials. This activity is partially federally funded under the Motor Carrier Safety Assistance Program and is measured by the indicator "Number of traffic fatalities."

Motor Carrier Safety Training/Seminars

	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Seminars	110	100	100	100	100	100

These are informal classes, meetings, or seminars with motor carrier officials, drivers, or safety directors to talk about complying with various laws and rules governing the trucking industry. They are always held in response to carrier-initiated requests that someone in the office come out and meet with them.

Compliance Reviews

To enforce safety and hazardous materials transportation regulations, the department has recently received authority from the federal government to conduct compliance reviews and is in the beginning stage of this program.

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Reviews	2*	50	50	50

When complaints about a carrier's serious safety violations are received, or when a carrier has a poor safety record, the office will conduct a compliance review (which is an enforcement audit) of the carrier. The audit covers driver qualifications, vehicle maintenance, insurance, drivers' hours of service, and accident reports. This program is partially funded by the federal Motor Carrier Safety Assistance Program. The office will take enforcement action against violations in order to deter future violations. This program addresses the indicators "Number of traffic fatalities" and "Percentage of hazardous waste properly managed."

* as part of federal team - on-the-job training

Intrastate Motor Carrier Audit Programs

In 1992, Mn/DOT ceased road inspections of motor vehicles as a result of the agreement between Mn/DOT and DPS, and began a new Intrastate Motor Carrier Audit program.

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Audits	n/a	50	100	125

n/a = data not available

The purpose of this program is to enforce M.S. 221, governing safety and intrastate operating authority. The legislature authorized additional positions for this activity in 1992, and the Transportation Committees expressed a desire that Mn/DOT increase enforcement. This furthers the efficient division of labor between Mn/DOT and the State Patrol, as Mn/DOT concentrates on office audits and the Patrol concentrates on roadside inspections and enforcement.

Random Reinspection

The department has assumed responsibility for verifying that carriers correct defects found in vehicle inspections. This is a requirement of the federal Motor Carrier Safety Assistance Program and consists of requiring carriers to sign and return the inspection report certifying that they have corrected the defects identified in the inspection. The department will also randomly reinspect 5% of the vehicles that were taken off the road with out-of-service-defects (defects likely to cause an accident or imminent breakdown).

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Reinspections	77	*	300	300

* Depends on establishment of new database.

By ensuring that vehicle defects are corrected, this program attempts to prevent accidents and addresses the indicator "Number of traffic fatalities."

Complaint Investigation

In order to provide better service to the carrier industry and to shippers and the public, Mn/DOT investigates complaints about motor carrier violations of safety, hazardous material, and economic regulations.

	C.Y. 1989	C.Y. 1990	C.Y. 1991	C.Y.1992-10/20/92
Complaints investigated	246	418	516	500

The number of complaints is expected to rise as the public becomes more aware of this service.

Mn/DOT works toward the Minnesota Milestones goal "Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them," by improving its handling of complaints in order to deal with more complaints efficiently without increasing the number of employees doing this work.

With respect to the Minnesota Milestones goal, "We will improve the quality of the air, water, and earth," the department licensed 151 transporters of hazardous waste using 2,760 vehicles and participated in 4 interagency enforcement actions against persons suspected of violating hazardous waste transportation regulations.

The outcome sought by the office is a safe highway system for all users. The objective of the office is to maintain the state's low accident rate. The effectiveness indicator is the state's accident rate. The office seeks as an additional outcome to have a motor carrier industry that is well educated in the steps it must take to comply with motor carrier safety regulations in order to promote safety for everyone who uses the roads. The objectives of the office are to provide more training for the motor carrier industry. The effectiveness indicators are the numbers of educational and enforcement programs provided in each year.

The Office of Motor Carrier Services will also study its financial information management system and assess the costs associated with its programs and the fees paid by the trucking industry through licensing programs. The goal is to establish a more descriptive cost accounting system and to look for ways to provide services and programs more efficiently and with greater cost effectiveness.

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Trunk Highway	$ 0	$1,808	$1,800	$1,800	$1,800
Dedicated - Trunk Highway	11	36	200	200	200
Dedicated - Federal	390	439	500	500	500

PROGRAM PLAN:

The motor carrier regulation program is funded at the 1993 base level with 2 exceptions. In the trunk highway fund, the motor carrier regulation budget has been increased by $165,000 in F.Y. 1994 and by $165,000 in F.Y. 1995. The purposes of the increases are to replace the federal funding lost with the shift in duties to the State Patrol and to provide funding for an additional Hazardous Materials Specialist to increase education about and enforcement of hazardous material transportation regulations to shippers and carriers.

The general fund budget of the Office of Motor Carrier Services was reduced by $6,000 in F.Y. 1994 and by $6,000 in F.Y. 1995. That reduces money available for the department's hazardous materials transportation registration program.

The department would like to significantly increase its hazardous materials efforts, but because funds are not available, it will be unable to do so.

The regulated carrier community and the legislature have requested more enforcement of motor carrier operating authority requirements. If funding is not available to fill all the positions in this coming biennium, fewer people will be attempting to do more work. The number of complaints this office receives each year and is asked to investigate increases steadily. Our ability to respond to complaints from the public and from the carrier industry is diminishing. It is likely that, if the number of complaints continues to rise by about 100 as it has done for each of the preceding 2 years, the department will be unable to respond as quickly as the public would like it to respond and may need to prioritize work to address only the most serious complaints.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: MOTOR CARRIER REGULATION
ACTIVITY: MOTOR CARRIER ADMINISTRATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,652	1,798	2,267	2,277	2,442	2,375	2,277	2,442	2,375
EXPENSES/CONTRACTUAL SRVCS	117	121	70	98	98	98	98	98	98
MISC OPERATING EXPENSES	99	80	102	101	101	101	101	101	101
SUPPLIES/MATERIALS/PARTS	53	22	160	114	69	69	114	69	69
CAPITAL EQUIPMENT		62							
OTHER			34	34	34	34	34	34	34
SUBTOTAL STATE OPERATIONS	1,921	2,083	2,633	2,624	2,744	2,677	2,624	2,744	2,677
TOTAL EXPENDITURES	1,921	2,083	2,633	2,624	2,744	2,677	2,624	2,744	2,677
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<2>			<2>
(A) SALARY PLANNING ESTIMATES		THI				<65>			<65>
TOTAL GOV'S INITIATIVES						<67>			<67>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL			115	115	109	107	115	109	107
TRUNK HIGHWAY	1,499	1,683	1,979	1,970	2,135	2,070	1,970	2,135	2,070
STATUTORY APPROPRIATIONS:									
FEDERAL	422	400	539	539	500	500	539	500	500
TOTAL FINANCING	1,921	2,083	2,633	2,624	2,744	2,677	2,624	2,744	2,677

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: MOTOR CARRIER REGULATION
ACTIVITY: MOTOR CARRIER ADMINISTRATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	.0	.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
TRUNK HIGHWAY	36.0	39.5	46.5	46.5	46.5	46.5	46.5	46.5	46.5
FEDERAL	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
TOTAL POSITIONS	43.0	46.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5

PROGRAM: Local Roads
AGENCY: Transportation, Department of (Mn/DOT)

PROGRAM PURPOSE:

The purpose of the local roads program is to provide technical assistance and leadership in the development and maintenance of the County State Aid Highway (CSAH) system and the Municipal State Aid Street (MSAS) system to provide an integrated and coordinated network of roads for the movement of people and goods particularly in rural areas and small cities.

This program contributes directly to the Minnesota Milestones goal "Rural areas, small cities, and urban neighborhoods throughout the state will be economically viable places for people to live and work."

We measure the results that the local roads program achieves toward these goals by indicators measuring the adequacy of the local road system and the number of sufficient bridges, those which meet geometric and structural standards. These indicators are described more fully under the Outcomes and Objectives heading.

PROSPECTS:

The State Aid Division assists the counties and cities in the utilization of state and federal monies for the construction of local roads and bridges on the transportation network.

- The changes in how the federal transportation funds will be allocated due to the Intermodal Surface Transportation Efficiency Act will require that State Aid be more oriented in its efforts toward planning and the total network.
- New municipalities qualify for participation in the distribution of the highway users tax distribution fund (HUTDF) as their population grows. The State Aid Division can give these cities guidance in establishing a state aid street system that will help them move people and goods and be economically viable.

OUTCOMES AND OBJECTIVES:

The department has collected data to demonstrate outcomes, which are measures of the division's performance toward its goals.

1. The ability of the CSAH system to move people and goods can be measured by the overall adequacy of the roadway, the existence of a paved surface, and the structural capacity of the roadway. The dollars allocated to the CSAH system will be spent by the counties on the highest priority projects in their areas for the purpose of providing a safe, all-weather, and unrestricted system for the movement of people and goods.

	F.Y. 1975	F.Y. 1985	F.Y. 1990	F.Y. 1993	F.Y.1994-95
Percent of CSAH system adequate (7 outstate districts)	5	16	29	31	33
Percent of CSAH system adequate (Metro Division)	5	19	28	30	32
Percent of CSAH system surfaced	65	72	75	76	77
Percent of CSAH system restricted (7 outstate districts)					
to < 7 tons			15	15	15
from 7 tons to < 9 tons			40	41	42
9 tons or greater			14	15	15

2. The economic vitality of small cities can be measured by the adequacy of their state aid road system to carry the traffic generated by the movement of people and goods. The dollars allocated to the MSAS system will be spent by the cities on the highest priority projects in their area with the purpose of providing safe and structurally sound roads to move the people and goods generated by economic activity.

	F.Y. 1975	F.Y. 1985	F.Y. 1990	F.Y. 1993	F.Y.1994-95
Percent of MSAS system adequate (7 outstate districts)	3	9	12	14	15
Percent of MSAS system adequate (Metro Division)	6	19	26	28	30

3. The economic vitality of small cities can be measured by the growth in the number of cities with populations over 5000. The State Aid Division provides the guidance needed by new municipalities in the establishment of a MSAS system and in the utilization of state and federal funding.

	F.Y. 1975	F.Y. 1980	F.Y. 1990	F.Y. 1992	F.Y. 1993	FY 94-95
Number of cities served-statewide	99	106	112	116	117	118

4. Bridges are critical links in the transportation network, and the replacement of bridges on the local roads system is a measure of how well state aid is providing for the network. The State Aid Division allocates federal and state bridge replacement funds to the highest priority non-trunk highway (TH) bridges throughout the state on the county, city, and township road systems.

PROGRAM: Local Roads
AGENCY: Transportation, Department of (Mn/DOT)
(Continuation)

	F.Y. 1975	F.Y. 1980	F.Y. 1990	F.Y. 1992	F.Y. 1993	FY 94-95
Non-TH bridges (10-20 ft) total	5,229	5,035	5,305	5,262	5,280	5,300
Percent sufficient	75	81	77	80	81	81
Non-TH bridges (over 20 ft) total	9,668	9,657	9,460	9,495	9,450	9,400
Percent sufficient	60	69	71	75	75	76
Number of bridges replaced	1,542	2,016	342	340	150	

5. A measure of how well the State Aid Division is doing in providing the network of roads to economically move people and goods is the total state aid dollars allocated to the system for upgrading. The State Aid Division will continue to assist the cities and counties in spending the funds on appropriate projects.

	Dollars in Thousands				
	F.Y. 1975	F.Y. 1980	F.Y. 1985	F.Y. 1991	FY 1994-95
Total state aid accounts (constant dollars)	$100,000	$157,290	$162,000	$366,970	$402,600

PROGRAM PLAN:

The total dollars available for transportation purposes has not been increasing at a rate that can keep up with the increasing needs on either the state or federal level. It will be difficult to improve the transportation network without more dollars available for construction and maintenance. The local agencies will have to concentrate their efforts on preserving the system that is in place.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: LOCAL ROADS

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
COUNTY STATE AIDS	235,987	229,621	242,200	242,110	247,000	247,000	242,110	248,000	248,000
MUNICIPAL STATE AIDS	81,111	74,111	67,010	67,010	72,000	72,000	67,010	72,000	72,000
FEDERAL-COUNTY ROAD & BRIDG	48,792	54,301	35,000	35,000	35,000	35,000	35,000	35,000	35,000
STATE AID TECHNICAL ASSIST	1,080	1,013	1,100	1,104	1,104	1,070	1,104	1,104	1,070
TOTAL EXPENDITURES BY ACTIVITY	366,970	359,046	345,310	345,224	355,104	355,070	345,224	356,104	356,070
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		THI				<34>			<34>
TOTAL GOV'S INITIATIVES						<34>			<34>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
MUNICPL/ST AID-HGHWY	81,105	71,613	67,000	67,000	71,990	71,990	67,000	71,990	71,990
CNTY/STATE AID-HGHWY	235,882	229,131	242,000	242,000	246,890	246,890	242,000	247,890	247,890
TRUNK HIGHWAY	1,080	1,013	1,100	1,104	1,104	1,070	1,104	1,104	1,070
STATUTORY APPROPRIATIONS:									
MUNICPL/ST AID-HGHWY	6	2,498	10	10	10	10	10	10	10
CNTY/STATE AID-HGHWY	103	490	110	110	110	110	110	110	110
TRANSPORTATION	2		90						
FEDERAL	48,792	54,301	35,000	35,000	35,000	35,000	35,000	35,000	35,000
TOTAL FINANCING	366,970	359,046	345,310	345,224	355,104	355,070	345,224	356,104	356,070
POSITIONS BY FUND:									
TRUNK HIGHWAY	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
TOTAL POSITIONS	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0

BUDGET ACTIVITY: County State Aids
PROGRAM: Local Roads
AGENCY: Transportation, Department of

ACTIVITY DESCRIPTION:

This activity represents the 29% of the highway users tax distribution fund (HUTDF) allocated to the counties. These dollars are allocated to the counties for both maintenance and construction activities on the 30,000 miles of state aid highways. Many of the dollars spent in the rural areas are to improve the structural capacity of the roadways to provide for the movement of goods, while the dollars spent in the metro area are more often for capacity improvements. Both of these are a measure of the adequacy of the system.

BUDGET ISSUES:

The total dollars available for transportation purposes has not been increasing at a rate that can keep up with the increasing needs of the aging infrastructure. We must assist the counties in using these dollars on the highest priority projects in their areas. Because of the limited dollars it is likely that more money will be spent on system preservation type projects, such as overlays, rather than on work that provides system upgrades.

EFFICIENCY MEASURES:

	Dollars in Thousands				
	F.Y. 1975	F.Y. 1980	F.Y. 1985	F.Y. 1991	FY 1994-95
Total CSAH (constant dollars)	$74,874	$117,581	$121,115	$235,987	$247,500
Complement Positions		11.0	19.0	20.0	20.0

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - County State Aid	$21,607	$18,680	$15,000	$15,000	$15,000
Dedicated - County State Aid	103	490	110	110	110

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: LOCAL ROADS
ACTIVITY: COUNTY STATE AIDS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
EXPENSES/CONTRACTUAL SRVCS	2,681	2,813	110	110	3,705	3,705	110	3,720	3,720
MISC OPERATING EXPENSES	36	20							
SUPPLIES/MATERIALS/PARTS		8							
CAPITAL EQUIPMENT		2							
OTHER	20	64							
SUBTOTAL STATE OPERATIONS	2,737	2,907	110	110	3,705	3,705	110	3,720	3,720
LOCAL ASSISTANCE	233,250	226,714	242,090	242,000	243,295	243,295	242,000	244,280	244,280
TOTAL EXPENDITURES	235,987	229,621	242,200	242,110	247,000	247,000	242,110	248,000	248,000
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
CNTY/STATE AID-HGHWY	235,882	229,131	242,000	242,000	246,890	246,890	242,000	247,890	247,890
STATUTORY APPROPRIATIONS:									
CNTY/STATE AID-HGHWY	103	490	110	110	110	110	110	110	110
TRANSPORTATION	2		90						
TOTAL FINANCING	235,987	229,621	242,200	242,110	247,000	247,000	242,110	248,000	248,000
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

BUDGET ACTIVITY: Municipal State Aids
PROGRAM: Local Roads
AGENCY: Transportation, Department of

ACTIVITY DESCRIPTION:

This activity represents the 9% of the highway users tax distribution fund (HUTDF) allocated to the cities over 5,000 population. These dollars are allocated to the cities for both maintenance and construction activities on the 2,500 miles of state aid streets. Within the Twin Cities metro area, many of the projects are designed to relieve congestion, while in the rural cities they provide for the movement of goods.

BUDGET ISSUES:

The total dollars available for transportation purposes has not been increasing at a rate that can keep up with the increasing needs of the aging infrastructure. We must assist the cities in using these dollars on the highest priority projects in their areas. Because of the limited dollars, it is likely that more money will be spent on system preservation type projects, such as overlays, rather than on work that provides system upgrades.

EFFICIENCY MEASURES:

	Dollars in Thousands				
	F.Y. 1975	F.Y. 1980	F.Y. 1985	F.Y. 1991	FY 1994-95
Total MSAS (constant dollars)	$25,597	$33,552	$37,009	$81,111	$72,000
Complement Positions		11.0	19.0	20.0	20.0

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Municipal State Aid	$15,368	$12,839	$12,000	$12,000	$12,000
Dedicated - Municipal State Aid	6	2,498	10	10	10

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: LOCAL ROADS
ACTIVITY: MUNICIPAL STATE AIDS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
EXPENSES/CONTRACTUAL SRVCS	800	906			1,070	1,070		1,070	1,070
MISC OPERATING EXPENSES	6	6							
SUPPLIES/MATERIALS/PARTS		4							
CAPITAL EQUIPMENT		1							
OTHER	19	24							
SUBTOTAL STATE OPERATIONS	825	941			1,070	1,070		1,070	1,070
LOCAL ASSISTANCE	80,286	73,170	67,010	67,010	70,930	70,930	67,010	70,930	70,930
TOTAL EXPENDITURES	81,111	74,111	67,010	67,010	72,000	72,000	67,010	72,000	72,000
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
MUNICPL/ST AID-HGHWY	81,105	71,613	67,000	67,000	71,990	71,990	67,000	71,990	71,990
STATUTORY APPROPRIATIONS:									
MUNICPL/ST AID-HGHWY	6	2,498	10	10	10	10	10	10	10
TOTAL FINANCING	81,111	74,111	67,010	67,010	72,000	72,000	67,010	72,000	72,000
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

BUDGET ACTIVITY: Federal-County Road and Bridge
PROGRAM: Local Roads
AGENCY: Transportation, Department of

ACTIVITY DESCRIPTION:

This activity represents the portion of the federal funds allocated to Minnesota that are to be distributed to the cities and counties for construction activities on roads and bridges. These roads can be any local road that is classed as a major collector or higher in a rural area or an arterial in an urban area. The bridges that qualify are any that are on a local road system and are 20 feet or greater in length.

BUDGET ISSUES:

We expect to have fewer dollars to allocate for construction work because the federal dollars available to the cities and counties are expected to decline. We will be giving more support in establishing priorities for federal dollars through the Intermodal Surface Transportation Efficiency Act (ISTEA).

EFFICIENCY MEASURES:

	Dollars in Thousands			
	F.Y. 1980	F.Y. 1985	F.Y. 1991	FY 1994-95
Total federal dollars (constant dollars)	$37,293	$51,797	$29,819	$35,000
Complement Positions	11.0	19.0	20.0	20.0

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Federal	$50,671	$52,664	$35,000	$35,000	$35,000

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: LOCAL ROADS
ACTIVITY: FEDERAL-COUNTY ROAD & BRIDG

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	12	21							
OTHER	42,283	49,477	35,000	35,000	35,000	35,000	35,000	35,000	35,000
SUBTOTAL STATE OPERATIONS	42,295	49,498	35,000	35,000	35,000	35,000	35,000	35,000	35,000
LOCAL ASSISTANCE	6,497	4,803							
TOTAL EXPENDITURES	48,792	54,301	35,000	35,000	35,000	35,000	35,000	35,000	35,000
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
FEDERAL	48,792	54,301	35,000	35,000	35,000	35,000	35,000	35,000	35,000
TOTAL FINANCING	48,792	54,301	35,000	35,000	35,000	35,000	35,000	35,000	35,000
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

BUDGET ACTIVITY: State Aid Technical Assistance
PROGRAM: Local Roads
AGENCY: Transportation, Department of

ACTIVITY DESCRIPTION:

This activity represents the operating expenditures for the Office of State Aid appropriated from the trunk highway fund. Minnesota Statutes allow up to 1-1/2% of the total dollars available to be used for administration.

BUDGET ISSUES:

The increasing complexity of environmental requirements and the public input process requires us to give more support and assistance to the counties and cities. We are trying to address the relationship between appropriation and expenditure and helping the local agencies get the dollars spent to improve the state aid road systems.

EFFICIENCY MEASURES:

These activities resulted in the total dollars allocated to construction and maintenance from the CSAH and MSAS funds.

	Dollars in Thousands				
	F.Y. 1975	F.Y. 1980	F.Y. 1985	F.Y. 1991	F.Y. 94-95
Total all systems (constant dollars)	$100,000	$157,290	$162,000	$366,970	$402,600
Complement Positions		11.0	19.0	20.0	20.0

REVENUE:

None.

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: LOCAL ROADS
ACTIVITY: STATE AID TECHNICAL ASSIST

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	975	899	987	991	991	957	991	991	957
EXPENSES/CONTRACTUAL SRVCS	66	23	74	74	74	74	74	74	74
MISC OPERATING EXPENSES	13	13	15	15	15	15	15	15	15
SUPPLIES/MATERIALS/PARTS	26	78	24	24	24	24	24	24	24
SUBTOTAL STATE OPERATIONS	1,080	1,013	1,100	1,104	1,104	1,070	1,104	1,104	1,070
TOTAL EXPENDITURES	1,080	1,013	1,100	1,104	1,104	1,070	1,104	1,104	1,070
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		THI				<34>			<34>
TOTAL GOV'S INITIATIVES						<34>			<34>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
TRUNK HIGHWAY	1,080	1,013	1,100	1,104	1,104	1,070	1,104	1,104	1,070
TOTAL FINANCING	1,080	1,013	1,100	1,104	1,104	1,070	1,104	1,104	1,070
POSITIONS BY FUND:									
TRUNK HIGHWAY	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
TOTAL POSITIONS	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0

PROGRAM: State Road Construction
AGENCY: Transportation, Department of

PROGRAM PURPOSE:

The state road construction program mission is to manage investments that preserve and improve the 12,100 mile state trunk highway (TH) system through 5 budget activities:

State Road Construction
Road and Bridge Construction: Contract expenditures to preserve and improve state highways.

Right of Way Acquisition: Payments for property necessary for state highway construction.

Safety Improvements: Contract expenditures for roadway safety and signal improvements.

Construction Related Expenses: Payments for the relocation of public utilities and cooperative work with local governments and railroad companies.

Rail Crossing Safety: Payments for rail crossing improvements and signals on any public highway.

Environmental: Junkyard regulation financed by allocation from the environmental fund (motor vehicle title transfer fee).

Highway Debt Service
Repayment of trunk highway debt, which includes principal and interest on state bonds, principal on loans and advances from other government entities, and service fees.

Highway Program Administration
Payment of salaries and associated expenses for highway and regional planning, program development, and bicycle planning and coordination. This includes grants to Regional Development Commissions (RDCs) and Metropolitan Planning Organizations (MPOs) for transportation planning.

Transportation Data Analysis
Payment of salaries and associated expenses for transportation data collection and analysis for use in making informed transportation decisions.

Research and Strategic Initiatives
Payment of salaries and associated expenses for management of transportation research, new initiatives, and long-range, strategic initiatives.

The state road construction program contributes to the following Minnesota Milestones goals: "Rural areas, small cities, and urban neighborhoods throughout the state will be economically viable places for people to live and work"; "Our communities will be safe, friendly, and caring"; "Government in Minnesota will be more cost-efficient, and services will be designed to meet the needs of the people who use them"; and "We will improve the quality of the air, water, and earth."

PROSPECTS:

State Trunk Highway Fund
State road construction needs identified by the Transportation Study Board ($1.1 billion/year) greatly exceed trunk highway fund revenue estimates. Operating costs of the state trunk highway system are gradually increasing while revenues from user fees remain constant. A modest increase in agency operating costs, a reduced estimate of available federal funds and an emphasis on state road operations results in a state road construction program reduction of $86.4 million each year from the F.Y. 1993 appropriation level.

Given a funding scenario of no state transportation funding increase in the next biennium and through the end of the decade, the state's transportation system would deteriorate at a rate significantly faster than the state would be able to repair and rebuild.

For the F.Y. 1994-95 biennium, $65 million per year in state highway construction projects would be deferred. The rebuilding cycle for state highways would increase from the current 105 years to approximately 125 years. While the effectiveness indicators would not drop over 1994-95 in all cases, they would go down in the long-term. In fact, reductions in the next biennium would make large increases in state road construction investments necessary in future bienniums. Thus, spending "cuts" are actually spending "delays." The potential would exist for increased road weight restrictions and other system constraints.

Federal Aid for Highways, Bridges, and Transportation
The federal Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 restructured the federal transportation program and established funding targets for 6 years, through F.Y. 1997.

The restructuring allows more flexibility for state and local transportation investments. Project eligibility is also broadened to include transit capital, enhancements, and operational improvements, in addition to traditional highway capital and preservation projects. Annual appropriation from Congress, however, may not reach the authorized transportation funding targets.

Planning
Transportation planning is emphasized by state statute (M.S. 174.03) and federal law (ISTEA). Statewide, intermodal, strategic, business, regional, and metropolitan planning are necessary to provide an analytical basis to operate, manage, and invest in the state's transportation systems. ISTEA creates an opportunity to develop a new process for identification of transportation needs and calls for more active involvement of stakeholders than in the past.

OUTCOMES AND OBJECTIVES:

The state road construction program helps to achieve the Minnesota Milestones goals through the following outcomes and objectives:

1. Outcome: **Fiscal Stewardship**--A state highway system that utilizes and extends the value of transportation investments.

Objective: Manage service level to ensure efficient public benefit.

PROGRAM: State Road Construction
AGENCY: Transportation, Department of
(Continuation)

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Percent of wholesale and retail sales in significant centers served by market artery routes	87	87	87	87
■ Percent of 5-axle truck travel on market artery routes	74	74	75	75
■ Percent of highway system with good or excellent sufficiency rating	70	70	69	69

Objective: Maintain state highways to meet as many federal and state design standards as possible.

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Percent of trunk highways meeting minimum lane width standards	91.6	91.8	91.8	91.8
■ Percent of trunk highway miles meeting minimum shoulder width standards	81	80	80	79
■ Percent of trunk highway bridges sufficient in load capacity, vertical and horizontal clearance	97	97	96	96

2. Outcome: **Accessibility** - Provide a broad based system of state aided highways.

Objective: Provide state aided public highway accessibility to all areas of the state.

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Percent of population within 10 minutes or 5 miles of state aided public highways	99	99	99	99
■ Percent of state area within 10 minutes or 5 miles of state aided public highways	95	95	95	95
■ Percent of state area within 2 miles of a paved road.	96	96	96	96

3. Outcome: **Safety**--A safe highway system for all users.

Objective: Maintain the state's low accident rate.

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Total accident rates per million vehicle miles				
■ State roadways	1.7	1.7	1.7	1.6
■ State aided roadways	3.7	3.7	3.7	3.6
■ Other roadways	4.2	3.9	3.7	3.7
Fatal accident rates per 100 million vehicle miles				
■ State roadways	1.0	1.0	0.9	0.9
■ State aided roadways	1.7	1.7	1.6	1.6
■ Other roadways	1.4	1.3	1.3	1.3

Objective: Improve work zone safety.

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Number of motor vehicle accidents occurring in trunk highway work zones	1,600	1,696	1,798	1,906

4. Outcome: **Economic Development**--A preserved or improved standard of living for Minnesota citizens through reliable and predictable transportation systems and services and a reduced total cost of transportation.

Objective: Reduce travel time for travelers

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Miles of major or severe congestion on Twin Cities freeways	117	120.5	124.1	127.8
■ Percent of major or severe congestion on Twin Cities freeways	33	34	35	36
■ Percent of drivers satisfied with travel times	89	89	88	87
■ Investment life cycle of the road--given the current level of investment, when roads will be rebuilt (in years)	105	105	125	125

Objective: Reduce barriers, such as weight restriction, bottlenecks, and system disruption.

PROGRAM: State Road Construction
AGENCY: Transportation, Department of
(Continuation)

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Average duration of incidents on Twin Cities freeways monitored by closed-circuit television (minutes)	38	39.9	41.9	44

Objective: Provide transportation to meet mobility needs.

Effectiveness Indicators	F.Y. 1992 people/ vehicles	F.Y. 1993 people/ vehicles	F.Y. 1994 people/ vehicles	F.Y. 1995 people/ vehicles
■ Usage rates of high occupancy vehicle (HOV) lanes on Interstate 394:				
HOV lane	2300/820	3350/1100	4000/1300	4600/1600
Regular lanes (2)	4600/4300	4800/4300	4800/4400	4800/4400

5. Outcome: **Environmental Stewardship**—An environment that is preserved and enhanced through proactive programs.

Objective: Avoid or mitigate highway-related impacts to air quality, water quality, wetlands, noise-sensitive areas, and endangered species.

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Number of areas not in conformance with national ambient air quality standards	3	2	1	0
■ Positive balance in state wetlands bank (acres)	479	478	487	*1,130

* The geographical characteristics of the of the Parnel Impoundment project make it very inexpensive to create a large number of wetland acres for banking in 1995.

Objectives: Encourage activities that preserve or enhance scenic, historical, recreational or archeological resources along highway corridors.

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Number and miles of wildflower routes:				
Routes	6	8	10	12
Miles	250	336	420	504
■ Scenic byways	n/a	n/a	n/a	n/a

Objective: Encourage activities that support energy conservation.

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Material containing recycled bituminous used in TH road construction				
■ Tons	875,000	950,000	1,050,000	1,125,000
■ Percent	18	20	22	25
Material containing recycled concrete used in TH road construction				
■ Tons	290,000	300,000	310,000	320,000
■ Percent	20	23	27	30
■ Miles of trunk highway rated "good" or "excellent" for bicycle travel	6,096	6,176	6,256	6,336

6. Outcome: Trunk highway bond debt retired.

Objective: Limit future debt commitment against the TH fund to less than 25% of estimated available capital funds.

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Percent of capital funds available for additional debt retirement up to 25% limit	15.1	0	15.3	13.1

7. Outcome: A long-range oriented (strategic) management culture.

Objective: Clearly link department resource decisions to specific measurable results.

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Business plans with fully developed measurement systems	0	3	6	9

8. Outcome: Accurate information available for use in decision making and evaluation.

Objective: Satisfy needs for transportation information.

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Percent of identified needs incorporated in information systems	n/a	n/a	50	75

n/a = data not available

PROGRAM: State Road Construction
AGENCY: Transportation, Department of
(Continuation)

PROGRAM PLAN:

State road construction program funding is divided among budget activities as follows:

Biennial Funding	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
State Road Construction	$373,298	$416,658	$330,200	$330,200
Highway Debt Service	14,620	48,292	14,380	17,186
Highway Program Administration	3,365	3,752	3,799	3,799
Transportation Data Analysis	3,316	3,764	3,777	3,777
Research and Strategic Initiatives	1,046	12,575	13,007	16,757

Federal revenues have been reduced from original estimates, but may increase due to emerging federal emphasis on infrastructure.

Debt service is reduced after payments of federal aid to Minneapolis for parking garages. Payments to Bloomington for advancing highway construction continue in F.Y. 1994-95 in addition to other scheduled bond payments.

MPOs in Greater Minnesota will share state grants (up to $180,000 per year) to supplement their budgets for transportation planning and coordination. Nine RDCs will be eligible for transportation planning grants of $27,000 annually.

Bicycle program coordination is enhanced through $25,000 per year trunk highway support.

The research and strategic initiatives budget activity will be provided from the TH fund with $62,000 more each year for printing costs associated with more finished research and the distribution of conclusions. Research and strategic initiatives will also obtain $500,000 more each year for increased staffing and $500,000 more each year for the Intelligent Vehicle-Highway Systems (IVHS)/Guidestar program.

The recent federal ISTEA includes requirements that call for increased levels of intermodal information. Meeting expanded information needs with existing staff levels may require a reduction in traditional information products.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

Also, the Governor recommends a biennial increase of $15,758,000 which results from revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: STATE ROAD CONSTRUCTION

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
STATE ROAD CONSTRUCTION	368,789	373,298	416,658	416,658	330,200	338,295	416,658	330,200	337,863
HIGHWAY DEBT SERVICE	16,928		32,044		14,380	14,380		17,186	17,186
HIGHWAY PROGRAM ADMINISTRATN	2,715	3,365	3,751	3,752	3,799	3,746	3,752	3,799	3,746
TRANSPORTATION DATA ANALYSIS	3,450	3,316	3,764	3,777	3,777	3,679	3,777	3,777	3,679
RESEARCH/STRATEGIC INITIATIVES	375	1,046	12,575	12,526	13,007	12,965	12,526	16,757	16,715
TOTAL EXPENDITURES BY ACTIVITY	392,257	381,025	468,792	436,713	365,163	373,065	436,713	371,719	379,189
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		THI				<193>			<193>
(B) HIGHWAY CONSTRUCTION		THI				8,095			7,663
TOTAL GOV'S INITIATIVES						7,902			7,470
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	322								
TRUNK HIGHWAY	390,128	378,868	455,868	423,794	352,859	360,761	423,794	355,665	363,135
ENVIRONMENTAL	856	200	200	200	200	200	200	200	200
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		64	62	57	57	57	57	57	57
TRUNK HIGHWAY	209	224	400	400	400	400	400	400	400
FEDERAL	742	1,669	12,262	12,262	11,647	11,647	12,262	15,397	15,397
TOTAL FINANCING	392,257	381,025	468,792	436,713	365,163	373,065	436,713	371,719	379,189
POSITIONS BY FUND:									
GENERAL	1.0	.0	.0	.0	.0	.0	.0	.0	.0
SPECIAL REVENUE	.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TRUNK HIGHWAY	92.0	92.0	115.0	115.0	115.0	115.0	115.0	115.0	115.0
FEDERAL	.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: STATE ROAD CONSTRUCTION

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TOTAL POSITIONS	93.0	101.0	124.0	124.0	124.0	124.0	124.0	124.0	124.0

BUDGET ACTIVITY: State Road Construction
PROGRAM: State Road Construction
AGENCY: Transportation, Department

ACTIVITY DESCRIPTION:

The state road construction activity includes:
Trunk highway program
- Road and bridge construction
- Right of way (ROW) acquisition
- Safety improvements
- Construction related expenses

Rail crossing safety
Environmental (junkyard regulation)

BUDGET ISSUES:

Annual spending needs of the state trunk highway system have been estimated by the Transportation Study Board to be $1.1 billion in 1991.

Since available revenues are estimated to be $330 million per year (a reduction of $86.4 million from the F.Y. 1993 appropriation level), the state road construction program will emphasize preservation and safety of the 12,100-mile system.

EFFICIENCY MEASURES:

Trunk Highway Program Funds	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Resurfacing and reconditioning				
Miles	417.7	554.3	576.2	523.6
Cost	$52,900	$65,200	$57,500	$71,800
■ Reconstruction				
Miles	63.6	55.1	57.5	57.4
Cost	$53,600	$53,200	$42,000	$35,500
■ Major construction				
Miles	14.9	36.3	46.1	22.8
Cost	$39,600	$72,300	$72,000	$68,700
■ Road repair				
Miles	634.0	834.0	834.0	834.0
Cost	$9,700	$13,900	$13,900	$13,900
■ Bridge repair				
Cost	$15,200	$8,200	$15,000	$14,400

Trunk Highway Program Funds (cont.)	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Bridge replacement				
Number of bridges	36	22	29	17
Cost	$47,000	$45,600	$23,200	$41,700
■ Safety				
Cost	$17,200	$24,700	$16,000	$13,900
■ Interstate completion				
Cost	$13,800	$2,800		
■ Interstate preservation				
Cost	$74,700	$55,700	$49,800	$29,500
■ ROW and agreement				
Cost	$ 49,139	$ 74,258	$ 40,000	$ 40,000
Sub-Total	$372,839	$415,858	$329,400	$329,400
Rail crossing safety	259	600	600	600
Environmental	200	200	200	200
Total	$373,298	$416,658	$330,200	$330,200

REVENUE:

This activity generates dedicated and non-dedicated revenues.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-Dedicated - Trunk Highway	$ 0	$ 1	$ 0	$ 0	$ 0
Non-Dedicated - Federal	182,412	181,006	231,000	185,000	185,000
Dedicated - Federal	138	0	0	0	0

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: STATE ROAD CONSTRUCTION
ACTIVITY: STATE ROAD CONSTRUCTION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	68								
EXPENSES/CONTRACTUAL SRVCS	3,321	4,426	56	56			56		
MISC OPERATING EXPENSES	4,255	2,662							
SUPPLIES/MATERIALS/PARTS	3,769	2,717							
CAPITAL EQUIPMENT	72	2,420							
OTHER	357,040	360,807	416,602	416,602	330,200	338,295	416,602	330,200	337,863
SUBTOTAL STATE OPERATIONS	368,525	373,032	416,658	416,658	330,200	338,295	416,658	330,200	337,863
LOCAL ASSISTANCE	264	266							
TOTAL EXPENDITURES	368,789	373,298	416,658	416,658	330,200	338,295	416,658	330,200	337,863
GOV'S INITIATIVES:		FUND							
(B) HIGHWAY CONSTRUCTION		THI				8,095			7,663
TOTAL GOV'S INITIATIVES						8,095			7,663
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	250								
TRUNK HIGHWAY	367,683	373,042	416,402	416,402	330,000	338,095	416,402	330,000	337,663
ENVIRONMENTAL	856	200	200	200	200	200	200	200	200
STATUTORY APPROPRIATIONS:									
FEDERAL		56	56	56			56		
TOTAL FINANCING	368,789	373,298	416,658	416,658	330,200	338,295	416,658	330,200	337,863

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: STATE ROAD CONSTRUCTION
ACTIVITY: STATE ROAD CONSTRUCTION

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

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BUDGET ACTIVITY: Highway Debt Service
PROGRAM: State Road Construction
AGENCY: Transportation, Department of

ACTIVITY DESCRIPTION:

The purpose of this activity is to repay funding used for highway construction and to stay within the debt limit established in the Minnesota Department of Transportation debt management policy.

The highway debt service activity exists to retire the trunk highway debt. Debt service expense includes principal and interest on state bonds, principal on loans and advances from other government entities, and service fees to the state's debt service fund.

The department's debt management policy dictates that bonds are sold only after conducting an analysis of a 10-year revenue and expenditure forecast. This forecast is to demonstrate that for the first 6 years of the 10-year period, debt cost for both existing and proposed bonds will not exceed 25% of estimated available capital funds for any 1 of the 6 year analyses.

Further, the proceeds from trunk highway bonds are used solely for long term capital investment purposes that have an expected useful life greater than the normal 20-year term of the bonds. The budgeted principal and interest costs are reflective of the current outstanding debt repayment requirements for the F.Y. 1994-95 biennium. The last sale of trunk highway bonds was in F.Y. 1983.

State law requires that the sums required for timely payment of state bonded debt principal and interest must be transferred to the state debt service fund 1 year in advance of the time when payment is due to debt holders. Since monies transferred in advance will earn interest income, the amount that must be transferred in any year will be less than the amount actually paid to bond debt holders.

Some projects are constructed with monies advanced by local governments. Upon completion of the project, the advance on loan is repaid with federal or state dollars, depending on the contract terms. The total intergovernmental advanced amounts on current projects include Minneapolis: Hiawatha Ave. - $9.9M; Bloomington: TH 77 and I-494 - $63.0M; and Minneapolis: 4th street parking garage - $32.0M.

Projects after F.Y. 1992 (subject to M.S. 161.361, $10 million annual debt limit):
Owatonna I-35 Bridge Street, due in F.Y. 1996: $613.4
Ramsey County I-694 Victoria Street, due in F.Y. 1996: $1,185.2

The amounts shown in this summary for F.Y. 1994 and F.Y. 1995 are those amounts that will be paid to debt holders. The agency request shows the maximum amount that will be required for payment to the state debt service fund this biennium.

BUDGET ISSUES:

None.

EFFICIENCY MEASURES:

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Payments on bonded debt	$ 9,274	$10,663	$8,830	$7,726
■ Payments on intergovernmental loans and advances	5,346	37,629	5,550	9,960
■ Total debt service	14,620	48,292	14,380	17,186
■ Bonded debt outstanding at the end end of fiscal year: principal and interest	83,079	73,768	62,937	53,850
Loans and advances outstanding at year end:				
Issued prior to F.Y. 1992				
Minneapolis: Hiawatha Avenue - TH 55	$ 684	$ 290	$ 0	$ 0
Bloomington: TH 77 and I-494	47,271	42,080	36,820	31,560
Minneapolis: 4th Street garage - I-394	32,044	0	0	0
	$79,999	$42,370	$36,820	$31,560
■ Percent of capital funds available for additional debt retirement up to the 25% limit	15.1	0	15.3	13.1

REVENUE:

This activity generates dedicated revenue. The amounts shown are local government advances on the projects listed above as well as anticipated new projects starting in F.Y. 1995.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Trunk Highway	$22,107	$18,669	$8,868	0	$14,100

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: STATE ROAD CONSTRUCTION
ACTIVITY: HIGHWAY DEBT SERVICE

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
OTHER	16,928		32,044		14,380	14,380		17,186	17,186
SUBTOTAL STATE OPERATIONS	16,928		32,044		14,380	14,380		17,186	17,186
TOTAL EXPENDITURES	16,928		32,044		14,380	14,380		17,186	17,186
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
TRUNK HIGHWAY	16,928		32,044		14,380	14,380		17,186	17,186
TOTAL FINANCING	16,928		32,044		14,380	14,380		17,186	17,186
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

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BUDGET ACTIVITY: Highway Program Administration
PROGRAM: State Road Construction
AGENCY: Transportation, Department of (Mn/DOT)

ACTIVITY DESCRIPTION:

1. Plan, coordinate, develop, and manage the trunk highway (TH) development program to ensure a state management perspective.

2. Coordinate transportation planning activities with Regional Development Commissions (RDCs), the Metropolitan Council, and Metropolitan Planning Organizations (MPOs) for informed decisions on transportation programs and projects.

3. Initiate and coordinate state agency bicycle and pedestrian programs. Assist in the production of bicycle maps.

BUDGET ISSUES:

Regional Planning Support
Nine RDCs will each receive a $27,000 planning grant annually.

The transportation planning grant program to RDCs was formalized in 1982 totaling $84,000. Increases were requested and granted each budget cycle, with the exception of F.Y. 1992-93, which maintained the F.Y. 1990-91 grant level of $27,000 to each region. There has not been an increase to RDCs since F.Y. 1990-91. Increased involvement with each region is necessary to implement state and federal planning and program development requirements.

Bicycle and Pedestrian Planning Support
The bicycle activity will be supported by the trunk highway fund, increasing the highway program administration budget by $25,000 per year.

EFFICIENCY MEASURES:

Manage highway improvement program	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Approved program changes	7,100	6,500	5,000	5,000
Full-time equivalent (FTE) staff	3.5	3.5	3.5	3.5
■ Federal funds programmed	$200,000	$216,000	$210,000	$210,000
FTEs	2	2	2	2
Program funds:				
■ Preservation				
Cost	$152,500	$143,000	$141,200	$129,600
Miles	1,052	1,388	1,410	1,358

Manage highway improvement program (cont.)	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Safety				
Cost	$ 17,200	$ 24,700	$ 16,600	$ 14,500
Projects	70	83	63	52
■ Capital				
Cost	$154,000	$173,900	$137,200	$150,900
Miles	78.5	91.4	103.6	80.2
Number of bridges	36	22	29	17
FTEs	1.5	1.5	1.5	1.5
Coordinate Planning:				
■ Federal and state planning funds/ 1,000 MPO population	$0.58	$0.76	$0.77	$0.77
■ Approved planning work plans	16	16	16	16
FTEs	7	7	7	7
■ Statewide comprehensive studies	4	4	4	4
FTEs	3	3	3	3
System Monitoring:				
■ Miles of sufficiency rating updated	496	663	698	653
■ Miles of highway program monitoring system	2,000	2,000	2,000	2,000
FTEs	5	5	5	5
Bicycle Coordination:				
■ Number of TH project documents reviewed for bicycle considerations	81	100	120	125
FTEs	3	3	3	3
Management, support (and vacancies)				
FTEs	5.3	5.3	5.3	5.3
Total FTEs	31.3	31.3	31.3	31.3
Administrative Budget	$1,750	$1,704	$1,729	$1,729
Grant Budget	1,615	2,048	2,070	2,070
Total Budget	$3,365	$3,752	$3,799	$3,799

BUDGET ACTIVITY: Highway Program Administration
PROGRAM: State Road Construction
AGENCY: Transportation, Department of (Mn/DOT)
(Continuation)

REVENUE:

This activity generates dedicated revenue from Section 112 Federal Planning Grants.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Federal	$742	$1,164	$1,625	$1,647	$1,647

GRANTS:

Transportation Grants to Metropolitan Planning Organizations

Statutory Reference: M.S. 174.03, Subd. 4. Federal highway funds are allocated to urban areas over 50,000 population to support (80%) continuing, cooperative, and comprehensive transportation planning. One percent of the total federal highway aid is dedicated for urban transportation planning organizations on the basis of equity, need, and primarily, population. Mn/DOT Office of Highway Programs coordinates transportation planning activities through administration and management of federal planning funds.

Metropolitan Planning Organizations in Greater Minnesota will share state grants (up to $180,000 per year) to match federal aid and support coordination of additional activities.

MPO Grants by Fund	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Federal	$1,192	$1,625	$1,647	$1,647
Trunk Highway	180	180	180	180
	$1,372	$1,805	$1,827	$1,827

Areas	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Duluth-Superior Area	$ 147	$ 229	$ 230	$ 230
St. Cloud Area	176	188	190	190
Rochester Area	169	186	190	190
LaCrosse-LaCrescent Area	7	12	12	12
Fargo-Moorhead Area	78	84	85	85
East Grand Forks-Grand Forks Area	34	22	20	20
Twin Cities Metropolitan Area	761	1,084	1,100	1,100
	$1,372	$1,805	$1,827	$1,827

The Intermodal Surface Transportation Efficiency Act of 1991 increased the amount of federal planning funds going to metropolitan planning organizations beginning late in F.Y. 1992.

Transportation Grants to Regional Development Commissions:

Statutory Reference: M.S. 174.03, Subd. 4. Mn/DOT maintains a program providing general support to the 9 Regional Development Commissions for staff assistance in transportation activities.

RDC Grants by Fund	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Trunk Highway	$243	$243	$243	$243

Total Grants by Fund to MPOs and RDCs-Summary	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Federal	$1,192	$1,625	$1,647	$1,647
Trunk Highway	423	423	423	423
	$1,615	$2,048	$2,070	$2,070

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: STATE ROAD CONSTRUCTION
ACTIVITY: HIGHWAY PROGRAM ADMINISTRATN

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,567	1,626	1,604	1,608	1,608	1,555	1,608	1,608	1,555
EXPENSES/CONTRACTUAL SRVCS	64	64	42	42	42	42	42	42	42
MISC OPERATING EXPENSES	44	50	48	48	48	48	48	48	48
SUPPLIES/MATERIALS/PARTS	25	10	9	6	31	31	6	31	31
SUBTOTAL STATE OPERATIONS	1,700	1,750	1,703	1,704	1,729	1,676	1,704	1,729	1,676
LOCAL ASSISTANCE	1,015	1,615	2,048	2,048	2,070	2,070	2,048	2,070	2,070
TOTAL EXPENDITURES	2,715	3,365	3,751	3,752	3,799	3,746	3,752	3,799	3,746
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		THI				<53>			<53>
TOTAL GOV'S INITIATIVES						<53>			<53>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	72								
TRUNK HIGHWAY	1,901	2,109	2,064	2,070	2,095	2,042	2,070	2,095	2,042
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		64	62	57	57	57	57	57	57
FEDERAL	742	1,192	1,625	1,625	1,647	1,647	1,625	1,647	1,647
TOTAL FINANCING	2,715	3,365	3,751	3,752	3,799	3,746	3,752	3,799	3,746
POSITIONS BY FUND:									
GENERAL	1.0	.0	.0	.0	.0	.0	.0	.0	.0
SPECIAL REVENUE	.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: STATE ROAD CONSTRUCTION
ACTIVITY: HIGHWAY PROGRAM ADMINISTRATN

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TRUNK HIGHWAY	29.0	29.3	29.3	29.3	29.3	29.3	29.3	29.3	29.3
TOTAL POSITIONS	30.0	30.3	30.3	30.3	30.3	30.3	30.3	30.3	30.3

BUDGET ACTIVITY: Transportation Data Analysis
PROGRAM: State Road Construction
AGENCY: Transportation, Department of (Mn/DOT)

ACTIVITY DESCRIPTION:

This activity collects, maintains, and analyzes traffic, roadway, and truck data to support state transportation preservation and improvement decisions, encourage intermodalism and develop intermodal policy, and develop positions for Minnesota's congressional delegation and national organizations. It also provides administrative and support services for the Modal and Resource Management Bureau.

The activity manages information systems for physical and operational characteristics of transportation system for Mn/DOT bureaus, divisions, districts, and offices and for counties, municipalities, consultants, private developers, and citizens.

- Computerized data files of 130,000 miles of road, 19,000 bridges, and 5 years of traffic and accident data.
- Traffic flow maps for the state, districts, 87 counties, and 110 cities.
- Regular monitoring of traffic characteristics by automatic traffic volume recorders, truck weighing in motion, vehicle classification counts, and 24-hour volume counts.
- Video log of 12,100 miles of trunk highways for use in inventory, design, safety improvements, and legal documentation for tort claims.

Transportation data analysis (TDA) forecasts traffic and commodity movements for use by Mn/DOT, counties, municipalities, and consultants in design of highway resurfacing, reconstruction, and construction projects.

- Make approximately 40 project level-traffic studies annually for highway design, which require 20-year forecast of traffic and truck movement data for geometric and pavement design.
- Operate and update the metropolitan and other urban area highway simulation models. Establish standardized forecasting methods and monitor performance.

The activity also provides department intermodal focus to address the intent of the federal reauthorization act.

- Encourage multi-modal consideration of transportation problems to improve the quality of decisions and promote intermodalism.
- Develop department intermodal policy and perform department intermodal related planning activities.

TDA influences state and federal transportation legislation and regulations by developing information and Mn/DOT policy positions.

- Input to and testify on specific legislation.
- Develop truck policy and enabling legislation.
- Research and develop department positions on various transportation policy issues, including trucking, and communicate with congressional delegations and national associations.
- Interpret state and federal legislation, rules, and policy and communicate to department.
- Promote consideration of customer perspective and input, including industry advisory committees, market research, and customer meetings.

The activity provides budgeting, accounting, and personnel processing coordination services for the Modal and Resource Management Bureau so that human and fiscal resources are efficiently managed.

- Administer human resources management needs for the Intermodal Program Division's 220 employees.
- Manage the $700,000 equipment and supply inventory.
- Provide financial accounting for Intermodal Program office budgets totaling about $9,500,000.

The activity also manages work programs for Mn/DOT planning and research activities and for projects to reduce the number and severity of highway accidents to ensure eligibility for federal funding. Activities include Mn/DOT, historical society, city, county, etc., participation.

- Manage the annual Highway Planning and Research (HRP) Work Program (Section 307, title 23, U.S. Code).
- Manage the annual 402 Highway Safety Plan (Section 402, Title 23 U.S. Code).

BUDGET ISSUES:

The 1991 federal reauthorization act, Intermodal Surface Transportation Efficiency Act, emphasizes intermodalism, flexibility, and efficiency. The act moves much of the decision making to the state and local levels of government. The data inquiries are more complex and require revised and additional information. Meeting expanded information needs and information system re-engineering may require additional resources. Redirecting activity resources may result in reduction of traditional information activities during the transition. Information management (computerization) hardware and software and data collection equipment are not part of the activity request.

EFFICIENCY MEASURES:

This activity supports the outcomes and objectives of the state road construction program and other programs dependent on good information for decision making and evaluation.

Flexibility in transportation decision making requires good decisions for maximum return on investment. Information on all modes of transportation, including intermodalism characteristics, is required to easily facilitate modal capital and service investment alternative decisions. The range of questions to be answered must be known, the most appropriate source of the information determined, and the appropriate technology to collect, maintain, and supply the information must be deployed. Present systems are being re-engineered. This will ensure that questions are identified and answered by customers and Mn/DOT experts so that information is available for good decision making and evaluation efforts in a timely and efficient manner. Much of the data collection and information maintenance will be moved to a regional base, which will improve operational efficiency and place local information close to the customer. Ability to aggregate and disaggregate information will be possible, however, to meet varied applications and needs. The customer will be involved in identifying information needs and maintaining information quality.

BUDGET ACTIVITY: Transportation Data Analysis
PROGRAM: State Road Construction
AGENCY: Transportation, Department of (Mn/DOT)
(Continuation)

	F.Y. 1992-93	F.Y. 1994	F.Y. 1995	F.Y.1996-97
Percent of information needs identified	n/a	95	95	95
Percent of data needs identified	n/a	95	95	95
Percent of data sources/collectors identified	n/a	50	95	95
Percent of data base system re-engineered	n/a	n/a	50	95
Percent of data collection revised	n/a	n/a	10	50
Percent of inquiries answered	n/a	n/a	n/a	85

n/a = data not available

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Trunk Highway	$196	$235	$400	$400	$400

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: STATE ROAD CONSTRUCTION
ACTIVITY: TRANSPORTATION DATA ANALYSIS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,821	2,825	3,146	3,159	3,159	3,061	3,159	3,159	3,061
EXPENSES/CONTRACTUAL SRVCS	416	278	440	440	440	440	440	440	440
MISC OPERATING EXPENSES	108	94	108	108	108	108	108	108	108
SUPPLIES/MATERIALS/PARTS	89	119	54	54	54	54	54	54	54
CAPITAL EQUIPMENT	16		16	16	16	16	16	16	16
SUBTOTAL STATE OPERATIONS	3,450	3,316	3,764	3,777	3,777	3,679	3,777	3,777	3,679
TOTAL EXPENDITURES	3,450	3,316	3,764	3,777	3,777	3,679	3,777	3,777	3,679
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		THI				<98>			<98>
TOTAL GOV'S INITIATIVES						<98>			<98>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
TRUNK HIGHWAY	3,241	3,092	3,364	3,377	3,377	3,279	3,377	3,377	3,279
STATUTORY APPROPRIATIONS:									
TRUNK HIGHWAY	209	224	400	400	400	400	400	400	400
TOTAL FINANCING	3,450	3,316	3,764	3,777	3,777	3,679	3,777	3,777	3,679
POSITIONS BY FUND:									
TRUNK HIGHWAY	63.0	62.7	62.7	62.7	62.7	62.7	62.7	62.7	62.7
TOTAL POSITIONS	63.0	62.7	62.7	62.7	62.7	62.7	62.7	62.7	62.7

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BUDGET ACTIVITY: Research and Strategic Initiatives
PROGRAM: State Road Construction
AGENCY: Transportation, Department of (Mn/DOT)

ACTIVITY DESCRIPTION:

The Research and Strategic Initiatives (RSI) Division creates processes to guide Mn/DOT in becoming more strategic in managing department resources. Tools employed include strategic planning, business planning, defining outcomes, greater attention to measuring results, and development of management decision support systems. These efforts will move the department toward a clearer external orientation and investment decisions that are more clearly related to outcomes.

In addition to these basic departmental management initiatives, the division also has lead responsibility for the Intelligent Vehicle-Highway Systems (IVHS)/Guidestar and departmentwide research administration.

IVHS/Guidestar uses innovative technologies to address congestion concerns, increase transportation safety, increase the efficiency of goods movement, and mitigate environmental impacts related to transportation. These initiatives are highly dependent on implementation by not only Mn/DOT but also local units of government, other state agencies, and private industry. The program is entrepreneurial and is substantially reducing accidents and congestion. Federal funds are a primary resource with $10 million dollars allocated by congress to Mn/DOT in federal F.Y. 1992 and a similar expectation in federal F.Y. 1993 and beyond.

The Research Administration Unit ensures that the department's research initiatives address key breakthrough areas and that the research is responsive to the needs of managers in the department. Legislation enacted in 1991 specified 1% of department resources as a target level for research. The Research Administration Office coordinates this effort for innovation across all department functions. Research contracts have expanded from 24 in the F.Y. 1988-89 biennium to more than 50 in the F.Y. 1992-93 biennium.

BUDGET ISSUES:

There are 3 changes in trunk highway funding for RSI. In this newly created division, the initial allocation of funds was based on a best estimate of assignments and work load early in calendar year 1992. As the duties were more clearly defined, operating costs were also clarified. For F.Y. 1994 the Research Administration Office made an adjustment of $62,000. This is to provide for expanded printing costs (the program is now resulting in an increase in finished research, and distribution of conclusions is necessary for implementation decisions), and an increase in funding to secure professional assistance on certain research studies. In the Office of Strategic Initiatives, start-up base funding consisted only of a small amount of salary funds. The unit was successful in creating a public participation process for strategic planning and in creating business-type decision-making structures. These have generated wide support because they are results oriented, reflect public input, and will be measured and evaluated. The success also generated the need for additional staff and consultant design assistance. The $500,000 increase to the base funding will enable the department to implement major elements of the strategic initiatives. These increases of $62,000 and $500,000 will remain constant for F.Y. 1995.

The final item is $500,000 for the IVHS program. In federal F.Y. 1993, Mn/DOT received $8.75 million from congress to implement its IVHS infrastructure. This requires a state match at the ratio of 80% federal (maximum) and 20% state (minimum). Two million dollars of the new federal money will be used for development (studies, operational tests, consultant tasks, partnerships, etc.). $500,000 will serve as a state match for both F.Y. 1994 and F.Y. 1995. Remaining federal funds will be applied to the construction account and will be matched there by available state construction funds.

The division will manage during the F.Y. 1994-95 biennium with fewer positions and fewer consultant and research dollars than desirable. Accordingly, this will slow the pace of objective achievement. The effort to convert the department to a results- and outcome-based style of management will be most affected. With the resource levels, implementation will be phased over a 5-year period. The institution of measurement, evaluation, and management information systems to better use this information will also be spread over an extended time period.

In the research administration area, the number of new concepts that can be pursued will be similarly affected. As the company "culture" becomes more aggressive in the pursuit of new technology, this will become more challenging, both internally and in terms of public expectation.

EFFICIENCY MEASURES:

Office of Strategic Initiatives/Measurement and Evaluation
Through the efforts of this office, department resource decisions will directly relate to long range, strategic goals in order to create a more efficient government. Management will rely on feedback measuring user needs, activity expenditures, and performance results. Shifts in management culture will require learning, training, experimentation with systems, and changes in financial practices.

RSI will link all agency budgets to outcomes by the F.Y. 1996-97 biennium. Part of this process will require the development of strategic business units (SBUs), which are designed to measure systems. RSI will assist Mn/DOT in developing 3 SBUs by F.Y. 1993 and an additional 6 by F.Y. 1994.

Research Administration Office
The objective of the Office of Research Administration is to constantly seek processes, products, materials, and technology that will result in higher customer satisfaction. This can be measured through improvements that are described as "longer lasting, lower cost, safer, quicker, more reliable, better for the environment, better administratively, etc." The program is intended to stimulate a sense of inquiry and a desire for constant improvement in the department. The number of requests for research is an indirect measure of this desired attitude. In addition, since research must be implemented to receive a payoff, implementation becomes an added measure of success of the program. The payoff for customers tends to be long range.

	F.Y. 90-91	F.Y. 92-93	F.Y. 94-95
Number of research contracts	34	50	80
Percent of implementation decisions on completed research	n/a	n/a	100

BUDGET ACTIVITY: Research and Strategic Initiatives
PROGRAM: State Road Construction
AGENCY: Transportation, Department of (Mn/DOT)
(Continuation)

IVHS/Guidestar

"Transportation networks will permit rapid and economical movement of people and goods between all parts of the state," is a goal that Mn/DOT is contantly pursuing. IVHS is a new tool to address constantly growing traffic and the public need for quick, safe, reliable travel. Since there is insufficient funding to "build" our way out of the problems related with the growth in travel, reliance is increasingly falling on IVHS, demand management techniques, work at home (telecommuting), and other technology-assisted travel alternatives and variations. In the longer term the outcomes will address rural needs in terms of increased safety, efficiencies for goods movement, and improved mobility. Specific near-term objectives include the following:

	F.Y. 1993	F.Y. 1994	F.Y. 1995
Urban freeway accidents	8,500	7,800	7,500
Municipalities with IVHS system projects in development	1	4	10
Transit pilot projects using IVHS "smart" bus technology	n/a	1	2
Percent of population with access to real-time travel information	10	25	40

n/a = data not available

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Trunk Highway	$0	$ 5	$ 0	$ 0	$ 0
Dedicated - Federal	0	421	10,581	10,000	13,750

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: STATE ROAD CONSTRUCTION
ACTIVITY: RESEARCH/STRATEGIC INITIATIVES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES			1,614	1,618	1,859	1,817	1,618	1,859	1,817
EXPENSES/CONTRACTUAL SRVCS	375	900	9,428	9,375	8,547	8,547	9,375	12,297	12,297
MISC OPERATING EXPENSES		62	62	62	62	62	62	62	62
SUPPLIES/MATERIALS/PARTS		72	1,471	1,471	2,539	2,539	1,471	2,539	2,539
CAPITAL EQUIPMENT		12							
SUBTOTAL STATE OPERATIONS	375	1,046	12,575	12,526	13,007	12,965	12,526	16,757	16,715
TOTAL EXPENDITURES	375	1,046	12,575	12,526	13,007	12,965	12,526	16,757	16,715
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		THI				<42>			<42>
TOTAL GOV'S INITIATIVES						<42>			<42>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
TRUNK HIGHWAY	375	625	1,994	1,945	3,007	2,965	1,945	3,007	2,965
STATUTORY APPROPRIATIONS:									
FEDERAL		421	10,581	10,581	10,000	10,000	10,581	13,750	13,750
TOTAL FINANCING	375	1,046	12,575	12,526	13,007	12,965	12,526	16,757	16,715
POSITIONS BY FUND:									
TRUNK HIGHWAY	.0	.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0
FEDERAL	.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
TOTAL POSITIONS	.0	8.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0

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PROGRAM: Highway Program Delivery
AGENCY: Transportation, Department of (Mn/DOT)

PROGRAM PURPOSE:

The highway program delivery program exists to provide Minnesota citizens with enhanced mobility through the development, new construction, and major reconstruction and reconditioning of trunk highways (TH) including bridges throughout the state. This is accomplished with the following goals as a basis for decision-making:

- Promotion of safe and efficient movement of people and goods.
- Respect for the natural environment.
- Preservation and enhancement of our investment.

The following functions are included in this program:

- Transportation corridor studies that include environmental impact statements and assessments of alternatives.
- Preparation of all the design and construction plans and documents necessary for projects.
- Construction management through the effective utilization of district/central office engineering staff.
- Provision of constituent services to owners of land adjacent to trunk highways.

The highway program delivery program in conjunction with the state road construction program addresses the following problems:

- Deteriorating infrastructure, such as roadways and bridges.
- Barriers to mobility: bottlenecks, system disruption, and weight restrictions.
- Safety (accidents, work zones).
- Negative environmental impacts and deteriorating environment.
- Limited resources with which to meet transportation needs.

The highway program delivery program contributes to the following Minnesota Milestones goals: "Rural areas, small cities, and urban neighborhoods throughout the state will be economically viable places for people to live and work"; "Our communities will be safe, friendly, and caring"; "Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them"; and "We will improve the quality of the air, water, and earth."

PROSPECTS:

Costs of the state TH system are increasing while revenues are falling. The strategy for managing this funding shortage is to shift our focus from construction to preservation of the highway system. This will result in a reduction of $3.7 million in F.Y. 1994 and $3.6 million in F.Y. 1995 to this program.

OUTCOMES AND OBJECTIVES:

1. Outcome: **Fiscal Stewardship** - State highway planning and construction that is timely and high in quality.

Objective: Provide quality highway plans on a timely basis.

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Percent of plans meeting or exceeding Mn/DOT quality standards	93	93	94	95
■ Percent of highway construction dollars actually delivered that year compared to the F.Y. plan	96	93	100	100

Objective: Monitor road construction so that quality roads are constructed on a timely basis.

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Percent of projects completed by contractual completion date	93	93	93	93
■ Percent of dollar value of projects completed by contractual completion date	98	98	98	98
■ Percent of roads constructed substantially meeting construction plan and specification requirements	100	100	100	100

2. Outcome: **Safety** - Safe design standards for Minnesota highways.

Objective: Develop and use highway design standards that contribute to a low accident rate.

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Total TH accident rates per million vehicle miles	1.7	1.7	1.7	1.6
■ Fatal TH accident rates per 100 million vehicle miles	1.0	1.0	0.9	0.9

Objective: Improve construction work zone safety.

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Number of motor vehicle accidents occurring in work zones	1,600	1,696	1,798	1,906

3. Outcome: **Economic Development** - An improved standard of living for Minnesota citizens through design and construction of reliable and predictable transportation systems and services.

Objective: Provide transportation corridor studies for program development.

Effectiveness Indicators*	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Major or severe congestion on Twin Cities freeways				
■ Miles	117	120.5	124.1	127.8
■ Percent	33	34	35	36
■ Percent of wholesale and retail sales in significant centers served by market artery routes	87	87	87	87

PROGRAM: Highway Program Delivery
AGENCY: Transportation, Department of (Mn/DOT)
(Continuation)

* The corridor studies will serve to improve these effectiveness indicators in the years beyond 1995.

Objective: Enhance disadvantaged business enterprise (DBE) opportunity to participate in transportation related industry.

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Percent of contract dollars awarded to DBEs	10	10	10	10

4. Outcome: **Environmental Stewardship** - An environment that is preserved and enhanced through proactive programs for design and construction of the highway system.

Objective: Avoid or mitigate the negative impacts of the transportation system on the environment, and take advantage of opportunities to improve the environment.

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Number of areas not in conformance with national ambient air quality standards	3	2	1	0
■ Positive balance in state wetlands bank (acres)	479	478	487	*1,130

* The geographical characteristics of the Parnel Impoundment project make it very inexpensive to create a large number of wetland acres for banking in 1995.

Objectives: Encourage activities that preserve or enhance scenic, historical, recreational or archeological resources along highway corridors.

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Number and miles of wildflower routes:				
Routes	6	8	10	12
Miles	250	336	420	504
■ Scenic byways	n/a	n/a	n/a	n/a

Objective: Encourage activities that support energy conservation.

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Material containing recycled bituminous used in TH road construction				
■ Tons	875,000	950,000	1,050,000	1,125,000
■ Percent	18	20	22	25
Material containing recycled concrete used in TH road construction				
■ Tons	290,000	300,000	310,000	320,000
■ Percent	20	23	27	30
■ Miles of TH rated "good" or "excellent" for bicycle travel	6,096	6,176	6,256	6,336

n/a = data not available

PROGRAM PLAN:

The $3.668 million reduction for F.Y. 1994 and $3.623 million reduction for F.Y. 1995 in this program is being made because of a corresponding decrease in the state road construction program. This reduction directly affects the level of pre-design and final design effort required to plan for and monitor construction activities. Transportation corridor studies and constituent service workload will be maintained at current levels.

The reduction will be managed by reducing expenditures for consultants and seasonal staff, carrying higher vacancy rates and, as a last resort, layoffs.

Quality and timeliness of highway design and construction monitoring will be maintained through continued emphasis on quality improvement, automation, and productivity initiatives within the program.

Full implementation of Mn/DOT-sponsored initiatives such as contractor quality assurance and supplier certification, as well as development of new initiatives, promise to yield additional productivity gains in this program.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: HIGHWAY PROGRAM DELIVERY

				FY 1994			FY 1995		
ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
DESIGN ENGINEERING	43,673	50,791	54,192	54,161	51,474	50,493	54,161	51,519	50,538
CONSTRUCTION ENGINEERING	60,717	63,820	67,552	67,816	66,835	64,730	67,816	66,835	64,730
TOTAL EXPENDITURES BY ACTIVITY	104,390	114,611	121,744	121,977	118,309	115,223	121,977	118,354	115,268
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		THI				<3,086>			<3,086>
TOTAL GOV'S INITIATIVES						<3,086>			<3,086>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE GOVT SPEC REV		350	154						
TRUNK HIGHWAY	104,388	114,241	121,590	121,977	118,309	115,223	121,977	118,354	115,268
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	2								
TRUNK HIGHWAY		20							
TOTAL FINANCING	104,390	114,611	121,744	121,977	118,309	115,223	121,977	118,354	115,268
POSITIONS BY FUND:									
TRUNK HIGHWAY	1,759.0	1,778.0	1,763.0	1,763.0	1,763.0	1,763.0	1,763.0	1,763.0	1,763.0
TOTAL POSITIONS	1,759.0	1,778.0	1,763.0	1,763.0	1,763.0	1,763.0	1,763.0	1,763.0	1,763.0

BUDGET ACTIVITY: Design Engineering
PROGRAM: Highway Program Delivery
AGENCY: Transportation, Department of (Mn/DOT)

ACTIVITY DESCRIPTION:

The design engineering activity exists to provide the centralized engineering and technical activities up to and including the construction contract lettings. The primary customers of this activity are Mn/DOT's Greater Minnesota districts and its Metropolitan Division.

This activity consists of the following functions:

- Road and bridge design.
- Environmental engineering.
- Engineering standards and specifications.
- Right of way (ROW).
- Surveying and mapping.
- Materials research and engineering.
- Equal employment opportunity (EEO) program management.
- Contract administration.
- Consultant administration.

The work consists of the centralized technical efforts that directly support the management and construction of our transportation facilities, including:

- Developing plans, estimates, and specifications for construction contracts.
- Developing and deploying new automation technology.
- Design of all bridge construction plans.
- Providing environmental expertise to project managers.
- Developing and issuing specifications, manuals, and standards used by the department and other levels of government.
- Acquiring land.
- Developing high-resolution base maps, specialty maps, and high-order geodetic control.
- Conducting research and implementing results in all areas of transportation.
- Administering consultant agreements.
- Awarding construction contracts.
- Monitoring contractors for EEO compliance.

These centralized efforts reduce the need for the districts to each maintain a complete staff of technical experts. They also promote sharing of expertise among the district offices and consistent quality throughout the state.

BUDGET ISSUES:

A major issue being addressed is the reduction in this activity because of a reduced highway construction program. Due to a shortfall in funding, the agency is proposing to shift its focus to highway preservation. The effect of this is a reduced highway construction program and a shift of resources to preservation and maintenance of the existing highway infrastructure.

The design engineering budget activity is being reduced by $2.687 million in F.Y. 1994 and $2.642 million in F.Y. 1995. The reduction comprises the following adjustments:

- $52 thousand is being added to the base for administration of the technical certification program. This program is to upgrade the skills of our inspectors.
- $80 thousand is being added to the base to increase the level of activity in our equal employment opportunity program. This program monitors contractor compliance with program requirements.
- $295 thousand for F.Y. 1994 and $340 thousand for F.Y. 1995 is being added to the base to cover operating costs of the materials and research laboratories facility. Operating costs for the new building were not previously funded.
- $3.114 million is being removed from the base due to the reduction in the road construction program. This reduction will primarily be achieved by reducing expenditures for consultants.

Any inflation will be managed by further reductions to the consultant and operating budgets and by carrying higher vacancy rates, with layoff of existing employees as a last resort.

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Percent direct design engineering cost/state road construction dollars let	10.6	11.0	10.4	10.3

Note: Pre-construction work is for 6-year average planned state road construction budget activity dollars.

Construction work is for 3-year average historical state road construction budget activity dollars.

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Special Revenue	$2	$30	$70	0	0
Dedicated - Trunk Highway	0	20	0	0	0

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: HIGHWAY PROGRAM DELIVERY
ACTIVITY: DESIGN ENGINEERING

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	26,647	28,500	28,269	28,392	29,110	28,129	28,392	29,110	28,129
EXPENSES/CONTRACTUAL SRVCS	15,599	20,874	24,788	24,634	21,109	21,109	24,634	21,119	21,119
MISC OPERATING EXPENSES	732	888	771	771	836	836	771	841	841
SUPPLIES/MATERIALS/PARTS	695	529	364	364	419	419	364	449	449
SUBTOTAL STATE OPERATIONS	43,673	50,791	54,192	54,161	51,474	50,493	54,161	51,519	50,538
TOTAL EXPENDITURES	43,673	50,791	54,192	54,161	51,474	50,493	54,161	51,519	50,538
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		THI				<981>			<981>
TOTAL GOV'S INITIATIVES						<981>			<981>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE GOVT SPEC REV		350	154						
TRUNK HIGHWAY	43,671	50,421	54,038	54,161	51,474	50,493	54,161	51,519	50,538
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	2								
TRUNK HIGHWAY		20							
TOTAL FINANCING	43,673	50,791	54,192	54,161	51,474	50,493	54,161	51,519	50,538
POSITIONS BY FUND:									
TRUNK HIGHWAY	579.0	599.0	588.0	588.0	588.0	588.0	588.0	588.0	588.0
TOTAL POSITIONS	579.0	599.0	588.0	588.0	588.0	588.0	588.0	588.0	588.0

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BUDGET ACTIVITY: Construction Engineering
PROGRAM: Highway Program Delivery
AGENCY: Transportation, Department of (MnDOT)

ACTIVITY DESCRIPTION:

The construction engineering activities exist within the Department of Transportation's Greater Minnesota district offices and Metropolitan Division to provide services in transportation planning, design, and the administration of construction contracts.

The following functions are included in this activity:

Transportation corridor studies, including route locations and alternative studies, cost analyses and comparison reports, environmental studies, and impact statements.

Preparing all the pre-construction plans and documents necessary to process a project from conception to contract bid-letting. Pre-letting activity includes the following functions:

- Administration and management of consultant contracts.
- Location surveys.
- Soils investigations.
- Layout development.
- Environmental impact document preparation.
- Public meetings and hearings.
- Right of way (ROW) and land acquisition.
- Design and preliminary design.
- Construction plan preparation.

Providing construction management through the coordination of district engineering and technical staff. Construction management activity includes the following functions:

- Construction surveys and staking.
- Grading, base, bituminous, concrete, and culvert inspection.
- Plant (bituminous and concrete) inspection.
- Bridge inspection and documentation.
- Measurement and certification of quantities.
- Determination of partial payments to contractors.
- Preparation of final plans (as-built).
- Contract closeout documentation and payments.
- General contract administration.
- Administration of consultant contracts.
- Administration of the bituminous quality management program (which includes the design and monitoring of bituminous mixtures).
- Administering all phases of construction contracts.
- Clarifying specifications requirements.
- Recommending contract awards.
- Authorizing subcontracting.
- Reviewing and approving supplemental agreements.
- Recommending approval of partial and final payment vouchers.

Providing constituent services in 3 major focus areas in order to maximize Mn/DOT's contribution to the State of Minnesota as both a major landowner and a partner with local units of government. As transportation experts in both engineering and technical areas, Mn/DOT provides services that include:

- Local Coordination
  - Construction staging of other governmental units' projects.
  - Traffic control.
  - Cooperative agreements for funding.
  - Approval of environmental documents.
  - Joint planning with regional development commissions.

- Land Management
  - Reconveyance of land.
  - Turnbacks of land and roads.
  - Plat reviews.
  - Entrance permitting.
  - Monumenting right of way.
  - Utility permitting.
  - Ditch and stream (hydraulic) management.

- Traffic Management
  - Speed zoning on trunk highways.
  - Plat reviews.
  - Entrance permit reviews.
  - Signal system management.
  - Technical assistance to cities and counties.
  - Freeway operation strategies in the Twin Cities metropolitan area, including ramp meters, high vehicle occupancy lanes, surveillance systems, incident management, driver information, and demand management.

Our primary constituents are the traveling public. These services are provided through Mn/DOT districts and divisions.

BUDGET ISSUES:

A major issue being addressed is the reduction in this activity due to the reduced state road construction program. Due to a decline in available funding, Mn/DOT is proposing to shift its focus to a maintenance preservation emphasis. The effect of this is a reduced highway construction program and a shift of resources to maintenance with a reduced emphasis on construction engineering. Accordingly, the construction engineering budget activity is being reduced by $981 thousand to an operating budget of $66.835 million (per year). This reduction and any inflation will be managed by further reducing the consultant and operating budgets and by carrying higher vacancy rates, with layoffs of existing employees as a last resort.

BUDGET ACTIVITY: Construction Engineering
PROGRAM: Highway Program Delivery
AGENCY: Transportation, Department of (MnDOT)
(Continuation)

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Percent direct construction engineering cost/state road construction dollars let	12.8	13.4	13.5	13.5

Note: Pre-construction work is for 6-year average planned state road construction budget activity dollars.

Construction work is for 3-year average historical state road construction budget activity dollars.

REVENUE:

None.

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: HIGHWAY PROGRAM DELIVERY
ACTIVITY: CONSTRUCTION ENGINEERING

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	57,239	59,261	62,970	63,284	62,303	60,198	63,284	62,303	60,198
EXPENSES/CONTRACTUAL SRVCS	1,341	1,313	1,618	1,618	1,618	1,618	1,618	1,618	1,618
MISC OPERATING EXPENSES	994	1,032	1,061	1,061	1,061	1,061	1,061	1,061	1,061
SUPPLIES/MATERIALS/PARTS	1,143	2,440	1,653	1,653	1,653	1,653	1,653	1,653	1,653
CAPITAL EQUIPMENT			200	200	200	200	200	200	200
OTHER		<226>	50						
SUBTOTAL STATE OPERATIONS	60,717	63,820	67,552	67,816	66,835	64,730	67,816	66,835	64,730
TOTAL EXPENDITURES	60,717	63,820	67,552	67,816	66,835	64,730	67,816	66,835	64,730
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		THI				<2,105>			<2,105>
TOTAL GOV'S INITIATIVES						<2,105>			<2,105>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
TRUNK HIGHWAY	60,717	63,820	67,552	67,816	66,835	64,730	67,816	66,835	64,730
TOTAL FINANCING	60,717	63,820	67,552	67,816	66,835	64,730	67,816	66,835	64,730
POSITIONS BY FUND:									
TRUNK HIGHWAY	1,180.0	1,179.0	1,175.0	1,175.0	1,175.0	1,175.0	1,175.0	1,175.0	1,175.0
TOTAL POSITIONS	1,180.0	1,179.0	1,175.0	1,175.0	1,175.0	1,175.0	1,175.0	1,175.0	1,175.0

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PROGRAM: State Road Operations
AGENCY: Transportation, Department of (Mn/DOT)

PROGRAM PURPOSE:

The purpose of the state road operations program is to preserve and maintain the quality of travel on Minnesota's existing highway system by ensuring that the system is:

- Structurally sound.
- Safe.
- Convenient to use.
- Maintained.

This purpose is served through:

- Preservation and maintenance of the trunk highway (TH) system.
- Removal of obstructions or impediments on the highways.
- Maintaining a system of traffic signs and markings.
- Maintenance and improvement of roadsides.
- Centralized engineering and technical efforts that directly support the management and maintenance of transportation facilities.

This function supports several Minnesota Milestones goals such as:

- "Rural areas, small cities, and urban neighborhoods throughout the state will be economically viable places for people to live and work."
- "Minnesotans will act to protect and enhance their environment."
- "Our communities will be safe, friendly and caring."
- "Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them.

This program addresses the following problems:

- Deteriorating infrastructure, such as roadways, bridges.
- Barriers to mobility: bottlenecks, system disruption, weight restrictions.
- Safety (accidents, work zones).
- Accessibility (changing demographics).
- Environmental stewardship awareness and sensitivity to the environment.
- Fiscal/investment/sound decisions - extend value/obtain highest value for our investment.

PROSPECTS:

In order to accomplish the following Mn/DOT long-term goals, this program needs to deliver an increased level of preservation and maintenance due to reduced new construction and major reconstruction.

- Support the state's economy.
- Enhance rural accessibility for people and goods.
- Improve safety.
- Enhance access to transit services for all persons.
- Reduce congestion.
- Reduce impediments to transportation efficiency.
- Preserve investments in existing system.
- Take advantage of technological innovations.
- Support the state's social, energy, and environmental objectives.
- Create and support high-quality jobs throughout the state.

The preservation strategy will only prevent the effectiveness indicators from declining for the short-run. In future bienniums, state road construction investments will have to increase significantly due to a limited road design life and high traffic volume.

OUTCOMES AND OBJECTIVES:

1. Outcome: **Fiscal Stewardship** - A state highway system that utilizes and extends the value of transportation investments.

Objective: Preserve and extend the useful life of the infrastructure.

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Pavement quality index (Statewide average on the TH system)	3.2	3.2	3.2	3.2
Bridge sufficiency rating - TH bridges (Statewide average on TH system)	84.8	n/a	n/a	n/a

2. Outcome: **Safety** - A safe highway system for all users.

Objective: Maintain and improve the design safety features of the infrastructure.

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Accident rate on state system	1.7	1.7	1.7	1.6
Fatal accident rates on state system	1.0	1.0	0.9	0.9
Number of class 1 safety rest areas provided	51	52	52	54
Percent of signs and pavement marking meeting pending Federal Highway Administration standards	n/a	n/a	n/a	n/a

PROGRAM: State Road Operations
AGENCY: Transportation, Department of (Mn/DOT)
(Continuation)

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3. Outcome: **Economic Development** - An improved standard of living for Minnesota citizens through reliable and predictable transportation systems and services and a reduced total cost of transportation.

Objective: Maintain the mobility of the traveling public.

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Percent of drivers satisfied with travel times	89	89	88	87

Objective: Maintain the quality of highway travel.

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Response time to incidents and hazards	n/a	n/a	n/a	n/a
■ Percent of highways with good or excellent sufficiency rating	70	70	69	69

4. Outcome: **Environmental Stewardship** - An environment that is preserved and enhanced through proactive programs.

Objective: Maintain and upgrade elements of the infrastructure to ensure positive environmental impact.

Objective: Be environmentally responsible in purchase, use, storage, and disposal of resources.

Effectiveness Indicators	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Tons of deicing salt per million vehicle miles traveled, adjusted by the weather index *	n/a	n/a	n/a	n/a

* Mn/DOT will begin developing a weather index over the next biennium. Construction of additional road weather information stations with pavement sensors will not only help in the development of the weather index, but will also allow Mn/DOT to apply deicing salt exactly when it is most effective, thus minimizing the use of salt.

n/a = data not available

PROGRAM PLAN:

In order to address the increased level of preservation and maintenance of the existing infrastructure, we have shifted $17.678 million in F.Y. 1994 and $22.065 million in F.Y. 1995 to this program from the state road construction program. Our strategy includes providing for sufficient materials to perform needed repairs and maintenance, as well as continuing our business planning efforts, which will ensure utilization of the most effective means of delivering prioritized services and continuing efforts to solicit and respond to constituent concerns. Strategies are being developed within a process-oriented and customer-based business plan.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: STATE ROAD OPERATIONS

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
STATE ROAD OPERATIONS	139,340	145,355	143,788	144,244	161,338	158,009	144,244	165,725	162,396
ELECTRONIC COMMUNICATIONS	3,187	3,411	3,124	3,138	3,527	3,437	3,138	3,527	3,437
TRAFFIC ENGINEERING	6,221	6,515	6,927	6,178	6,373	6,221	6,178	6,373	6,221
TOTAL EXPENDITURES BY ACTIVITY	148,748	155,281	153,839	153,560	171,238	167,667	153,560	175,625	172,054
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		THI				<3,571>			<3,571>
TOTAL GOV'S INITIATIVES						<3,571>			<3,571>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE GOVT SPEC REV		97	774						
TRUNK HIGHWAY	148,748	155,098	152,952	153,447	171,125	167,554	153,447	175,512	171,941
STATUTORY APPROPRIATIONS:									
TRUNK HIGHWAY		86	113	113	113	113	113	113	113
TOTAL FINANCING	148,748	155,281	153,839	153,560	171,238	167,667	153,560	175,625	172,054
POSITIONS BY FUND:									
TRUNK HIGHWAY	2,510.0	2,516.0	2,509.0	2,509.0	2,509.0	2,509.0	2,509.0	2,509.0	2,509.0
TOTAL POSITIONS	2,510.0	2,516.0	2,509.0	2,509.0	2,509.0	2,509.0	2,509.0	2,509.0	2,509.0

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BUDGET ACTIVITY: State Road Operations
PROGRAM: State Road Operations
AGENCY: Transportation, Department of (Mn/DOT)

ACTIVITY DESCRIPTION:

The state road operations activity exists within the Department of Transportation's Operations and Metro Divisions to provide maintenance of the trunk highway (TH) system and infrastructure (facilities, land, and equipment), ensuring the system's safety and efficiency. The trunk highway system is essential to provide for the mobility of the public and the movement of people and goods to support our agricultural, industrial, commercial, and tourism economic base.

The objectives of the state road operations activities are to provide for the safe travel of the public on the existing trunk highway system through the following activities:

- Prompt and effective response to constituent concerns.
- Maintaining and repairing the road surfaces, shoulders, and approaches of the 28,836 lane miles of trunk and interstate highways.
- Providing snow and ice removal services during the winter season.
- Repairing, inspecting, paving, and resurfacing trunk highway bridges.
- Managing over 225,000 acres of highway right of way.
- Providing over-dimension and over-weight transportation permits and route determination.
- Providing traffic control services, speed zoning, lighting and informational signing of the system, pavement marking, traffic signals, guard rails, concrete barriers, and detour maintenance.
- Cooperating with county and local governments to ensure continuous service on all state roads and highways.
- Managing and operating Mn/DOT's buildings, equipment, and safety rest areas (excluding the Mn/DOT central office building in St. Paul).
- Cooperating with neighboring states in managing interstate highway segments and bridges.
- Providing for continuous improvement in the quality of maintenance operations.
- Providing support services to ensure fiscal and financial accountability, including human resource services, training, accounting, labor relations, materials management, safety programs, procurement, and informational systems.

This activity is provided through the 7 Greater Minnesota districts and 1 Metropolitan Division (a total of 13 maintenance areas) located throughout the state, the central maintenance office in St. Paul, and the truck services center in South St. Paul. The level of service provided in the delivery of the above activities is determined through periodic internal review as well as administering public surveys and conducting safety forums throughout the state, which are attended by users of these services. Input is also received through the safety rest areas, where comments from the traveling public are collected for review and monitoring. Expected results of this activity include the safe and uninterrupted travel of constituents, and the provision of a consistent level of service statewide that is responsive to clients' expressed needs.

BUDGET ISSUES:

The department's strategy is to shift emphasis from highway construction and major reconstruction to preservation and maintenance of the existing system and infrastructure. The major challenge will be to achieve efficiency and effectiveness in the operations through strategic planning and allocation decisions.

The shift of funds to this activity will allow for the purchase of materials necessary to deliver the maintenance program while maintaining a 6% vacancy rate. A business planning process is being used to increase the efficiency and effectiveness of our maintenance investment.

The state road operations budget activity is being increased by $17.094 million in F.Y. 1994 and $21.481 million in F.Y. 1995. This increase is more than fully funded by the $65.0 million reduction in the state road construction budget activity.

The $17.094 million increase in F.Y. 1994 and $21.481 million increase in F.Y. 1995 will result in the following adjustments:

- $1.825 million will be added in F.Y. 1994 and F.Y. 1995 to the building repair and maintenance budget to address the Americans with Disabilities Act and other legislated requirements to bring the department's buildings statewide up to acceptable code.

- $15.269 million will be added in F.Y. 1994 and $21.394 million will be added in F.Y. 1995 to operating accounts to address the increased emphasis on maintenance and preservation of the existing highway system.

EFFICIENCY MEASURES:

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Number of bridges repaired	55	61	61	61
■ Road repair cost/TH miles	$3.8	$3.8	$4.7	$4.9
■ Cost of state road operations/ (100-TH accident rate)	$1,479	$1,479	$1,641	$1,641
■ Cost of state road operations/ (100-TH fatal accident rates)	$1,468	$1,468	$1,628	$1,672
■ Road repair/(100-response time)	n/a	n/a	n/a	n/a
■ Cost of state road operations spent on environmental purposes/(100-number of lawsuits)	n/a	n/a	n/a	n/a
■ Net savings from reduction in state road construction and increase in state road operations buget activities	0	0	$47,906	$43,519

n/a = data not available

The preservation strategy will only generate the net annual savings (shown above as an efficiency measure) for the short-run. In future bienniums, state road construction investments will have to increase significantly due to a limited road design life and high traffic volume.

BUDGET ACTIVITY: State Road Operations
PROGRAM: State Road Operations
AGENCY: Transportation, Department of (Mn/DOT)
(Continuation)

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Trunk Highway	$ 7	$ 26	$ 0	$ 0	$ 0
Dedicated - Trunk Highway	813	700	600	600	600

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: STATE ROAD OPERATIONS
ACTIVITY: STATE ROAD OPERATIONS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	93,545	98,389	98,144	98,600	98,600	95,271	98,600	98,600	95,271
EXPENSES/CONTRACTUAL SRVCS	10,604	10,658	10,387	10,387	12,212	12,212	10,387	12,212	12,212
MISC OPERATING EXPENSES	5,287	5,858	5,697	5,697	5,697	5,697	5,697	5,697	5,697
SUPPLIES/MATERIALS/PARTS	29,732	30,092	29,559	29,559	44,828	44,828	29,559	49,215	49,215
CAPITAL EQUIPMENT	8	2							
OTHER	163	355							
SUBTOTAL STATE OPERATIONS	139,339	145,354	143,787	144,243	161,337	158,008	144,243	165,724	162,395
AIDS TO INDIVIDUALS	1	1	1	1	1	1	1	1	1
TOTAL EXPENDITURES	139,340	145,355	143,788	144,244	161,338	158,009	144,244	165,725	162,396
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		THI				<3,329>			<3,329>
TOTAL GOV'S INITIATIVES						<3,329>			<3,329>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
TRUNK HIGHWAY	139,340	145,355	143,773	144,229	161,323	157,994	144,229	165,710	162,381
STATUTORY APPROPRIATIONS:									
TRUNK HIGHWAY			15	15	15	15	15	15	15
TOTAL FINANCING	139,340	145,355	143,788	144,244	161,338	158,009	144,244	165,725	162,396
POSITIONS BY FUND:									
TRUNK HIGHWAY	2,349.0	2,353.0	2,355.0	2,355.0	2,355.0	2,355.0	2,355.0	2,355.0	2,355.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: STATE ROAD OPERATIONS
ACTIVITY: STATE ROAD OPERATIONS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TOTAL POSITIONS	2,349.0	2,353.0	2,355.0	2,355.0	2,355.0	2,355.0	2,355.0	2,355.0	2,355.0

BUDGET ACTIVITY: Electronic Communications
PROGRAM: State Road Operations
AGENCY: Transportation, Department of (Mn/DOT)

ACTIVITY DESCRIPTION:

This activity provides specialized technical and engineering expertise in electronic communication technologies to Mn/DOT and assists other state agencies and local units of government in their delivery of public safety services, management of resources, and performance of daily operations.

The electronic communications activity exists to supply telecommunications and related electronic systems for Mn/DOT and other state agencies by designing and maintaining statewide communications networks, aeronautical navigational aids, electronic truck weighing, and closed circuit television (CCTV) surveillance systems. State agencies utilizing these services are the Departments of Natural Resources (DNR), Public Safety (DPS), Administration, Agriculture, and Health, as well as state colleges and hospitals and the Metropolitan Transit Commission. These services are provided to other agencies through service contracts requiring reimbursement to the Trunk Highway Fund for all related costs incurred by Mn/DOT.

The Office of Electronic Communications is directly involved with new technologies that are being tested. These systems include IVHS (Intelligent Vehicle-Highway Systems), call boxes, highway message signs, and HAR (Highway Advisory Radio), and Mn/Road. Mn/Road is a research center for development and testing of new technologies to improve road design, and construction. Data obtained for this test facility will benefit Minnesota as well as other states and countries. In addition, digital communications, which include MDT (Mobile Data Terminals) and GPS (Global Positioning Systems), are being integrated into our existing electronic systems.

The office also provides frequency coordination services to the Department of Public Safety and local government agencies within the midwest region of the United States. Involvement in APCO (Associated Public Safety Communications Officers), AASHTO (American Association of State Highway and Transportation Officials), and FCCA (Forestry Conservation Communications Association) ensures efficient utilization of the frequency spectrum, which is a finite natural resource.

About 35% of electronic communications activity in the service and repair area involves communication systems repair for other agencies. There are 127 base station transmission sites strategically located throughout the state to provide statewide communications. Sixteen electronic repair shops are located geographically to support the installation and maintenance of these systems. Central office provides the engineering services to support the existing and changing statewide communications systems.

Installation and maintenance of Mn/DOT computer systems, local area networks (LANs), and wide area networks (WANs) are also key activities of this office. This service is essential to Mn/DOT divisions in providing program delivery and meeting their Minnesota Milestones goals.

BUDGET ISSUES:

Budget allocations directly affect our ability to provide service to our customers. In addition, budget decisions affect Mn/DOT's ability to provide new electronic systems, upgrades of existing systems, and replacement of aging or inefficient communications equipment. For example, the Engineering Section was able to fill 12% of Mn/DOT new radio requests. The remaining requests have been deferred. The remaining funding for F.Y. 1992-93 has been allocated to replacement of aging mobile radios and of base stations and their control equipment. The efficiency measures listing the number of radios maintained indicate that agencies find our service competitive with industry and continue to use our service. The measures documenting the dollar per radio maintained indicate the health of the radio fleet in terms of age of equipment and the quality of service we are providing.

The F.Y. 1994 and F.Y. 1995 efficiency measures shown below are based on a budget with no increase for salaries and inflation. Even though the Office of Electronic Communications will retain a 6% vacancy rate for each year of the biennium, the projected outcomes are affected in the following manner:

- The percent of radio equipment requests (new or replacement) filled will decrease due to the decreasing availability of dollars.
- Installation activity will decrease since new equipment purchases will decrease.
- Maintenance costs will increase because older equipment will not be replaced.
- Mn/DOT engineering and maintenance services will be given first priority. Due to the inability to increase complement and a projected growth in electronic systems for all state agencies, the percent of total engineering services provided to our external customers will decrease.

Additional funding of $389,000 each year of the biennium is designated to maintain IVHS electronic systems that are presently operational, i.e., call boxes, KBEM radio controlled signs, Highway Advisory Radio stations, highway weather stations, Mn/ROAD, and the new digital control console for the Traffic Management Center. These systems have a major impact in assisting the department with traffic congestion and the handling of major incidents on metropolitan interstate systems. This funding will be used to provide technicians' salaries plus ongoing repair parts to ensure systems operations.

If future funding allocations continue to decrease, the indicators will reflect a further drop in our level of service. The following long-term trends are expected:

- Maintenance costs per radio will increase because an aging fleet of radios is not being replaced.
- Number of radios maintained for external agencies will decrease due to our inability to provide expanded service to these agencies. This will force our customers to go elsewhere for this service, which we feel will increase their costs.
- The percent of Mn/DOT equipment requests filled will decrease, since dollars will not be available for new or replacement equipment.
- Frequency coordination response times will increase if engineering workload from external clients continues to grow with no additional complement to the engineering staff.

BUDGET ACTIVITY: Electronic Communications
PROGRAM: State Road Operations
AGENCY: Transportation, Department of (Mn/DOT)
(Continuation)

EFFICIENCY MEASURES:

Engineering, Installation, and Maintenance Services Provided

Engineering Services	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Percent of DPS engineering projects provided by Office of Electronic Communications	n/a	n/a	90	80	70
■ Percent of DNR engineering projects provided by Office of Electronic Communications	100	100	100	100	100
■ Percent of new Mn/DOT radio requests filled	n/a	12	12	8	8
Installations					
■ Installation cost per fleet radio for DPS	n/a	n/a	$45	$50	$55
■ Installation cost per fleet radio for DNR	$32	n/a	$35	$37	$38
■ Installation cost per Mn/DOT fleet radio	$32	$37	$43	$37	$37
Maintenance Services					
■ Cost per radio maintained for DPS	n/a	$88	$93	$97	$102
■ Cost per radio maintained for DNR	$46	n/a	$51	$54	$56
■ Cost per unit maintained for Mn/DOT	$68	$84	$88	$93	$98

Cost data was obtained from actual dollars billed to each department, in comparison to total number of radios in service. The difference in dollars billed to different departments is due to size of the fleet, system complexity, environmental operating conditions equipment is subjected to, and total annual usage requirements. The efficiency measures are not intended for comparison between departments, but are intended to compare the cost per fleet radio and monitor the changes for each department on an annual basis.

Frequency Coordination Engineering Service

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Total number of coordination requests	191	298	492	686	880
■ Response time (days)	n/a	8.1	3.7	4.5	5.0
■ Cost per coordination	n/a	n/a			
Mn/DOT Computer Systems Installation and Maintenance - LANs and WANs					
■ Response time (days)	n/a	n/a	n/a	n/a	n/a
Consulting Services to Other State Agencies					
■ Percent of contracts completed	n/a	n/a	n/a	n/a	n/a

n/a = data not available - will begin records for future use.

REVENUE:

This activity generates trunk highway fund revenues. These are dedicated receipts due to extraordinary circumstances. An example of an extraordinary circumstance would be overtime labor cost incurred due to a forest fire emergency.

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:				
Dedicated - Trunk Highway Fund	$86	$98	$98	$98

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: STATE ROAD OPERATIONS
ACTIVITY: ELECTRONIC COMMUNICATIONS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,772	2,880	2,558	2,572	2,708	2,618	2,572	2,708	2,618
EXPENSES/CONTRACTUAL SRVCS	21	58	35	35	110	110	35	110	110
MISC OPERATING EXPENSES	89	115	102	102	122	122	102	122	122
SUPPLIES/MATERIALS/PARTS	305	358	429	429	587	587	429	587	587
SUBTOTAL STATE OPERATIONS	3,187	3,411	3,124	3,138	3,527	3,437	3,138	3,527	3,437
TOTAL EXPENDITURES	3,187	3,411	3,124	3,138	3,527	3,437	3,138	3,527	3,437
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		THI				<90>			<90>
TOTAL GOV'S INITIATIVES						<90>			<90>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
TRUNK HIGHWAY	3,187	3,325	3,026	3,040	3,429	3,339	3,040	3,429	3,339
STATUTORY APPROPRIATIONS:									
TRUNK HIGHWAY		86	98	98	98	98	98	98	98
TOTAL FINANCING	3,187	3,411	3,124	3,138	3,527	3,437	3,138	3,527	3,437
POSITIONS BY FUND:									
TRUNK HIGHWAY	61.0	63.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0
TOTAL POSITIONS	61.0	63.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0

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BUDGET ACTIVITY: Traffic Engineering
PROGRAM: State Road Operations
AGENCY: Transportation, Department of (Mn/DOT)

ACTIVITY DESCRIPTION:

The traffic engineering activity consists of the following:

Design and Operations - The functions of this activity are to review and approve all traffic signal plans for construction; prepare the special provisions for signal construction projects; prepare cooperative signal construction agreements; administer a program (Mn/SOTA) to optimize and retime traffic signals statewide; prepare signing and lighting design plans and special provisions statewide; and review and approve plans from other agencies submitted through the State Aid Division.

This activity also establishes, reviews, and approves standards and practices used by Mn/DOT. Design and Operations is committed to providing quality traffic signals, highway signing, and highway lighting systems to provide for the safe and efficient movement of people and commodities.

Electrical Services - This activity maintains all statewide electrical/electronic devices on Minnesota's trunk highways (TH), such as traffic signals, highway lighting, freeway management systems, traffic counters, and weigh-in-motion devices, so that they are operating reliably and efficiently. The activity also manages the One Call Locating System for state electrical facilities on highway rights-of-way, and supplies state furnished cabinet and controller equipment to contractors building traffic signals. Electrical Services is committed to 24-hour maintenance of these devices to provide for the safe and efficient movement of people and commodities.

Safety, Standards, and Tort Claims - The function of this activity is to administer, manage, direct, and review Mn/DOT's safety program and implement and evaluate safety initiatives that reduce accidents and enhance traffic safety on Minnesota's roads.

The safety activity administers and directs the 55/65 speed monitoring program, work zone traffic control review, surveillance of accidents on trunk highways (TH), safety research projects, 402 Program, and the speed limit authorization statewide. The safety management system is a requirement of the Intermodal Surface Transportation Efficiency Act (ISTEA) and integrates traffic safety principles at the earliest possible phases of planning, design, construction, and operation.

Standards, policies, guidelines, and approved practices are developed and implemented to achieve uniform application of traffic engineering principles. Standards and guidelines for inclusion in the Traffic Engineering Manual, Minnesota Manual on Uniform Traffic Control Devices, and the Minnesota Standard Specifications for Highway Construction are published.

The activity prepares training packages and offers safety courses for department employees and others.

Tort claims and lawsuits involving Mn/DOT are administered and resolved, and improvements identified in the claims process are incorporated in the department's practices. The administration of the tort claims office provides a fair process for citizens to make and resolve claims against Mn/DOT.

BUDGET ISSUES:

Mn/DOT has established the following 4 areas for budget priorities: 1) safety, 2) maintaining mobility, 3) preserving the system, and 4) matching federal aid. The Office of Traffic Engineering is directly involved in the first 3 of these priorities. The office has very few vacancies and very little turnover, so it is difficult to dramatically change staffing skill levels or to add staff to take on new initiatives. Four permanent positions in the engineering and professional classifications transferred from the Office of Traffic Engineering in F.Y. 1992 to help staff the Intelligent Vehicle-Highway Systems (IVHS) initiative, so we are working to become more efficient in delivering our services to make up for that significant loss.

There are important unmet needs in pursuing new initiatives due to lack of available staff. Examples are in research, work zone safety, and sign management systems. Another major area of concern is how to provide quality maintenance for the greatly expanding electrical hardware being installed for traffic surveillance and control on the Twin Cities freeway network. This budget activity is being increased by $195,000 each year of the biennium to address the above needs. Some of these initiatives, however, will remain unmet without additional resources, but we are working at being more efficient and developing partnerships to meet other needs.

EFFICIENCY MEASURES:

Design and Operations
Actual efficiency measures have not been developed, but those that will be considered are:

	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Miles of major or severe congestion on Twin Cities freeways	120.5	124.1	127.8
■ Cost per signal device	n/a	n/a	n/a
■ Plan review cost per plan	n/a	n/a	n/a
■ Lighting plan preparation cost per system	n/a	n/a	n/a
■ Sign plan preparation cost per system	n/a	n/a	n/a
■ Agreement preparation cost per agreement	n/a	n/a	n/a

Electrical Services
Actual efficiency measures have not been developed. In October, Electrical Services began implementing a computerized facilities management system. This system will track all maintenance activities and effectively measure and provide information to better manage Electrical Services activities. Measures that will be used are:

BUDGET ACTIVITY: Traffic Engineering
PROGRAM: State Road Operations
AGENCY: Transportation, Department of (Mn/DOT)
(Continuation)

	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ Signal maintenance cost per signal per year	n/a	n/a	n/a
■ Lighting maintenance cost per system per year	n/a	n/a	n/a
■ Ramp meter maintenance cost per system per year	n/a	n/a	n/a
■ Locating cost per locate per year	n/a	n/a	n/a
Safety, Standards, and Tort Claims			
■ Total accident rates per million vehicle miles on the TH system	1.7	1.7	1.6
■ Fatal accident rate per 100 million vehicle miles on the TH system	1.0	0.9	0.9
■ Timeliness in processing tort claims and lawsuits	n/a	n/a	n/a
■ Annual updating of Traffic Engineering Manuals, Minnesota Manual on Uniform Traffic Control Devices	n/a	n/a	n/a

n/a = data not available

REVENUE:

None.

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: STATE ROAD OPERATIONS
ACTIVITY: TRAFFIC ENGINEERING

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	4,649	5,024	4,500	4,525	4,525	4,373	4,525	4,525	4,373
EXPENSES/CONTRACTUAL SRVCS	314	511	1,076	302	302	302	302	302	302
MISC OPERATING EXPENSES	71	74	96	96	96	96	96	96	96
SUPPLIES/MATERIALS/PARTS	1,187	906	1,255	1,255	1,450	1,450	1,255	1,450	1,450
SUBTOTAL STATE OPERATIONS	6,221	6,515	6,927	6,178	6,373	6,221	6,178	6,373	6,221
TOTAL EXPENDITURES	6,221	6,515	6,927	6,178	6,373	6,221	6,178	6,373	6,221
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		THI				<152>			<152>
TOTAL GOV'S INITIATIVES						<152>			<152>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE GOVT SPEC REV		97	774						
TRUNK HIGHWAY	6,221	6,418	6,153	6,178	6,373	6,221	6,178	6,373	6,221
TOTAL FINANCING	6,221	6,515	6,927	6,178	6,373	6,221	6,178	6,373	6,221
POSITIONS BY FUND:									
TRUNK HIGHWAY	100.0	100.0	94.0	94.0	94.0	94.0	94.0	94.0	94.0
TOTAL POSITIONS	100.0	100.0	94.0	94.0	94.0	94.0	94.0	94.0	94.0

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PROGRAM: Equipment
AGENCY: Transportation, Department of (Mn/DOT)

PROGRAM PURPOSE:

The equipment program provides Mn/DOT employees with the tools, equipment, and supplies needed to accomplish the construction, preservation, and maintenance of state trunk highways and to deliver other transportation services to the public. Careful selection and distribution of appropriate, up-to-date, and cost effective equipment assists in providing timely, efficient, and effective transportation services for the public and maximizing efficient use of personnel.

The equipment program encompasses several areas.

Road Equipment enables maintenance and construction supervision activities to be performed on state transportation facilities and the trunk highway system. The road equipment program covers approximately 200 classes (over 14,000 pieces of equipment), and includes over 75% of the equipment budget dollars. This equipment ranges from bridge inspection units and snowplows to lawn mowers and trailers, and is used by maintenance and construction workers statewide in patching roads, snow and ice control, vegetation control, mowing, spraying, brush cutting, bridge maintenance, design, and soils exploration.

The Information Systems Equipment budget funds supply all Mn/DOT personnel with data processing equipment. Though it is a small portion of the overall equipment budget (1.6%) it is crucial in linking communication between Mn/DOT employees statewide. Information systems equipment encompasses personal communications, design stations, automating program delivery, inventory tracking, project tracking, project scheduling, statistical analysis, and management information systems.

Scientific Equipment links with information systems equipment to collect and provide scientific data, and enables routine field testing. Mn/DOT has scientific equipment on-site in the field to test materials and ensure quality control. The equipment enables Mn/DOT employees to make better decisions about designs in the future and guarantees a quality product from contractors. The scientific equipment portion is approximately 14% of the overall equipment budget.

Electronic Communication Equipment permits dispatching and communication between Mn/DOT base stations and mobile units. Mn/DOT's budget supports all the 2-way radios for its employees plus the entire radio tower network, which links the State Patrol, additional dispatchers, and all other state agencies that use 2-way radio communication.

Shop Equipment includes the equipment necessary to service and maintain the road equipment fleet, roadway fixtures (signs, guardrails), and roadway structures (bridges, culverts).

Office Equipment provides all Mn/DOT offices and administrative locations with furniture and up-to-date modular equipment. This enables effective use of space and impacts efficiency. Also included in this budget is office machines, engineering equipment, and photographic/audio visual equipment.

Through effective assessment of safety issues, equipment needs and equipment deployment, Mn/DOT will provide the best possible service to the citizens of Minnesota and Mn/DOT employees. This goal contributes to the following Minnesota Milestones goals: "Our communities will be safe, friendly, and caring"; "We will improve the quality of the air, water, and earth"; and "Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them."

PROSPECTS:

Mn/DOT's equipment program will continue to provide highway maintenance personnel with highly productive, highly mobile and versatile equipment in order to not only operate efficiently but also produce work with a minimum disruption to traffic. Labor-intensive activities are being mechanized wherever possible to maximize the safety of the motorist, to increase long-term cost efficiency, and to minimize the increasing problems being experienced with the health and safety of our employees working in the maintenance work zone.

In order to provide economical services to the public through effective use of personnel, this program must be adequately funded and administered. Maximizing efficient use of personnel requires that employees be equipped with up-to-date equipment.

Mn/DOT will purchase new or used road equipment that will increase efficiency and productivity, provide more economical operations, compensate for changes in workload, and standardize the fleet. Standardization will simplify parts inventory, repair procedures, and inter-changeability. Scientific equipment will be provided to ensure the continuation of various specialized programs in testing, research, survey, and mapping. Existing communication equipment will be upgraded and additional equipment provided when necessary to satisfy immediate communication needs, enhance employee safety, and effectively deploy personnel.

In order to maintain productivity, equipment must be replaced at regular intervals. The intervals are determined separately for each of the 200 equipment classes in the inventory. Currently, replacement intervals vary from 6 years to 40 years and are determined by cost of operation, cost of repairs, obsolescence, downtime, and efficiency.

For example, based on the criteria, a single-axle snow plow truck has been determined to have a 12- to 14-year replacement cycle. In order to maintain the snow plow fleet within this cycle, Mn/DOT should purchase 45 snow plows per year at a total cost of $1,871,000.

OUTCOMES AND OBJECTIVES:

Mn/DOT will strive to create a safe environment and a caring and secure community by providing and continually improving safety to motorists and workers.

- Mn/DOT will purchase specific equipment, the sole purpose of which is to ensure safety. Examples of this type of equipment include crash attenuators, arrow boards, and changeable message signs.
- Efficient equipment will be purchased to reduce the time the crews are on the road and the number of times a repair must be done, ultimately reducing the number of accidents in the work zone and best servicing the public.
- Ergonomically designed equipment will be purchased to reduce back, leg, arm, and shoulder injuries, thereby reducing worker's compensation costs.

Mn/DOT will strive to continually improve efficiency in government.

- Mn/DOT will purchase equipment that will reduce labor hours and the ratio of complement needed to maintain a set amount of lane miles of highway. Equipment purchase standards will continue to be of quality, with the end result being better service to the customer, with less time spent. (Example: A new mower recently purchased reduced the mowing time from 6 people taking 3 weeks to 1 person taking 2 weeks for the same area.)

Mn/Dot will strive to improve the surroundings and provide aesthetically pleasing roadsides in the most efficient manner.

- Mowing equipment will be purchased that mows faster and more smoothly. The roadsides will be aesthetically pleasant, and operators will have more time for additional duties.

- Attention will be given to noxious weed control.

Mn/DOT will use state of the art snow and ice control equipment to lower the snow occurrence accident rate and reduce the cost to remove ice and compacted snow from the roadway.

- Ice buildup will be removed faster or prevented through use of a salt brine solution applied by means of pre-wetting.

Mn/DOT will set standards for cleaner burning trucks and equipment that consume less fuel.

- Over time, equipment operating costs will be more efficient and engines will produce less smoke.

Mn/DOT will diminish the fleet size and coordinate the purchase and use of the equipment so that the equipment wears out rather than rusting or becoming obsolete.

- Mn/DOT will purchase multi-use rather than single-purpose equipment that is under- utilized and non-productive much of the year. Under this plan, the fleet size will be decreased without sacrificing functionality.

Mn/DOT currently is in a buyer's market; therefore, each type of equipment will be ordered and purchased on a single order.

- Purchase prices will continue to fall, resulting in new equipment at a lower price.

Mn/DOT will maintain its fleet within economic cycles in order to get the maximum use from purchased equipment.

- The fleet will continue to consist of new and up-to-date equipment, and every year fewer and fewer units will be out of cycle. It will take 8 years of full funding to get in cycle.

This program creates dedicated revenue. The revenue generated in the dedicated trunk highway fund is the result of dedicated receipts from auction sales.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Trunk Highway	$1,064	$480	$300	$300	$300
Dedicated - Agency	0	378	0	0	0

PROGRAM PLAN:

In order to efficiently provide highway maintenance and construction services to the people of Minnesota, all equipment must be kept within the established economic life cycle. With budget changes and funding decreases forthcoming, focus will be on the top 50 out of the 200 classes of equipment, where over 90% of the funds are utilized. In addition, attempts are being made to extend the life of low-usage equipment. The department has the option to rent or lease equipment during lean times when that is shown to be cost-effective.

The following questions are asked prior to equipment purchases:

- Can the replacement equipment be made safer to employees and the motoring public?
- Is it at a point in its economic life when replacement is required?
- For a given age, does equipment warrant replacement on the basis of utilization?
- What is the physical and mechanical condition of the equipment scheduled for replacement?
- What are the replacement costs vs. cost of continued ownership for another 12 months?
- Is there a need to upgrade to match the current technology in order to increase productivity or reduce downtime due to unavailability of repair parts?

The information gathered becomes the criteria upon which equipment purchase decisions are made. Mn/DOT will use an overall strategy to maintain its fleet efficiently. When possible, 2 or more outdated pieces of equipment will be replaced with 1 unit to save equipment purchases and labor hours.

The equipment program base has been reduced by $1,705,000 for F.Y. 1994 and for F.Y. 1995 to reflect a transfer of information systems equipment funds to the general services budget activity within the general administration program. The funds will be used for information systems development. This plan is consistent with Mn/DOT's information management budget request that was submitted to the Information Policy Office of the Department of Administration.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's budget plan.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: EQUIPMENT
ACTIVITY: EQUIPMENT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
EXPENSES/CONTRACTUAL SRVCS	129	40							
MISC OPERATING EXPENSES	3	1							
SUPPLIES/MATERIALS/PARTS	1,507	1,716							
CAPITAL EQUIPMENT	11,712	19,229	17,921	17,498	15,793	15,793	17,498	15,793	15,793
SUBTOTAL STATE OPERATIONS	13,351	20,986	17,921	17,498	15,793	15,793	17,498	15,793	15,793
TOTAL EXPENDITURES	13,351	20,986	17,921	17,498	15,793	15,793	17,498	15,793	15,793
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	6	5	5	5	5	5	5	5	5
STATE AIRPORTS	28	41	76	59	59	59	59	59	59
TRUNK HIGHWAY	12,263	20,064	17,540	17,134	15,429	15,429	17,134	15,429	15,429
STATUTORY APPROPRIATIONS:									
TRUNK HIGHWAY	1,054	498	300	300	300	300	300	300	300
AGENCY		378							
TOTAL FINANCING	13,351	20,986	17,921	17,498	15,793	15,793	17,498	15,793	15,793
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

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PROGRAM: General Administration
AGENCY: Transportation, Department of (Mn/DOT)

PROGRAM PURPOSE:

The general administration activites provide service, support, and structure to Mn/DOT and selected clients. The goal is to accomplish the general mission of the department and other program entities in a timely, efficient manner. This program has 4 activities: general management, general services, legal services, and air transportation.

General management, including the Commissioner's Office, Financial Management, Audit, Human Resources, Administrative Services, Information Policy, and Communications, exists to provide traditional administrative support and structure to Mn/DOT.

General services is composed solely of appropriations used to pay for services or activities of a general benefit to the entire department. These include the funds for buildings and leases, central office supplies, mail services, blueprinting, indirect costs, and data processing development.

Legal services consists of the appropriation used to pay the Attorney General for legal services provided to Mn/DOT and legal expenses related to those services.

Air transportation provides needed air transportation for state officials and employees.

These functions and activities support all of the department's efforts to achieve the Minnesota Milestones goals directly related to transportation issues and concerns. In addition, they contribute directly or indirectly to the following Minnesota Milestones goals: "We will welcome, value and respect people of all cultures, races, and ethnic backgrounds"; "Minnesotans will have the advanced education and training to make the state a leader in the global economy"; "Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them"; and "Rural areas, small cities, and urban neighborhoods throughout the state will be economically viable places to live and work."

PROSPECTS:

The prospects for this program are to continue to support the delivery of services to the department with very little increase in real dollars or resources. This program will manage the new demands by continually reviewing the use of existing resources to meet these demands.

Looking ahead to the year 2000, Mn/DOT, by investing in information systems, will be approaching an environment in which data can be accessed and integrated quickly in order to create the information necessary to support the agency's changing strategies. Responsibilities will be identified for administering the agency's data as a shared resource, and users will know the definitions of, the accuracy of, and the methods necessary to access the agency's data. Time and resources invested in duplicate data collection and maintenance will be reduced, with a similar reduction in time and resources required to assemble or modify new systems.

By the year 2000, Mn/DOT's employees will be representative of all of the state's citizens. Working and learning will be thoroughly integrated so that employees are adapting their knowledges, skills and abilities as they improve their work products and processes. Managers and supervisors will have the information, skills and tools they need to help them hire and develop their employees.

Mn/DOT's Information Leadership Council will redirect a significant portion of its information management budget from equipment and development investments that support specific business activities and units to investments in data and information technology resources that will be shared department-wide and will support many business activities. Districts and offices will receive a lower level of assistance for equipment and system development, as funds are redirected to create a data and technology infrastructure that in the future will enable faster development of systems at lower cost.

OUTCOMES AND OBJECTIVES :

We will have a diverse workforce representative of the citizens. We will treat our workforce equitably, ensure their safety, and respect and value their diversity.

- Mn/DOT will strive to increase both the percentage of female employees in non-clerical Mn/DOT positions and the percentage of racial/ethnic minorities in Mn/DOT positions.

	F.Y. 1980	F.Y. 1990	F.Y. 1994-95	F.Y. 2000
Percent of female employees in non-clerical Mn/DOT positions	25.0	26.0	30.0	35.0
Percent of racial/ethnic minorities in Mn/DOT positions	2.4	3.6	4.5	6.0

Mn/DOT employees, as a result of training, will remain able to perform their ever-changing jobs and to inspect, correct, and train others who work on Mn/DOT projects. Mn/DOT will remain a national leader in the transportation industry and will share the expertise of our staff with professional colleagues in this country and the world.

- Mn/DOT will ensure this goal is met by continually increasing the percentage of technical employees who receive technical training. This effort will extend beyond Mn/DOT employees and also will target local government and contractor employees.

	F.Y. 1980	F.Y. 1990	F.Y. 1994-95	F.Y. 2000
Percent of Mn/DOT technical employees receiving technical training	n/a	50	75	100
Number of local government employees receiving technical training	n/a	175	200	500

- We will accomplish this objective through partnerships with private sector employers and local government agencies to provide a variety of training experiences: classroom instruction, computerized self-study curricula, interactive training, tele/video conferencing, employee exchanges, and on-the-job training.

Customers will be more involved in the decision making process, and customer needs will drive the delivery of services. Customer surveys will elicit impact and will show an 85% satisfaction with services by 2000.

- A satisfied customer improves relations in many dimensions. Directly related to customer satisfaction is efficiency of the system. Mn/DOT, by F.Y. 2000, will pay all invoices within 30 days.

- Internal customers also demand attention and service to improve the workings of an organization. In the coming biennium, a baseline will be determined of internal information systems professionals who agree that standards are helping them to deliver better systems more quickly. The goal by the year 2000 is that there will be a 70% improvement in satisfaction among these professionals.

A large portion of the department's budget is dedicated to road construction. Mn/DOT construction projects will receive timely and effective administrative support. Projects will not be delayed due to lack of administrative support.

	F.Y. 1980	F.Y. 1990	F.Y. 1994-95	F.Y.2000
Percent of construction plans and proposals delivered within scheduled delivery time	n/a	n/a	100	100

Mn/DOT has accurate, accessible, integrated data and has adopted information systems standards and methods, enabling Mn/DOT to develop information systems that anticipate and meet its changing business strategies. Future focuses include: investment in geographic and administrative data (to develop a database), development (and support) of information systems standards, and installation and support of communication lines to Mn/DOT's dispersed locations.

- The resources needed to plan and deliver new information systems will be reduced, and system development time will grow shorter. In addition, all of MN/DOT's district offices, by F.Y. 1994-95, will be connected to high speed transmission lines for more efficient communication.

n/a = data not available

PROGRAM PLAN:

The general administration program, with a few exceptions, is funded at the 1993 base level. Salary increases and inflation will be absorbed through the continued use of the quality improvement process. Quality improvement prompts a continuous review of how we are functioning and guides us to question whether we are performing the proper function. The activities in this program each have unique funding changes.

The base for the general management activity has been adjusted in a few specific functions by $2,064,000 each year. The adjustments are the result of the department's efforts to bring the funding for an activity into the program area in which it is administered. The majority of this money will fund the graduate engineer program, the affirmative action office, the technical certification training program, information policy initiatives, and communications efforts.

The base for the general services activity has been adjusted by increases of $2,663,000 in F.Y. 1994 and $2,573,000 in F.Y. 1995. The general services activity includes $4.8 million for information system development activities for the biennium. Of this amount, $1,705,000 has been transferred from the equipment program (information systems equipment) to this activity base each year. The 2 largest projects are:

- Geographic Information System (GIS) investments in departmentwide databases and base map to support GIS for planning, program delivery, operations and preservation, and Intelligent Vehicle-Highway Systems (IVHS) functions.

- The redesign of Mn/DOT's internal systems to interface with the new statewide administrative system. In addition, the funding for the printing of the state map was transferred to this activity.

Additional adjustments were made for rent payments, printing of the highway map, continuation of the support of the network to district offices, and a single move of the records center.

The legal services activity base has been increased by $450,000 each year to cover the costs of services provided by the Attorney General's office. This will create a base equal to the actual cost of service provided in 1993.

The air transportation activity base has been increased by $4,000 in F.Y. 1994 and $6,000 in F.Y. 1995 to meet the level of anticipated expenditures for the biennium.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: GENERAL ADMINISTRATION

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
GENERAL MANAGEMENT	14,739	15,901	13,343	13,419	15,481	15,054	13,419	15,481	15,054
GENERAL SERVICES	10,792	10,720	10,462	9,275	11,938	11,938	9,319	11,892	11,892
LEGAL SERVICES	1,500	1,448	1,116	1,116	1,566	1,566	1,116	1,566	1,566
AIR TRANSPORTATION	797	818	1,034	1,007	1,011	1,009	1,007	1,013	1,011
TOTAL EXPENDITURES BY ACTIVITY	27,828	28,887	25,955	24,817	29,996	29,567	24,861	29,952	29,523

GOV'S INITIATIVES:	FUND								
(A) SALARY PLANNING ESTIMATES	AIR					<2>			<2>
(A) SALARY PLANNING ESTIMATES	THI					<427>			<427>
TOTAL GOV'S INITIATIVES						<429>			<429>

SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	42	43	41	41	41	41	41	41	41
STATE AIRPORTS	176	251	147	82	135	133	82	137	135
TRUNK HIGHWAY	23,334	24,640	21,536	20,490	25,617	25,190	20,534	25,571	25,144
OPEN APPROPRIATIONS:									
STATE AIRPORTS	49	48	50	50	50	50	50	50	50
TRUNK HIGHWAY	2,903	2,652	2,700	2,700	2,700	2,700	2,700	2,700	2,700
HGHWY USER TAX DISTR	544	465	470	470	470	470	470	470	470
STATUTORY APPROPRIATIONS:									
GENERAL	21								
SPECIAL REVENUE	8	31	24	24	22	22	24	22	22
STATE AIRPORTS	741	757	977	950	951	951	950	951	951
TRUNK HIGHWAY	10		10	10	10	10	10	10	10
TOTAL FINANCING	27,828	28,887	25,955	24,817	29,996	29,567	24,861	29,952	29,523

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: GENERAL ADMINISTRATION

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
STATE AIRPORTS	6.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
TRUNK HIGHWAY	264.0	273.0	268.0	268.0	268.0	268.0	268.0	268.0	268.0
TOTAL POSITIONS	270.0	280.0	275.0	275.0	275.0	275.0	275.0	275.0	275.0

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BUDGET ACTIVITY: General Management
PROGRAM: General Administration
AGENCY: Transportation, Department of, (Mn/DOT)

ACTIVITY DESCRIPTION:

The general management activity sets policy and provides the leadership and executive management necessary for the department to accomplish its mission. This activity also provides support services to department managers and staff in the areas of financial, human resource, and information system management; general administration; and internal and external communication.

1. The Office of the Commissioner ultimately has the responsibility for the development, implementation, administration, consolidation, and coordination of state transportation policies, plans, and programs. Major activities of the office are setting priorities and initiatives; presenting the department's issues and funding needs to the public and other government officials and agencies; obtaining input from the department's customers and stakeholders; and providing the internal direction, leadership, and management of the department.

2. Financial management services ensure the proper and efficient receipt and use of fiscal resources through financial planning and forecasting; budget development, maintenance, and control; investment strategy, accounting, and billing for federal and state aids for local governments; consultant contract management; financial reports and statements preparation for use by the department, external financial community, and federal government; liaison with the Department of Finance, State Treasurer, and State Board of Investment. Management analysis services enhance the ability of the department to make change by reviewing performance against policy, procedure, or objectives; analyzing potential cost reductions; recommending innovative solutions; and helping managers make informed resource management decisions. This unit also computes costs of proposed legislation.

3. Internal audits review Mn/DOT operations to provide management with information on whether financial and compliance requirements are being met. Internal audits also examine and evaluate the adequacy and effectiveness of the organization's system of internal control, whether Mn/DOT is managing its resources in an economical and efficient manner, and whether Mn/DOT is effective in achieving its program objectives. External audits examine contracts Mn/DOT has with consultants, transit operators, railroads, public utilities, municipalities, and other political subdivisions of the state. The audits are conducted to determine if the organization's accounting system is capable of identifying costs for cost type contracts and whether charges billed under contract are supported and reimbursable under state and federal laws, rules, and regulations.

4. Human resources management supports Mn/DOT managers and supervisors to ensure the most effective, efficient use of department staff; acquire and retain a diverse and effective work force; create a supportive and safe work environment;and provide progressive human resources management practices for employees. Services include recruitment, selection, and placement of employees; union contract negotiation and administration; affirmative action programs; employee development, quality improvement training, and technical training of department and local government employees; management of the Mn/DOT training center; employee health, safety, workers' compensation, and well-being; organizational development and consultation; and liaison with the Department of Employee Relations (DOER).

5. Administrative services provide centralized support services on a department-wide basis in mail and supply distribution; photo services; purchasing; graphics; records management and storage; consumable and fixed asset inventory; development and documentation of administrative procedures through calendar control activities for all department rule changes and contested cases; maintenance and distribution of policy manuals; disaster planning; and liaison with the Department of Administration. Additional services in central office include photocopy; blueprint; word processing; space management; and the sale of county, municipal, and special maps to the public and specification books to construction contractors.

6. Information systems development and management through the Office of Information Policy supports the department-wide directions, priorities and policies set by Mn/DOT's Information Leadership Council for information management; establishes department-wide data and technology architecture and standards; establishes department-wide systems development methodology and guidelines; and serves as liaison with the Department of Administration. The central information systems section provides department-wide information systems services; administers department databases; maintains department-wide data, applications, and technology repository; develops and maintains department-wide systems; develops and maintains department-wide office automation; provides network telecommunications infrastructure; and provides user support and training.

7. Public education and information services provide communication both internally and externally. Internal activities are designed to assist managers in communicating with their customers, stakeholders, and staff and to provide employees with the information they need to do their jobs, represent the department, and understand how they contribute to the department's mission. External activities educate and inform the traveling public and other interested parties so they can make better decisions about transportation issues such as road closings, alternative modes of transportation, traffic safety, and transportation funding. These activities are conducted through a variety of services and communications media as appropriate to the message and the audience--video productions; slide tape and audio productions; display design; illustration and forms design; media relations and news releases; communication and information publications; consultation; and specialized information services, e.g., newspaper clippings, inter-library loans, and identification and tracking of technical and managerial issues.

BUDGET ISSUES:

In the past, many of the services in the general management activity were funded by identifying priority unfunded needs at the beginning of each biennium and funding them through transfer from other programs. With shortages in all programs this up-coming biennium, this funding mechanism is no longer viable. However, some of the priority unfunded needs continue to be critical to the department and require funding. Money has been transferred to this activity to fund the critical needs.

Transferred amounts will not provide the same level of funding available in the past. In order to manage within the proposed budget, there will be cutbacks in services provided by the offices in this activity, systematic changes in Mn/DOT's human resource and information management systems, elimination of a management position, additional holding of vacancies and, depending on the amount and type of turnover, some layoffs. In addition, Mn/DOT will not hire any graduate engineers on the rotation program for F.Y. 1994. In the past, Mn/DOT has hired from 15 to 25 engineers each

year. New engineers will be hired in F.Y. 1995 when the current graduate engineers find permanent positions.

Each year, $119,000 will be used to fund affirmative action staff and program activities in order to create a greater awareness of harassment issues, target work force diversity programs and recruitment, and handle the additional workload resulting from implementation of the Americans for Disabilities Act.

In human resources, the transfers each year will fund the following: $213,000 for safety, workers' compensation, and employee assistance services (since departmentwide cut-backs in fiscal and human resources will place Mn/DOT employees under additional stress, which could lead to medical and mental problems and work-related accidents and injuries); $352,000 for the graduate engineer rotation program; $446,000 for employee training and development, the majority of which is for technical training; $14,000 to provide for maintenance and upkeep of Mn/DOT's training center (which is shared with Department of Public Safety and used extensively by the State Patrol); and $38,000 to fund a computer analyst who is establishing and maintaining a human resource information system.

The $205,000 transferred for systems and administrative services will be for Mn/DOT labor used in the remodeling and life-safety work of the central office, and staff to process mail. This funding will be needed each fiscal year.

Audit will use its $210,000 each fiscal year to fund staff to complete Intelligent Vehicle-Highway Systems (IVHS) consultant pre-award audits and federally required audits. Two additional positions will remain unfunded.

The Office of Communications has been transferred $300,000 each year to fund salaries for positions to ensure high quality responsiveness to ever-increasing requests for transportation information to customers, special information outreach programs that foster alternative modes of transportation, and informational educational projects.

Each year, $162,000 will be transferred to information policy to pay the salary of staff assigned to the Administrative Information Systems and the Geographic Information Systems projects, and to develop information architecture and standards for the department. This will result in more efficient and effective information management and reduction of duplication.

The remaining $95,000 has been transferred to several small accounts with salary, supply, and expense deficiencies.

EFFICIENCY MEASURES:

Respect and Value for all People, Government Reflect State's Diverse Population

The department's efforts to achieve the Minnesota Milestones goals cited above must begin in our workplace. We will have a diverse workforce representative of the citizens. We will treat our workforce equitably, ensure their safety, and respect and value their diversity. The indicators listed below will help us measure our progress. An important part of the process is to accomplish these results without increasing complement.

Indicator	F.Y. 1980	F.Y. 1990	F.Y. 1994-95	F.Y. 2000
Percent of female employees in non-clerical Mn/DOT jobs	25.0	26.0	30.0	35.0
Percent of racial/ethnic minorities in Mn/DOT jobs	2.4	3.6	4.5	6.0
Percent of managers/supervisors receiving diversity training	0	95.0	100.0	100.0

Work-related injuries and illnesses are measured according to national standards which compare the number of such injuries and illnesses and the number of lost time days to the number of work hours to arrive at frequency and severity rates. Mn/DOT's rates are shown below. The national averages for Mn/DOT's industry are 12.0 (frequency rate) and 60.0 (severity rate).

Indicator	F.Y. 1980	F.Y. 1990	F.Y. 1994-95	F.Y. 2000
Frequency rate of work-related lost time injuries/illnesses	4.40	3.34	3.30	3.00
Severity rate of work-related injuries and illnesses	46.76	37.61	36.00	30.00

Continuous Learning and Improvement

As a result of training, Mn/DOT employees will remain able to perform their ever-changing duties and to inspect, correct, and train others who work on Mn/DOT projects. The technical training Mn/DOT provides enables Mn/DOT and local government employees to become certified and remain current in a variety of technical specialty areas in order to provide quality products. This training is an important part of Mn/DOT's quality assurance efforts. Mn/DOT will remain a national leader in the transportation industry and will share the expertise of our staff with professional colleagues in this country and the world. The goal is to make the changes in the most efficient manner, accomplishing the training increases with minimal to no increase in resources.

Indicator	F.Y. 1980	F.Y. 1990	F.Y. 1994-95	F.Y. 2000
Percent of Mn/DOT supervisors successfully completing supervisory training	n/a	n/a	75	100
Percent of Mn/DOT technical employees receiving technical training	n/a	50	75	100
Number of local government employees receiving technical training	n/a	175	200	500

BUDGET ACTIVITY: General Management
PROGRAM: General Administration
AGENCY: Transportation, Department of, (Mn/DOT)
(Continuation)

Efficiency and Cost-Effectiveness
Employees will be empowered to make decisions at the lowest level of the organization. Customers will be more involved in the decision making process, and customer needs will drive the service delivery. Mn/DOT deals with many time sensitive plans and proposals. Efficiency in handling and delivering these products is essential to effectively award contracts. As important as reaching the 100% goal on the given indicators, is the ability to reach and maintain these goals with a set or decreasing amount of resources.

Indicator	F.Y. 1980	F.Y. 1990	F.Y.1994-95	F.Y. 2000
Blueprinting, reproduction, and photo lab requests delivered on schedule	n/a	n/a	*	100%
Hours available to do projects of special management interest after completing audits required to receive our federal funding	n/a	800	1,200	1,600
Maximum time elapsed in (in years) until final audit closeout of agreements with organizations outside Mn/DOT	n/a	3	2	1.5
Percent reduction in resources needed to plan and deliver new information systems	n/a	n/a	*	50
Percent reduction in resources required to maintain and enhance systems developed after 1996	n/a	n/a	*	30
Percent of invoices paid within 30 days	n/a	98.0	99.0	100.0
Percent of dollars collected within 30 days of event billing for return to the trunk highway fund		98.0	99.0	99.5
Percent of weekly billings of federal projects accepted by the federal government	n/a	97.0	98.0	99.5
Percent of billings of federal projects by the federal government where no exception is taken	n/a	98.0	99.0	100.0
Percent of managers/supervisors satisfied with their services	n/a	n/a	50.0	85.0
Percent of agency-specific exams delegated from DOER to Mn/DOT	2.0	17.0	95.0	100.0
Percent of classes for which classification authority is delegated from DOER to Mn/DOT	2.0	13.0	100.0	100.0

Rapid, Ongoing Communication with our Customers
Internal and external communication of information will be timely and accurate.

Indicator	F.Y. 1980	F.Y. 1990	F.Y. 1994-95	F.Y. 2000
Percent of Mn/DOT district offices connected to high speed transmission line	0	0	100.0	100.0
Percent of commuting public educated in the concepts of high occupancy vehicle (HOV) lanes, ramp metering, and alternative modes of transportation	n/a	n/a	*	80

* = baseline measures to be established
n/a = data not available

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - General	$21	$ 0	$ 0	$ 0	$ 0
Dedicated - Special Revenue	10	31	24	22	22

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: GENERAL ADMINISTRATION
ACTIVITY: GENERAL MANAGEMENT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	12,108	13,458	11,396	11,472	12,615	12,188	11,472	12,615	12,188
EXPENSES/CONTRACTUAL SRVCS	1,471	1,424	1,103	1,103	1,363	1,363	1,103	1,363	1,363
MISC OPERATING EXPENSES	639	547	541	541	1,153	1,153	541	1,153	1,153
SUPPLIES/MATERIALS/PARTS	446	458	293	293	340	340	293	340	340
CAPITAL EQUIPMENT	35	18							
OTHER	10	<39>	10	10	10	10	10	10	10
SUBTOTAL STATE OPERATIONS	14,709	15,866	13,343	13,419	15,481	15,054	13,419	15,481	15,054
AIDS TO INDIVIDUALS	29	35							
LOCAL ASSISTANCE	1								
TOTAL EXPENDITURES	14,739	15,901	13,343	13,419	15,481	15,054	13,419	15,481	15,054
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		THI				<427>			<427>
TOTAL GOV'S INITIATIVES						<427>			<427>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
TRUNK HIGHWAY	14,700	15,870	13,309	13,385	15,449	15,022	13,385	15,449	15,022
STATUTORY APPROPRIATIONS:									
GENERAL	21								
SPECIAL REVENUE	8	31	24	24	22	22	24	22	22
TRUNK HIGHWAY	10		10	10	10	10	10	10	10
TOTAL FINANCING	14,739	15,901	13,343	13,419	15,481	15,054	13,419	15,481	15,054

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: GENERAL ADMINISTRATION
ACTIVITY: GENERAL MANAGEMENT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
TRUNK HIGHWAY	264.0	273.0	268.0	268.0	268.0	268.0	268.0	268.0	268.0
TOTAL POSITIONS	264.0	273.0	268.0	268.0	268.0	268.0	268.0	268.0	268.0

BUDGET ACTIVITY: General Services
PROGRAM: General Administration
AGENCY: Transportation, Department of (Mn/DOT)

ACTIVITY DESCRIPTION:

The general services activity facilitates the department's activities and exists to:

1. Provide leased work space and attendant housekeeping services for Mn/DOT central office personnel who are housed in Transportation building or elsewhere in rental buildings.
2. Furnish Mn/DOT employees statewide with necessary forms, office supplies and materials, and printed matters.
3. Provide for equipment lease and service contracts.
4. Coordinate with Department of Administration-Intertech for consultant services needed to develop data processing systems.
5. Provide for the printing of the Official Minnesota Highway Map.
6. Develop Mn/DOT's data and information technology infrastructure to increase efficiency of systems development, quality of information, and access to information.
7. Perform other administrative services for department management.

BUDGET ISSUES:

The data processing development budget will receive $1,705,000 from the data processing equipment budget. The funding will support specific business activities and units, and data and information technology resources. The resources will be shared department-wide and will support several areas. Districts and offices will receive a lower level of assistance for equipment and system development. Funds will be redirected to create a data and technology infrastructure. This, in turn, will enable faster development of systems at a lower cost. This adjustment will also occur in F.Y. 1995. In addition $290,000 has been allocated annually for new funding in the data processing development area.

F.Y. 1994 will require a 1-time spending of $90,000 to relocate Mn/DOT's Records Center. The current facility is rented, has structural, maintenance and security problems, and is not handicapped accessible. The landlord has been unresponsive to our needs and requests, and has put the building up for sale. Mn/DOT's Electronic Communications unit shares this facility with the Records Center and also would move.

In F.Y. 1993, the Aeronautics Office was relocated to a location near the airport due to a need for additional space in the Central Office and a desire to consolidate its units. This will increase rent expenses for general services $65,000 each fiscal year.

$250,000 will be spent in both F.Y. 1994 and 1995 to continue to support the expanded high speed digital T-1 network to district and subdistrict offices. Also included in these funds are the equipment and software needed to manage and monitor the network performance.

General services will receive an annual transfer of $50,000 from the aeronautics program, state airports fund, for data processing development.

Central office stores will require $213,000 each fiscal year to cover rent, state maps, and copier and facsimile machine expenses.

Overall, general services will need to make some adjustment to manage efficiently with fewer dollars for the same amount of services. Tighter restrictions will be enforced with office supply use and the quantities of printing. Finally, special purchases of items not stocked in stores will be reduced.

EFFICIENCY MEASURES:

Building Lease and Services
Cost effective and efficient services are provided to Minnesota citizens when effective space management, building leases, and building maintenance and remodeling services are provided to Mn/DOT employees. An efficiently designed and comfortable workplace, provided at minimal cost, contributes to increased productivity.

	F.Y. 1980	F.Y. 1990	F.Y. 1994-95	F.Y.2000
Increase in cost compared with rate of inflation	n/a	n/a	*	0

Central Office Supplies
Efficiency of operation in the central office is enhanced by an effective and timely support, purchasing, and distribution system.

	F.Y. 1980	F.Y. 1990	F.Y. 1994-95	F.Y. 2000
Increase in cost of supplies per employee compared with rate of inflation	n/a	n/a	*	0

Data Processing Development
Development, of computer systems for the department provides for increased effectiveness and improved delivery of Mn/DOT services to the citizens of Minnesota.

	F.Y. 1980	F.Y. 1990	F.Y. 1994-95	F.Y. 2000
Percent of reasonable target dates for system development projects met	n/a	n/a	*	100

Data and Information Technology Infrastructure
The development of Mn/DOT's data resources and the identification of responsibilities for administering data as a shared department and state resource reduce duplication of data collection efforts, enable systems to be assembled more quickly, and increase the accuracy of information.

BUDGET ACTIVITY: General Services
PROGRAM: General Administration
AGENCY: Transportation, Department of (Mn/DOT)
(Continuation)

	F.Y. 1980	F.Y. 1990	F.Y. 1994-95	F.Y. 2000
Percent reduction of redundant data collection processes	n/a	n/a	*	70
Percent of key users and suppliers who know who is responsible for the integrity of major Mn/DOT databases	n/a	n/a	*	95

n/a = data not available
* = baseline measures to be established

REVENUE:

This activity generates non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Trunk Highway	$89	$89	$100	$100	$100

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: GENERAL ADMINISTRATION
ACTIVITY: GENERAL SERVICES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1	24	47						
EXPENSES/CONTRACTUAL SRVCS	3,741	3,169	4,209	3,068	5,471	5,471	3,112	5,425	5,425
MISC OPERATING EXPENSES	2,075	2,273	2,385	2,385	2,635	2,635	2,385	2,635	2,635
SUPPLIES/MATERIALS/PARTS	1,123	844	547	548	558	558	548	558	558
CAPITAL EQUIPMENT	356	311	54	54	54	54	54	54	54
OTHER	3,496	4,099	3,220	3,220	3,220	3,220	3,220	3,220	3,220
SUBTOTAL STATE OPERATIONS	10,792	10,720	10,462	9,275	11,938	11,938	9,319	11,892	11,892
TOTAL EXPENDITURES	10,792	10,720	10,462	9,275	11,938	11,938	9,319	11,892	11,892
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	42	43	41	41	41	41	41	41	41
STATE AIRPORTS	120	190	90	25	75	75	25	75	75
TRUNK HIGHWAY	7,134	7,322	7,111	5,989	8,602	8,602	6,033	8,556	8,556
OPEN APPROPRIATIONS:									
STATE AIRPORTS	49	48	50	50	50	50	50	50	50
TRUNK HIGHWAY	2,903	2,652	2,700	2,700	2,700	2,700	2,700	2,700	2,700
HGHWY USER TAX DISTR	544	465	470	470	470	470	470	470	470
TOTAL FINANCING	10,792	10,720	10,462	9,275	11,938	11,938	9,319	11,892	11,892
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

BUDGET ACTIVITY: Legal Services
PROGRAM: General Administration
AGENCY: Transportation, Department of (Mn/DOT)

ACTIVITY DESCRIPTION:

The legal services activity exists to pay for legal counsel provided to Mn/DOT by the Attorney General through assignment of a Deputy Attorney General and staff who represent Mn/DOT in legal matters. Their specific duties are to:

1. Provide competent representation in litigation, resulting in the fair and reasonable enforcement of the law.
2. Provide representation in administrative proceedings, title searches, contract reviews, eminent domain proceedings, and filing of legal documents.
3. Render day-to-day legal advice involving statutory interpretation.
4. Conduct tort liability investigation and defense.

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
■ New parcels in condemnation	316	300	250	200
■ Commissioner's awards filed	244	200	175	125
■ Appeals to district court	32	45	40	40
■ Settlements	25	35	30	30
■ Jury verdicts	6	10	10	10
■ Damage case collection	$889	$900	$900	$900

BUDGET ISSUES:

The agency's demand for legal services varies directly with the size of the programs and the number of projects or contracts involved. Besides project cost and size, location (metro versus outstate) and complexity also affect the total cost of services needed. The rates for services have increased each year. Legal services will receive an increase of $450,000 each year to cover these expenses.

EFFICIENCY MEASURES:

In F.Y. 1993, Mn/DOT obtained delegation of authority from the Attorney General to sign certain contracts and agreements. This delegation not only will result in some cost savings, but also savings in the amount of time it takes to process contracts and agreements.

REVENUE:

None.

GRANTS:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: GENERAL ADMINISTRATION
ACTIVITY: LEGAL SERVICES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES		75							
EXPENSES/CONTRACTUAL SRVCS	1,465	1,344	1,092	1,092	1,542	1,542	1,092	1,542	1,542
MISC OPERATING EXPENSES	7	2	4	4	4	4	4	4	4
SUPPLIES/MATERIALS/PARTS	28	27	20	20	20	20	20	20	20
SUBTOTAL STATE OPERATIONS	1,500	1,448	1,116	1,116	1,566	1,566	1,116	1,566	1,566
TOTAL EXPENDITURES	1,500	1,448	1,116	1,116	1,566	1,566	1,116	1,566	1,566
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
TRUNK HIGHWAY	1,500	1,448	1,116	1,116	1,566	1,566	1,116	1,566	1,566
TOTAL FINANCING	1,500	1,448	1,116	1,116	1,566	1,566	1,116	1,566	1,566
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

BUDGET ACTIVITY: Air Transportation
PROGRAM: General Administration
AGENCY: Transportation, Department of

GRANTS:

None

ACTIVITY DESCRIPTION:

The Air Transportation Service Section operates 2 twin-engine aircraft, which are available for transporting the governor, legislators, other elected officials and their staff, and commissioners and staff of state agencies. This service increases the efficiency of state government in Minnesota by reducing the travel time of officials and employees, thereby making them more productive and available to the citizens of Minnesota.

BUDGET ISSUES:

The use of air transportation service increases the ability of state government to respond to constituents' needs in Greater Minnesota by providing services from a central geographical location. This service reduces the need to duplicate services elsewhere and ensures that all citizens of Minnesota have access to state government services in a timely manner. This activity will receive minor transfers from the aeronautics program to cover salary costs in the upcoming biennium in the amounts of $4,000 in F.Y. 1994 and $6,000 in F.Y. 1995.

EFFICIENCY MEASURES:

The use of aircraft in the daily operation of state government results in the efficient use of employee time. Government employees, including the governor, the legislature, and staff, use aircraft as a primary mode of transportation to make them accessible to the public by allowing person-to-person contact with the constituency. It is possible to make a trip to 4 locations in the state in 1 day by air instead of 4 days or 4 separate trips in an automobile. The use of an airplane tells the public that what they have to say is important enough for government to come to them, rather than that they must always come to government.

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Percent of available seats utilized per flight	50	57	55	60	63

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - State Airports	$650	$618	$950	$950	$950

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSPORTATION,DPT OF
PROGRAM: GENERAL ADMINISTRATION
ACTIVITY: AIR TRANSPORTATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	338	359	338	338	342	340	338	344	342
EXPENSES/CONTRACTUAL SRVCS	313	324	465	465	465	465	465	465	465
MISC OPERATING EXPENSES	33	25	38	38	38	38	38	38	38
SUPPLIES/MATERIALS/PARTS	113	110	119	92	92	92	92	92	92
CAPITAL EQUIPMENT			74	74	74	74	74	74	74
SUBTOTAL STATE OPERATIONS	797	818	1,034	1,007	1,011	1,009	1,007	1,013	1,011
TOTAL EXPENDITURES	797	818	1,034	1,007	1,011	1,009	1,007	1,013	1,011
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		AIR				<2>			<2>
TOTAL GOV'S INITIATIVES						<2>			<2>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE AIRPORTS	56	61	57	57	60	58	57	62	60
STATUTORY APPROPRIATIONS:									
STATE AIRPORTS	741	757	977	950	951	951	950	951	951
TOTAL FINANCING	797	818	1,034	1,007	1,011	1,009	1,007	1,013	1,011
POSITIONS BY FUND:									
STATE AIRPORTS	6.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
TOTAL POSITIONS	6.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0

1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Regional Transit Board (RTB) **Fund:** General

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$27,130	$27,130	$54,260
Forecast Adjustments	-0-	-0-	-0-
AGENCY BASE	$27,130	$27,130	$54,260
Inflation Cost Increases	-0-	-0-	-0-
Agency Management Decisions			
Agency Operations:			
Agency Operations	$(114)	$(115)	$(229)
Regular Route Transit Grants	(525)	(525)	(1,050)
Metro Mobility Program	(634)	(633)	(1,267)
Rural/Small Urban Grants	(84)	(83)	(167)
Subtotal	$(1,357)	$(1,356)	$(2,713)
TOTAL AGENCY PLAN	$25,773	$25,774	$51,547
Governor's Initiatives			
Restore Reductions	$1,357	$1,357	$2,714
Vision for Transit	8,500	8,500	17,000
GOVERNOR'S RECOMMENDATION	~~$27,130~~ 35,630	~~$27,131~~ 35,631	~~$54,261~~ 71,261

Brief Explanation of Agency's Overall Actions:

5% Base reduction applied equally to agency operations and grants which are funded with General Fund appropriations.

2. Impact on Staffing:

	F.Y. 1994	F.Y. 1995
Positions left Vacant or Eliminated	0.0	0.0

3. Impact on Revenue Generation:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
Agency Plan	$-0-	$-0-	$-0-

4. Affected Statutes:

None.

5. Governor's Recommendation:

The Governor recommends restoring reductions proposed with the agency's plan and adding $17,000 for the biennium for Vision for Transit.

1994-1995 B I E N N I A L B U D G E T
INVESTMENT INITIATIVES
(DOLLARS IN THOUSANDS)

AGENCY: REGIONAL TRANSP BD

ITEM DESCRIPTION:	FUND	EXPENDITURES FY 1994	EXPENDITURES FY 1995	EXPENDITURES BIENNIUM	REVENUES FY 1994	REVENUES FY 1995	REVENUES BIENNIUM
(A) RESTORE REDUCTION	GEN	1,357	1,357	2,714			
(B) VISION FOR TRANSIT	GEN	8,500	8,500	17,000			
TOTAL BY FUND	GEN	9,857	9,857	19,714			
TOTAL INVESTMENT INITIATIVES		9,857	9,857	19,714			

AGENCY: Regional Transit Board (RTB)

MISSION:

The Regional Transit Board is responsible for transit planning, policy making, administration and facilitation of transit services in the metropolitan area. The major functions of the RTB include:

- Administer state and metropolitan area transit subsidies.
- Foster effective delivery of transit services.
- Prepare and revise a transit service and capital plan that provides a blueprint for regional transit activities.
- Establish and implement regional fare policies.
- Review and approve the Metropolitan Transit Commission budget.
- Coordinate replacement service "opt-out" programs.
- Establish regional transit facilities including transit hubs.
- Advise and work cooperatively with local governments, regional rail authorities, and other public agencies, transit providers, developers, and other persons in order to coordinate all transit modes and to increase the availability of transit services.
- Conduct transit research and evaluation.

MINNESOTA MILESTONES:

The public transit and paratransit programs coordinated and funded by the RTB contribute to the achievement of several milestones goals and indicators:

- Assisting individuals and families, especially those who are transit dependent, to maintain a reasonable standard of living by providing cost-effective transportation to employment.
- The reduction of average annual energy use per person.
- The reduction of emissions of criteria air pollutants.
- Limiting the number and percentage of freeway miles in the Twin Cities that are congested.
- Increasing ridership on urban public transit systems.

CLIMATE:

The Vision for Transit is the RTBs response to the challenge of building and sustaining a public transit system that meets our total transit needs today and into the future. Increasing highway congestion, the potential for worsening air quality, and the need to maintain mobility for people who are dependent on transit are all challenges to our quality of life. A strong regional transit system is necessary to meet these challenges. By providing alternatives to single-occupant autos, decreasing the amount of air pollution, and getting people to jobs and schools, transit services benefit the entire region. In addition, to maintain the viability of the central cities, which grew around a network of transit lines, a commitment to improved service is necessary.

The Vision recognizes that a comprehensive approach is needed to improve the transit system. Key goals include:

- *Matching Service to Need.* No single type of transit service can meet all transportation needs, so there must be a full menu of options. These include regular route service, community circulators, travel demand management strategies, special services for persons with disabilities, and in heavily traveled corridors, light rail transit.
- *Taking a Dynamic Approach to Providing Service.* Service performance must be continually evaluated. Where unproductive service is found, it must be replaced or eliminated to allow scarce resources to be shifted to areas with unmet demand.
- *Maintaining a Strong Core System.* More than 85% of all transit trips are taken on local regular route service, primarily in the central cities. To protect our urban neighborhoods and provide links to jobs for central city residents, a strong core transit system is essential.
- *Improving Suburban Transit Services.* There is growing awareness that adequate transportation is a critical need for transit dependent people living in the suburbs. In most suburban communities, the existing level of transit service is not meeting these needs. New approaches to suburban service delivery are needed to get people to jobs and services.
- *Providing Accessible Options.* More people with disabilities are choosing to live independently. This lessens the overall need for social services for the disabled. Independent living does, however, require adequate transportation. In keeping with the national direction established by the Americans with Disabilities Act, the RTB is putting in place a variety of accessible transit services that increase the travel options for the disabled.
- *Using Technology to Improve Transit.* Developing technologies offer tremendous potential to improve the quality and cost effectiveness of transit service. Innovations in vehicle dispatching, fare collection and transit information can greatly enhance the attractiveness of transit use.
- *Reducing Emissions and Energy Consumption.* Transit is an effective tool for reducing air pollution and reducing the average annual energy use per person in the metropolitan area.

The RTB and transit providers have successfully deployed some initial elements of the Vision for Transit. These include 6 transit hubs, work on the region's largest park-and-ride lot and implementation of all-day express service along I-394 and to the Mall of America. To realize the vision improvements throughout the region, however, a commitment is needed to fully invest in a better transit system. The Transit Service and Capital Plan provides the blueprint for expanded transit services.

AGENCY BUDGET PLAN:

The challenge for F.Y. 1994-95 is to maintain existing transit services in the region and to provide new services to meet the demand for travel to the Mall of America and to effectively utilize the specially designed transit elements incorporated in the new I-394.

This challenge occurs at a time when all of the available transit funding sources are either flat (federal operating assistance), in decline (state base level funding cuts), or growing at a pace less than the growth of inflation (property taxes for operating support, growing at a rate of 2% the last calendar 2 years). RTB carryover funds, or fund balance was also available as recently as F.Y. 1992 to supplement current resources, but is now depleted to a level that cannot be further reduced.

In order to maintain services, a fare increase that would be effective 1-1-93 is under consideration by the RTB. Public hearings on the proposed $.15 increase (to $1.00) in the regular route base fare are scheduled for the fall of 1992. In calendar 1993, total regional transit fares are expected to add about $48,000,000 to public transit resources.

Although transit operating costs have been held at or below the rate of inflation, little or no increases have been seen in state or federal transit funding. Federal funding has decreased in recent years while state transit assistance anticipated in F.Y. 1994-95 is only 1% greater than was appropriated for the F.Y. 1988-89 biennium.

GOVERNOR'S RECOMMENDATION:

The Governor recommends restoring reductions proposed with the agency's plan, and adding $17,000,000 for the biennium for Vision for Transit.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: REGIONAL TRANSP BD
PROGRAM: REGIONAL TRANSIT BD
ACTIVITY: REGIONAL TRANSIT BD

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	22,176	28,629	27,130	27,130	25,773	35,630	27,130	25,773	35,630
TOTAL EXPENDITURES	22,176	28,629	27,130	27,130	25,773	35,630	27,130	25,773	35,630
GOV'S INITIATIVES:		FUND							
(A) RESTORE REDUCTION		GEN				1,357			1,357
(B) VISION FOR TRANSIT		GEN				8,500			8,500
TOTAL GOV'S INITIATIVES						9,857			9,857
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	7,559	28,629	27,130	27,130	25,773	35,630	27,130	25,773	35,630
TRANSIT ASSISTANCE	14,617								
TOTAL FINANCING	22,176	28,629	27,130	27,130	25,773	35,630	27,130	25,773	35,630
POSITIONS BY FUND:									
TOTAL POSITIONS									

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Regional Transit Board (RTB)
PROGRAM: Regional Transit Board
ACTIVITY: Regional Transit Board

ITEM TITLE: Vision for Transit

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund	$8,500	$8,500	$8,500	$8,500
- State Operations				

Statutory Change? Yes _____ No X
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends recommends funding for the Vision for Transit operations and service in the amount of $17 million for the biennium.

The purpose for this funding is to meet the transit needs of the metropolitan area.

Funding Vision for Transit will allow continued operation of existing services and some service quality improvements. New services will be added that will provide greater transit service throughout the region. The RTB and transit providers have successfully deployed some initial elements of the Vision for Transit. These include 6 transit hubs, the region's largest park and ride lot and implementation of all-day express service along I-394 and to the Mall of America. To realize the Vision improvement throughout the region, however, a commitment is needed to fully invest a better transit system. Vision '97, The Regional Transit Service and Capital Plan, provides the blueprint for expanded transit services.

PROGRAM OUTCOMES:

Increasing highway congestion, the potential for worsening air quality, and the need to maintain mobility for people who are dependent on transit are all challenges to our quality of life. A strong regional transit system is necessary to meet these challenges. By providing alternatives to single-occupant autos, decreasing the amount of air pollution, and getting people to jobs and schools, transit services benefit the entire region.

- Add 6.6 million miles of regular route service (20% increase)
  - Strength local service
  - Add 11 peak-period express services
  - Add 17 all-day express services
- Increase regular route ridership by 18% (12 million annual boardings).
- Expand community circular service coverage from current 2 to 8 programs.
- Restructure Metro Mobility to maintain cost effectiveness.
- Expand travel demand management (TEDM) programs.

LONG-TERM IMPACT:

This transit investment initiative will contribute to the achievement of several Milestones goals and indicators.

- Assisting individuals and families, especially those who are transit dependent, to maintain a reasonable standard of living by providing cost-effective transportation to employment.
- Reducing average annual energy use per person.
- Reducing emission of criteria air pollutants.
- Limiting the number and percentage of congested freeway miles in the Twin Cities.
- Increasing ridership on urban public transit systems.

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1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Transportation Regulation Board (TRB) **Fund:** Trunk Highway

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$758	$760	$1,518
Forecast Adjustments	-0-	-0-	-0-
AGENCY BASE	$758	$760	$1,518
Inflation Cost Increases	10	28	38
Agency Management Decisions			
Agency Operations:			
Hold positions vacant	$(21)	$(21)	$(42)
Miscellaneous payroll	(5)	(3)	(8)
Professional Services	(22)	(42)	(64)
Subtotal	$(48)	$(66)	$(114)
TOTAL AGENCY PLAN	$720	$722	$1,442
Governor's Initiatives			
Salary Planning Estimates	$(15)	$(15)	$(30)
GOVERNOR'S RECOMMENDATION	$705	$702	$1,412

Brief Explanation of Agency's Overall Actions:

As a result of recent law changes, an appeals court ruling and internal changes, Administrative Law Judges costs and attorney general costs will be reduced.

By eliminating the single focus assignments of our staff Rate Specialist and Authorities Specialist, we have been able to achieve significant service efficiencies. We will leave our Rate Specialist position vacant and contract on an "as needed" basis to meet agency demands for service. We will meet this demand with a 50% reduction in cost for that position.

This plan will allow the TRB to continue its trucking regulation service activity in an efficient and cost effective manner with no reductions in service to the public.

2. Impact on Staffing:

	F.Y. 1994	F.Y. 1995
Positions left Vacant or Eliminated	.5	.5

3. Impact on Revenue Generation:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
Agency Plan	$-0-	$-0-	$-0-

4. Affected Statutes:

None.

5. Governor's Recommendation:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

AGENCY: Transportation Regulation Board (TRB)

MISSION:

The Transportation Regulation Board (TRB) exists to insure safe and efficient movement of passengers and commodities, and to further insure fair and equitable rates for the public as well as the carriers through the granting of authority based on fitness, ability and need.

The board, acting in a quasi-judicial function, has the authority in the determination of adequacy of transportation services, the reasonableness of rates, and the issuing of franchises to common carriers and all other categories of commercial haulers.

The Commissioner of Minnesota Department of Transportation (Mn/DOT) supervises, investigates and enforces state regulation of the transportation industry while being free to function as an advocate for the best interests of the state. With the creation of the board as a separate entity, the TRB has been able to concentrate its effort in dealing with the industries within their jurisdiction. This concentration has permitted more transportation expertise to be involved in the regulatory decision-making with qualified members dealing totally with transportation issues, thereby providing a focus for the industry, minimizing administrative problems, duplications and eliminating confusion for the public.

The clientele of the TRB consists of:

- the citizens of the state who use the products and services provided by the transportation industry and are protected by the regulatory actions of the board;
- the motor carriers and railroads which operate within the state;
- stake-holders, municipalities, counties and townships which may become involved in certain railroad regulatory matters;
- the shippers and users of transportation;
- legal community;
- legislature;
- Administrative Law Judges; and
- Department of Transportation.

MINNESOTA MILESTONES:

A Prosperous People:

It is a goal of the state of Minnesota to foster and promote an economic climate that is conducive to healthy business operations and strong job demand leading to a reasonable standard of living for all Minnesota citizens in all parts of the state.

The regulation of the means of delivering freight and passengers in Minnesota contribute to the economic success for business and the opportunity for a reasonable standard of living for all Minnesota citizens.

Our Surroundings:

It is a goal of the state of Minnesota to reduce air pollution entering the atmosphere. Part of the public policy supporting the regulation of trucking (by limiting entry to the industry) is to authorize only the number of trucks on the road necessary to serve the business and economic needs of our citizens. By limiting and controlling entry to the industry, the state has some degree of control over the number of trucks on the roads and the amount of pollution discharged into the air as a result of trucking.

CLIMATE:

M.S. 221, Motor Carrier Regulation Law:

This law is the policy that drives all aspects of the operations of the TRB. The law regulates entry to the for-hire trucking business, controls expansion and sets or approves tariff rates.

The TRB also operates under a set of rules which were adopted by the board following public hearing.

OBJECTIVES:

- Process all applications for new and expanded carrier authority submitted to the board in a timely and efficient manner.
- Process all tariff rate petitions submitted to the board in a timely and efficient manner.
- Settle appropriate disputed cases through dispute resolution; thereby avoiding a referral of the case for a formal contested case hearing before an Administrative Law Judge.
- Refer appropriate cases to the Office of Administrative Hearings on a timely basis.
- Hold oral arguments and board deliberations in a timely manner and make final rulings consistent with state law and court and board precedents.
- Issue board orders in a timely manner.
- Administer the Trucking Regulations laws of the state in a fair and impartial manner.

OUTCOMES:

As a result of appropriate regulation, freight (including petro products) is delivered to all points in Minnesota at rates that are fair and reasonable to the shipper, and compensatory to the carriers, on time, and in safe equipment.

Passengers traveling by bus get to any Minnesota location in a cost effective way, in safe equipment, in comfort and on time, and on time schedules that are convenient and appropriate to the passenger.

PERFORMANCE INDICATORS:

The primary indicators available to the TRB to measure the success of the regulatory systems are:

- Minnesota Department of Transportation, Office of Safety and Compliance reports to the board re: unsafe equipment, carriers operating in violation of board authority or without board authority, or other problems cited.
- Complaints filed with the board.
- Incidence of highway accidents involving trucks or buses.

AGENCY: Transportation Regulation Board (TRB)
(Continuation)

- Reports from other agencies such as the Metropolitan Airport Commission relative to the operations of passenger bus, charter and limo services at the airport.
- Reports from rural Minnesota communities relative to the passenger service available to citizens in their respective towns.
- Response from Minnesota business with respect to availability of shipping service, claims service, freight damage, cost of service, etc.

AGENCY BUDGET PLAN:

Because the new Motor Carrier Modernization Act provides for the conversion of authority without protests, the number of contested cases will be smaller in the next fiscal year. Continuing and supporting the Alternative Dispute Resolution (ADR) program under the direction of our in-house counsel will further reduce the number of cases going to the Office of Administrative Hearings.

Returning to the Internal Procedure already in place which requires the Attorney General's Office to return board orders and memoranda within 10 days will reduce costs.

Because the new Motor Carrier Modernization Act generally does not allow for protests to certain new authority, Administrative Law Judge and attorney general costs will be down. In addition, petitions for extensions of certain types of authority will be fewer because a recent Minnesota Court of Appeals case upheld strict criteria for a grant of an amendment to add additional routes. For certain types of authority, therefore, the contested case load will be down and board costs will be lower.

The board believes that increased use of computers will make writing orders faster. Legal review will still be necessary, however, to ensure quality.

Attorney general's costs will decrease because there will be fewer oral arguments, memoranda to review and appeals of contested cases. The training period of our most recent assistant attorney general will be over, so there will be no double-billing.

Targeting and marketing the Alternative Dispute Resolution Program should increase the number of cases for which it is used. Clerical support was lacking for the program for approximately 6 months. Now that that is available, delegation of correspondence will free up attorney time.

Cross-training will make the whole office more efficient so that employees will be able to fill multiple roles.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TRANSP REG BOARD
PROGRAM: TRANSP REGULATION BD
ACTIVITY: TRAN REG BD - TRB

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	462	473	515	492	466	451	492	468	453
EXPENSES/CONTRACTUAL SRVCS	248	229	242	244	232	232	246	232	232
MISC OPERATING EXPENSES	16	13	18	18	18	18	18	18	18
SUPPLIES/MATERIALS/PARTS	5	5	4	4	4	4	4	4	4
CAPITAL EQUIPMENT	9								
SUBTOTAL STATE OPERATIONS	740	720	779	758	720	705	760	722	707
TOTAL EXPENDITURES	740	720	779	758	720	705	760	722	707
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		THI				<15>			<15>
TOTAL GOV'S INITIATIVES						<15>			<15>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
TRUNK HIGHWAY	740	720	779	758	720	705	760	722	707
TOTAL FINANCING	740	720	779	758	720	705	760	722	707
POSITIONS BY FUND:									
TRUNK HIGHWAY	9.5	9.5	9.5	9.5	9.0	9.0	9.5	9.0	9.0
TOTAL POSITIONS	9.5	9.5	9.5	9.5	9.0	9.0	9.5	9.0	9.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: TRANSP REG BOARD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	779	779			779	779		
TECHNICAL ADJUSTMENTS								
ONE-TIME APPROPRIATIONS	<25>	<25>			<25>	<25>		
DOCUMENTED RENT/LEASE INC/DEC	2	4			2	4		
INSURANCE PREMIUM HOLIDAY	2	2			2	2		
SUBTOTAL TECH. ADJ.	<21>	<19>			<21>	<19>		
CURRENT SPENDING	758	760			758	760		
AGENCY BASE	758	760			758	760		

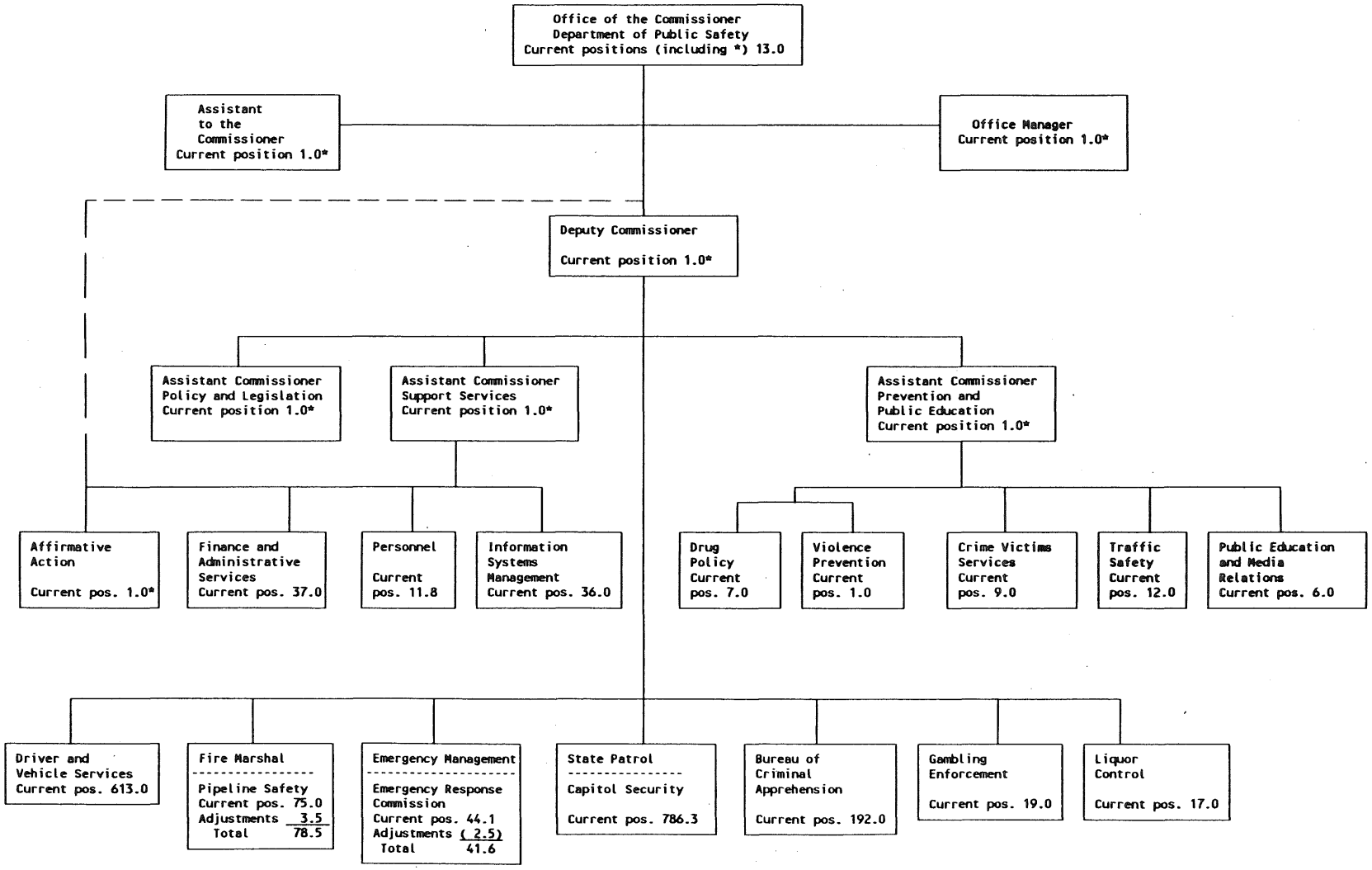
PROGRAM STRUCTURE

AGENCY: PUBLIC SAFETY, DEPARTMENT OF

PROGRAM STRUCTURE

AGENCY: PUBLIC SAFETY, DEPARTMENT OF
(Continued)

DEPARTMENT OF PUBLIC SAFETY ORGANIZATION CHART
Proposed F.Y. 1994-95



Department of Public Safety

Position and Employee Status Information

Position Reconciliation:

Authority	Current F.Y. 1993	Requested for 6/30/95
Legislative Complement:		
General Fund	456.7	459.7
Special Revenue	30.5	27.5
Trunk Highway Fund	1,161.1	1,161.1
Highway User Fund	173.6	173.6
Federal Fund	54.8	57.3
Environmental Fund	1.0	1.0
LAC Approved:		
Federal	1.5	—
Total Permanent Positions	1,879.2	1,880.2
Other Complement (FTE)	49.8	49.8
TOTAL Positions	1,929.0	1,930.0
Employees on 6/30/92	1,857.0	

Employees by Employment Status:

	6/30/92
Full-Time Unlimited	1,720.0
Full-Time Temporary	16.0
Full-Time Seasonal	14.0
Part-Time Unlimited	92.0
Part-Time Temporary	4.0
Part-Time Seasonal	11.0
TOTAL	1,857.0

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1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Public Safety, Department of **Fund:** Trunk Highway

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$63,539	$63,557	$127,096
Forecast Adjustments	-0-	-0-	-0-
AGENCY BASE	$63,539	$63,557	$127,096
Inflation Cost Increase	1,792	3,636	5,428
Agency Management Decisions			
Agency Operations:			
Hold positions vacant			
5 percent base reduction	$(767)	$(1,939)	$(2,706)
Projected compensation costs	(1,594)	(3,234)	(4,828)
Subtotal	$(2,361)	$(5,173)	$(7,534)
Restructuring			
Consolidation of:			
Warehouse operations	$-0-	$(138)	$(138)
State patrol communications	(211)	(332)	(543)
Metro exam stations	(131)	(131)	(262)
Prorate section to central office	(20)	(20)	(40)
Computer programming services	(56)	(56)	(112)
Driver evaluation interview sites	(10)	(10)	(20)
Subtotal	$(428)	$(687)	$(1,115)
Elimination/Reduction of:			
Printing fewer publications and brochures	(16)	(16)	(32)
Internal audit section	(40)	(40)	(80)
Reduce fuel budget for state patrol	(75)	(75)	(150)
Reduced hours at two driver exam stations	(3)	(3)	(6)
Driver license surrender requirement	(130)	(130)	(260)
Certain notices to drivers on accident reports	(111)	(111)	(222)
Other misc. driver license notices	(30)	(30)	(60)
Reduce staff hours at truck scale	(273)	(408)	(681)
Subtotal	$(678)	$(813)	$(1,491)

	F.Y. 1993	F.Y. 1994	F.Y. 94-95
Across-the-board reductions			
Professional and technical services	(1)	(1)	(2)
Supplies and equipment	$(52)	$(52)	$(104)
Communications--postage	(1)	(1)	(2)
Intertech services	(451)	(451)	(902)
Other expenditures	(16)	(16)	(32)
Subtotal	$(521)	$(521)	$(1,042)
Reduction of commodity purchases	(198)	(402)	(600)
TOTAL AGENCY PLAN	$61,145	$59,597	$120,742
Governor's Initiatives			
Redesign Drivers License	$553	$1,105	$1,658
Image Process Technology Study	80	-0-	80
Maintain State Patrol Enforcement	505	1,375	1,880
Patrol Comm Center Consolidation	408	-0-	408
Salary Planning Estimates	(1,623)	(1,573)	(3,196)
Subtotal	$(77)	$907	$830
GOVERNOR'S RECOMMENDATION	$61,068	$62,504	$121,572

Brief Explanation of Agency's Overall Actions:

All program directors were required to prepare a budget plan with a 95% base level of funding. Their plans were to include efforts to consolidate and/or eliminate activities and reduce the F.Y. 1994-95 base budget by 5%. The agency budget plan was developed within the framework of agency and program missions. Consideration was given to program priorities and the consequences of budget reductions on clientele.

Administration and Related Services

The internal audit section of the department has been eliminated and 2 of the 3 positions are currently vacant. The department will no longer perform internal audits, but will contract for this service when needed. The agency warehouse operation is being re-engineered, which will result in both rent and salary savings. This change will occur in the second year of the biennium, to give this program a year to study warehousing needs and procedures and develop a plan.

Anticipated budget reductions of $16,000 each year in printing will result in a reduction in safety information services. One of the most effective tools an organization has to communicate public safety messages is brochures, which are widely distributed through law enforcement agencies, schools, and the State Fair. The electronic news media will be used more, and other department programs will need to cover costs for printing and distribution.

This program will experience another budget reduction that will impact other programs. Salary reductions in computer programming services will inhibit development and upgrade of VAX and P.C. based systems. Other programs will have to contract for these services.

Criminal Apprehension

The Bureau of Criminal Apprehension (BCA) has a small trunk highway fund appropriation in the criminal justice evidence analysis activity, related to blood-alcohol testing. The lab will cut $52,000 per year, which will hinder its ability to purchase/replace some types of analytical equipment.

State Patrol

The State Patrol will reduce its budget by $4.1 million over the next biennium. All activities will be affected, and it will necessitate downsizing the agency, adversely affecting its ability to provide prevention activities, render timely motorist assistance and respond to calls for service. During the next year the agency will conduct a complete review of its operation, in order to establish priorities to which to devote resources. Every effort will be made to maximize service in speed and Driving While Intoxicated (DWI) enforcement.

This is a labor intensive program. It will experience an 18% decrease in the number of state troopers, from 535 to 440. Employee layoffs will be necessary. State troopers now patrol Minnesota's highways 24 hours per day in population centers and 16 to 18 hours per day throughout the rest of the state. Fewer troopers mean fewer hours of patrol coverage, perhaps none at all in some parts of the state. A reduced enforcement presence will lead to more violations and more traffic accidents, with associated deaths and injuries. Fewer troopers will lead to greater response times, more overtime and less activity associated with traffic safety, drunk driver arrests, motorist assists, hazard removal and crash scene management. Fewer troopers in the metro area will result in increased commuter time due to the patrol's diminished ability to respond to and manage freeway incidents/accidents. Fewer troopers diminish the agency's ability to assist local law enforcement agencies.

Fixed and mobile scale operations will be reduced by $273,000 in F.Y. 1995 and $408,000 in F.Y. 1995, resulting in 19 fewer employees. Efficiencies will be identified and instituted to increase productivity, however certain activities will revert to 1991 service levels. The patrol will close the scale operation in Erskine and reduce operations of the Saginaw and Worthington scale in half. As a result, 339,960 fewer trucks will be weighed. 2,730 fewer commercial vehicles will be inspected. Fewer inspections will cause a federal revenue decrease of $136,500 annually. The patrol will be unable to staff a new scale facility scheduled to open in the I-94/Moorhead area; that facility requires 15 employees. Civil weight investigations and revenue will decrease as troopers are reassigned to higher priority duties.

To effect a 5% budget reduction in dispatch operations, $211,000 in F.Y. 1994 and $332,000 in F.Y. 1995 will be cut and the number of communications centers and radio communications operators will be reduced during the next biennium. Communications will be regionalized with no adverse effect on emergency answering or law enforcement dispatching services.

Driver and Vehicle Services

This program will make several changes which will positively impact the program while reducing costs. Combining two written exam stations in the Twin Cities will result in an annual savings of $131,000 per year. The division will experience $400,000 savings in the cost of data processing due to decreased rates from the Department of Administration.

Eliminating the need for withdrawn driver licenses to be surrendered will result in a savings of $130,500 each year. Law enforcement relies on the driving record as the source of licensing information on a driver. Savings will come from eliminating the costs of notices to drivers, record entries, storing the licenses and mailing them back to drivers.

The driver evaluation function will change the way it conducts interviews in greater Minnesota. The number of sites will be reduced from 84 to 24 towns around the state. Some areas will be visited less frequently than others. Drivers will have to travel up to 50 miles for the interview; however, where this might cause hardship, special arrangements will be made. These changes will save $10,000 each year.

The program plans to consolidate operations in several areas to use personnel, equipment and office space more efficiently. The Prorate section will move all operations back to the central office saving $20,000 each year. Carriers will use the central office, and new procedures using fax machines will facilitate operations for them.

A savings of $30,000 each year is expected from elimination of non-mandatory notices to drivers. An additional $111,000 will be saved by eliminating the preliminary notice of suspension of driver license for failure to file an accident report. The driver will still have time to respond to the final order before the revocation becomes effective.

By the middle of F.Y. 1993, 21.6 of the 336 positions in the trunk highway fund will be vacant. That number will increase to 29.6 by the beginning of F.Y. 1994, and 39.6 by the beginning of F.Y. 1995. These positions are being held vacant in activities identified above to keep the effect on public service to a minimum. By carefully managing the vacancies, the division expects to achieve an adequate number of vacant positions through attrition and avoid layoffs.

Traffic Safety

The 5% reduction in trunk highway fund expenditures will require a budget cut of $8,000. This reduction will come from reduced salary costs. Since the Traffic Safety division operates on a dollar-for-dollar federal matching basis, an $8,000 cut will actually result in a loss of $16,000, or more than half a position.

A decrease in complement, coupled with increased responsibility and activity, will have to be handled by reducing the number of projects administered. The impact of fewer but larger projects will be that smaller projects in rural counties and communities would be eliminated. Between 60 and 70% of traffic fatalities in Minnesota occur on rural state and county roadways.

2. Impact on Staffing:

	F.Y. 1994	F.Y. 1995
Positions left Vacant or Eliminated		
Administration	11.0	14.0
Criminal Apprehension	0.0	1.0
State Patrol	78.3	128.3
Driver and Vehicle Services	29.6	39.6
Traffic Safety	0.5	0.5
Total Agency Impact	119.4	183.4

3. Impact on Revenue Generation:

	Dollars in Thousands		
	F.Y. 1994	F.Y. 1995	F.Y. 94-95
Governor's Initiatives:			
Trunk Highway Fund	$585	$1,170	$1,755
General Fund	65	130	195

In recent years, State Patrol fine revenue has returned approximately $5 million per year to the trunk highway fund. This amount will decline by at least 20% during the next biennium to $4 million due to reduced trooper complement and fewer citations. In addition, civil weight enforcement will be severely reduced or eliminated, thus reducing its annual income from $700,000 to $500,000.

4. Affected Statutes:
M.S. 169.121, 169.123, 171.02, 171.11, and 171.22--Driver license surrender requirement

5. Governor Recommendation:

The Governor recommends funding levels as requested in the agency's budget plan except for the following adjustments: a biennial increase of $1,658,000 for a re-designed drivers license which will be funded by a $1.00 increase in the drivers license fee; a biennial increase of $80,000 for an image process technology study; a biennial increase of $1,880,000 for state trooper salaries and equipment in order to avoid the layoff of 30 troopers and a biennial increase of $408,000 for consolidation of patrol communications centers.

The proposed funding has been reduced due to revised salary planning estimates.

1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Public Safety, Department of **Fund:** General

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$29,808	$29,816	$59,624
Forecast Adjustments	342	264	606
AGENCY BASE	$30,150	$30,080	$60,230
Inflation Cost Increase	715	1,447	2,162
Agency Management Decisions			
Agency Operations:			
Hold Positions Vacant			
5% base reduction	$(345)	$(345)	$(690)
Projected compensation costs	(624)	(1,265)	(1,889)
Subtotal	$(969)	$(1,610)	$(2,579)
Restructuring			
Consolidation of:			
Hazardous materials response training	$(50)	$(50)	$(100)
Restructure financing of automated fingerprint identification system	(100)	(100)	(200)
DVS public counter and mail issue	(94)	(94)	(188)
DVS and BCA Law enforcement telephone answering service	(31)	(31)	(62)
Crime victim payments 90% of medical	(92)	(92)	(184)
Emergency Management regional offices	(25)	(25)	(50)
Subtotal	$(392)	$(392)	$(784)
Elimination/Reduction of:			
BCA parking rent	$(20)	$(20)	$(40)
BCA confidential fund reduction	(23)	(23)	(46)
Salvage vehicle inspection sites	(12)	(12)	(24)
Transfer alternate fuel user program to Revenue	(15)	(15)	(30)
MV dealers to pay postage	(4)	(4)	(8)
Issuance of 21-day permits by MV dealer	(13)	(13)	(26)
Subtotal	$(87)	$(87)	$(174)
Across-the-board-reductions			
Professional technical services	$(9)	$(9)	$(18)
Travel	(80)	(80)	(160)
Supplies & equipment	(50)	(46)	(96)
Communications-postage	(16)	(16)	(32)
Intertech services	(250)	(250)	(500)
Other expenditures	(40)	(40)	(80)
Subtotal	$(445)	$(441)	$(886)
Reduction of commodity purchases	$(91)	$(182)	$(273)
Grants:			
Local law enforcement confidential funds	$(171)	$(171)	$(342)
Chemical abuse prevention resource council grants	(67)	(67)	(134)
Subtotal	$(238)	$(238)	$(476)
TOTAL AGENCY PLAN	$28,643	$28,577	$57,220
Governor's Initiatives			
Image Process Technology Study	$ 40	$ -0-	$ 40
~~Fetal Alcohol Syndrome Grant Transfer~~	~~(200)~~	~~(200)~~	~~(400)~~
Special Youth Crime Program	30	-0-	30
Crime Victims Services	99	99	198
Gambling Enforcement	250	250	500
Salary Planning Estimates	(597)	(597)	(1,194)
Subtotal	~~$(378)~~	~~$(448)~~	~~$(826)~~
	$(178)	$(248)	$(426)
GOVERNOR'S RECOMMENDATION	~~$28,265~~	~~$28,129~~	~~$56,394~~
	$28,465	$28,329	$56,794

Brief Explanation of Agency's Overall Actions:

All program directors were required to prepare a budget plan with a 95% base level of funding. Their plans were to include efforts to consolidate and/or eliminate activities and reduce the F.Y. 1994-95 base budget by 5%. The agency budget plan was developed within the framework of agency and program missions. Consideration was given to program priorities and the consequences of budget reductions on clientele.

Emergency Management

The 5% reduction in funding from the General Fund requires a cut in spending of $118,000 each year. This program will close 2 regional offices (Rochester and Bemidji) and the remaining offices will absorb the work load, resulting in longer time for response and recovery to disaster incidents. Discretionary travel will be reduced or eliminated, which will bring reduced visibility and contact throughout greater Minnesota. The new hazardous materials program will be administered with existing personnel and by contracting with other agencies that have trained responders.

~~Revised 3-4-93~~
Revised 3-16-93

Criminal Apprehension

In response to the need to reduce the Bureau of Criminal Apprehension's (BCA) General Fund budget by 5%, vacant positions are being held open and several activities have been reduced or eliminated. A parking contract was terminated, resulting in $20,000 annual savings. $30,000 in lab maintenance funds are cut and will result in less money available for remodeling and enlarging bench space in the laboratory. The confidential fund used by BCA agents to purchase evidence and information will be reduced by $23,000.

$171,000 in local buy fund monies will be cut. The impact of this reduction will be minimal, as most local agencies have other sources for buy money, such as narcotics task forces, city or county appropriations and forfeited property.

The amount available for semi annual payments for the automated fingerprint identification system will be reduced by $100,000, possible due to delay in implementation. This may require an additional appropriation in the future to complete payment to the vendor.

$200,000 is being reduced from criminal justice records and identification. $118,000 of this money was earmarked for improvements of the criminal history system. The Criminal justice data network (CJDN) data processing budget will be reduced by $130,000. The billing mechanism for the CJDN system will need to be modified to accommodate projected volume increases.

Department computer system changes will be made which will optimize the use of computer networking resources, develop more predictable costs associated with those resources, minimize end-user impact, implement new technologies, and lay the foundation for easy migration to the STARS network for the criminal justice network.

Fire Marshal

Fire Marshal will continue to not fill 4 current vacancies and will cut back on staffing of new programs. The fire protection system will be reduced by $59,000 and implementation of the hazardous response team legislation will be cut by $22,000.

The inspections procedures for group day care facilities are being changed. Fire Marshal inspectors will make initial inspections and send a report of deficiencies to the county licensing authority, who will verify that all deficiencies are corrected before issuing a license. If this change does not decrease inspection workload, the division will discontinue day care inspections.

Capitol Security

Capitol Security is currently holding 5 positions vacant and will need to reduce another 0.5, in order to fully fund a 95% budget. This will result in prioritizing services with life/safety concerns having top priority. Escort services, C.P.R. instruction, personal protection and emergency responses will continue to be the primary focus of the division. To maintain these services, some traditional tasks such as building patrol tours and continuous on-site security will be reduced or abandoned. The presence of security personnel during peak population times will take precedence over late night and weekends staffing.

Driver and Vehicle Services

This program is recommending that the alternate fuel user program be statutorily transferred to the Department of Revenue. It was designed to collect a user fee in place of gas tax paid at the pump for vehicles that do not use gasoline. It was intended to be accomplished along with vehicle registration, but they are not related. This change requires statutory change and will save about $14,500 annually.

The motor vehicle public counter and mail application processing functions will be combined with no reduction in services to the public. This will save $94,000 per year. This program is also recommending that the night phone service for law enforcement be combined with the phone services provided at the BCA for a savings of about $31,300.

The program plans to save $13,000 each year by eliminating printing of separate forms for temporary vehicle permits. The change will allow the division to have dealers incorporate the permit in forms they already use. The division plans to stop providing free shipment of large supplies of forms to dealers and require the dealer to pay shipping costs. The savings will be $4,400 each year.

The division will leave a number of positions vacant. By the middle of F.Y. 1993, 5 of the 102.4 General Fund positions will be vacant. That number will increase to 11 by the beginning of F.Y. 1994, and 14 by the beginning of F.Y. 1995. These positions are being held vacant in activities identified to keep the effect on public service to a minimum.

Liquor Control

Salaries will be reduced by $34,000, and the division will hold 3 positions vacant. Prelicense inspections and other client contact functions will be reduced and turnaround time will increase. Field people will be furnished modem equipped computers which will reduce paperwork and travel. The division will put office staff on mobility to field positions and hire interns to perform office operations. To keep industry informed in a timely manner on laws and rules, the division is installing an on-line computer connection with those in the industry to promptly update them on changing events.

While these measures will greatly help the division in the short run, the long term loss of full-time trained investigators will result in less delinquent taxes being brought in. Liquor Control has a primary revenue collection mandate to prevent all tax delinquent retailers from being delivered alcohol by wholesalers and/or from buying it retail themselves. The amount is uncertain, although $5.2 million is projected through direct and indirect enforcement activities.

Gambling Enforcement

The budget reductions from the General Fund requires $61,000 each year for investigative travel and expenses. Less travel will mean less on-site inspection and investigative possibilities throughout Minnesota. In addition, 2 vacancies will continue, and the program will have to hold 3 positions out of 19 vacant to cover inflationary requirements.

The division will continue selective enforcement and use resources according to probability of solution. The impact of selective enforcement will be the continuing theft of large amounts of monies from casinos and other legal games, which would accrue to the state under more stringent monitoring and enforcement.

Traffic Safety

The 5% reduction in General Fund expenditures will require a budget cut of $3,000 in the community bike safety grant to the University of Minnesota 4H Youth Development Division. This will have no negative impact on Traffic Safety operations, but it will impact the grantee's ability to carry out bike safety activities.

Drug Policy

The 5% budget reduction calls for $67,000 per year reduction in chemical abuse prevention resource council grants and $10,000 in office operating funds. In order to continue operations with minimal adverse impact on clientele, the office will concentrate its funding efforts on cooperative/collaborative efforts among affected agencies.

Crime Victims Services

The 5% budget reduction will result in a cut of $92,000 per year. All of this will be taken from funds available for payment of claims and will not negatively impact claimants. New rules will allow the board to pay 90% of medical expenses on each claim and requires the medical provider to accept the board's award as payment in full. Other proposed rules will set maximum rates for counseling fees and sexual assault exams and raise the estimated tax rate used to calculate lost wages.

3. Impact on Staffing:

	F.Y. 1994	F.Y. 1995
Positions left vacant or eliminated by program		
Emergency Management	0.5	1.0
Criminal Apprehension	7.0	9.0
Fire Marshal	6.5	8.0
State Patrol	1.5	1.5
Capitol Security	5.0	5.5
Driver and Vehicle Services	11.0	14.0
Liquor Control	3.0	3.0
Gambling Enforcement	2.5	3.0
Crime Victim Services	0.0	0.5
Total Agency Impact	37.0	45.5

3. Impact on Revenue Generation:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
Agency Plan	$-0-	$-0-	$-0-

4. Affected Statutes:

M.S. 296.026 Annual permit for vehicles using compressed natural gas or propane.

5. Governor's Recommendation:

The Governor recommends funding levels as requested in the agency budget plan except for the following adjustments: a biennial increase of $40,000 for an image process technology study; a biennial increase of $30,000 for a special youth crime program; ~~a biennial reduction of $400,000 which transfers the Fetal Alcohol syndrome grant to the Department of Health;~~ a biennial increase of $198,000 for crime victims services; a biennial increase of $500,000 for gambling enforcement; and a biennial reduction of $1,194,000 which reflects revised salary planning estimates.

1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency Public Safety, Department of **Fund:** Highway User

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$10,372	$10,374	$20,746
Forecast Adjustments	-0-	-0-	-0-
AGENCY BASE	$10,372	$10,374	$20,746
Inflation Cost Increase	243	492	735
Agency Management Decisions			
Agency Operations:			
Hold positions vacant	$(193)	$(392)	$(585)
Reduction of commodity purchases	(50)	(100)	(150)
Subtotal	$(243)	$(492)	$(735)
TOTAL AGENCY PLAN	$10,372	$10,374	$20,746
Governor's Initiative			
Image Process Technology Study	$80	$-0-	$80
Salary Planning Estimates	(191)	(191)	(382)
Subtotal	$(111)	$(191)	$(302)
GOVERNOR'S RECOMMENDATION	$10,261	$10,183	$20,444

Brief Explanation of Agency's Overall Actions:
Significant highway user tax distribution funds are found only in 1 Public Safety program. This budget brief covers only the Driver Vehicle Services program and reflects only the compensation and operating inflationary increase projected for the next biennium. The 5% base reduction did not apply to this fund.

By the middle of F.Y. 1993, 11 of the 173.6 highway user tax distribution fund positions will be held vacant. That number will increase to 13.0 by the beginning of F.Y. 1994, and 18.0 by the beginning of F.Y. 1995. These positions are being held vacant in activities identified to keep the effect on public service to the minimum. By carefully managing the vacancies, the division expects to achieve an adequate number of vacant positions through attrition and avoid layoffs.

$316,000 was transferred from the data processing budget to cover current costs of steel and reflective sheeting for F.Y. 1993. The budget request for F.Y. 1994-95 also reflect this transfer. The increase in the cost of steel and reflective sheeting have increased the cost of license plates by 56%.

2. Impact on Staffing:

	F.Y. 1994	F.Y. 1995
Positions left Vacant or Eliminated	13.0	18.0

3. Impact on Revenue Generation:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
Agency Plan	$-0-	$-0-	$-0-

4. Affected Statutes:
None.

5. Governor's Recommendation:

The Governor concurs with the agency plan except for a biennial increase of $80,000 which incorporates an initiative for an image process technology study. The proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
INVESTMENT INITIATIVES
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF

ITEM DESCRIPTION:	FUND	EXPENDITURES FY 1994	EXPENDITURES FY 1995	EXPENDITURES BIENNIUM	REVENUES FY 1994	REVENUES FY 1995	REVENUES BIENNIUM
(A) REDESIGN OF DRIVERS LICENSE & ID	GEN				65	130	195
	THI	553	1,105	1,658	585	1,170	1,755
(A) SALARY PLANNING ESTIMATES	GEN	<597>	<597>	<1,194>			
	SR	<28>	<28>	<56>			
	THI	<1,623>	<1,573>	<3,196>			
	HUT	<191>	<191>	<382>			
	ENV	<1>	<1>	<2>			
(P) REENGINEERING USING IMAGE PROCESS TECH	GEN	40		40			
	THI	80		80			
	HUT	80		80			
(B) SPECIALIZED INVESTIGATIVE FILE	GEN	30		30			
(B) MAINTAIN STATE PATROL ENFORCEMENT ACTIVITY	THI	505	1,375	1,880			
(B) STATE PATROL COMM CENTER CONSOLIDATION	THI	408		408			
(B) ELIMINATION OF ALTERNATIVE FUEL PERMIT	HUT				1,500	1,500	3,000
(B) ENFORCEMENT ENHANCEMENT	GEN	250	250	500			
(B) CLAIMS PROCESSING/FUND RECOVERY	GEN	99	99	198	150	200	350
TOTAL BY FUND	GEN	<178>	<248>	<426>	215	330	545
	SR	<28>	<28>	<56>			
	THI	<77>	907	830	585	1,170	1,755
	HUT	<111>	<191>	<302>	1,500	1,500	3,000
	ENV	<1>	<1>	<2>			
TOTAL INVESTMENT INITIATIVES		<395>	439	44	2,300	3,000	5,300

AGENCY: Public Safety, Department of

MISSION STATEMENT:

The mission of the Department of Public Safety is the enhancement and maintenance of safety for all persons in the state of Minnesota through education, regulation and enforcement.

The achievement of this mission is fulfilled through 14 separate and diverse programs. On the one hand, the department provides monetary assistance to victims of violent crime, while on the other hand, it sells motor vehicle license plates directly to the public. In between, are the more familiar connections that the public associates with the entity, called "public safety." For instance, the Minnesota State Patrol, the Bureau of Criminal Apprehension (BCA), Fire Marshal, and Emergency Management are typically the most mainstream and readily identified by the public as public safety programs.

The following objectives illustrate some of the functions performed by the various programs within Public Safety:

- To provide decentralized, comprehensive sources of information for crime victims.
- To provide coordination, training and technical assistance to the federal, state and local criminal justice agencies that utilize the criminal justice network.
- To inspect intrastate pipeline operations in Minnesota on a regular schedule and enforce the laws pertaining to them.
- To bring the DNA criminal sex files on-line.
- To gather and make available, information on illegal drug demand and efforts to reduce use throughout the state.
- To better utilize existing technology to communicate vital public safety issues to employees and the general public.
- To provide leadership and support to all state and local units of government whose responsibilities include mitigation, preparedness, response and recovery to any natural or technological disaster.
- To enhance the safety of transportation of children by conducting inspections of school buses.
- To reduce the number of accidents involving property damage and personal injury, and to further reduce the number of motor vehicle fatalities, through enforcement of Minnesota traffic laws and primarily speed, alcohol, drug impaired driving and seat belt laws.

MINNESOTA MILESTONES:

The Department of Public Safety supports directly or indirectly all 5 major themes of the Minnesota Milestones report. The 5 major themes along with examples of the respective contributions made by this agency are the following:

1. A Caring and Secure Community.

   - Public Safety contributes to the goal, "Our communities will be safe, friendly and caring," through strategies dealing with enforcement, education, and regulations.
   - The agency's programs to enforce drug and alcohol laws contribute to the goal, "Families will provide a stable environment for their children."
   - "Minnesotans will be healthy," through Public Safety's traffic safety activities.

2. Our Surroundings.

   - Public Safety contributes to the goal, "We will improve the quality of the air, water and earth," by regulating industries that handle hazardous materials.

3. Learning.

   - In order to deal with contemporary problems such as drug abuse and domestic violence, Public Safety's programs dealing with drug policy and violence prevention contribute to the goal, "Minnesotans will excel in basic academic skills."

4. We The People.

   - All of this agency's activities are responsive to cost effective budget plans that will still provide high priority services to the citizens of Minnesota, and therefore contributes to the goal, "Government in Minnesota will be cost-efficient and services will be designed to meet the needs of the people who use them."

The customers of the Department of Public Safety range from young children receiving drug abuse resistance education to problem drivers who are being counseled regarding driver's licenses restrictions. The department also responds in just as wide a spectrum by developing programs that prevent persons from entering the criminal justice system, to the arrest of persons committing the most heinous types of crimes, to providing the reparations to victims of crime.

CLIMATE:

The Department of Public Safety published its first work plan in 1992. Throughout this plan, the need for developing partnerships for public safety services is emphasized. Building relationships, supporting field operations and providing information on prevention strategies are the 3 principal components of an effective public safety agency. However, there are both internal and external factors affecting the environment. Some of these factors shaping the development of policies and programs are:

- A violent society. The number of violent crimes are increasing annually. Domestic abuse and child abuse, including sexual assaults on children, are increasing and are far more reaching than previously thought.

- Traffic. The number of motor vehicles and licensed drivers is increasing. The number of reported accidents is up, but fatalities continue to decrease. The number of persons reached in safety education programs continues to increase.

- Communications and coordination. Because of dwindling budget resources at all levels of government, there is more need than ever to increase positive communications and coordination among local law enforcement, government officials, residents, schools, businesses, churches, the court system, and victim's services. Interstate compacts have developed and in one area the federal government has mandated cooperation between the states in order to increase traffic safety and facilitate interstate operations. Statewide regional hazardous response teams are responding to incidents involving chemical spills. Internally, the department is holding regular "cluster meetings" with divisions that serve similar customers. The department is moving toward a total reorganization by 1996, with a focus on 3 major divisions.

- Partnership model of public safety. Recognizing that a state public safety agency cannot directly provide all services which will fulfill its mission, the Department of Public Safety works in partnership with local agencies and citizens. This model can best be described as "strategies for the future." It includes continued emphasis on responding appropriately to emergencies in a timely manner. However, local law enforcement, citizen involvement, community organizations, social services, private businesses, etc. are involved in dealing with public safety problems that exist within the fabric of the community. Three typical examples of the thrust of this consortium are strategies to deal with drugs, violence and unemployment.

- Diverse work force. An increasingly diverse population will require stepped up affirmative action efforts so that the department is representative of the community at large. It is essential that employees have the necessary skills to work with all segments of the community.

- Technology. Mobile data terminals (MDT) in police cars, digital imaging for driver's licenses, and microwaving public safety answering points are examples of the state of the art equipment that can make more efficient use of the work force. The demand for systems and network services continues to exceed the capability to provide those services.

- Customer satisfaction. Customers feel that taxes are increasing while services are decreasing. Total quality management (TQM) methods are not only necessary, but expected. Customer satisfaction must be measured to determine program impact. Timeliness, relevancy, and accuracy of service will help determine what is working and what is not.

- Prevention. The public has come to realize that prevention strategies may be the most cost effective path to follow. This means education and intervention at the critical ages of development for children. Public Safety's grant programs, as well as our General Fund and trunk fund monies, are fostering community based programs that provide numerous services to children and youth.

- Labor/Management. Trust between labor and management is widening. Downsizing of work forces and unsettled labor agreements are principal causes cited for feelings of low morale. The uncertainties of the future and institutional change contribute to employee frustrations. The department is currently carrying 121 vacancies in order to meet current fiscal constraints.

AGENCY BUDGET PLAN:

In light of Public Safety's mission and climate, a budget plan is proposed based on restructuring, eliminating, and reducing activities, and across-the-board reductions. The individual program narratives and the agency budget briefs fully explain all budget decisions and their impacts. A synopsis of the most significant changes follows:

1. The State Patrol will reduce its budget by $4.1 million over the next biennium. All activities will be affected, and it will necessitate downsizing the agency, adversely affecting its ability to provide prevention activities, render timely motorist assistance and respond to calls for service. The patrol will experience an 18% decrease in the number of state troopers, from 535 to 440, and fewer troopers mean fewer hours of patrol coverage, perhaps none at all in some parts of the state. Communications will be regionalized and highway weight enforcement will be reduced.

2. Investment oriented programming is a new activity patterned after the biennial budget investment initiatives. Its mission is to inspire bold, innovative and creative projects that are customer driven, results oriented, and based on providing an investment in the future,

3. Emergency Management, Driver and Vehicle Services, Liquor Control and the State Patrol are all closing district/regional offices, merging functions, and re-engineering service to their clientele in greater Minnesota.

4. The State Fire Marshal and Emergency Management divisions are jointly responsible for implementing the new regional hazardous response team legislation. Both divisions will reduce funding provided for that program and incorporate activities into current operations. The Fire Marshal will do the same with the new legislation requiring a fire protection system (sprinkler) licensing and inspection program.

5. The confidential funds used by BCA agents and local buy fund monies will be cut. The impact of this reduction will be minimal, since most local agencies have other sources for buy money, such as narcotics task forces, city or county appropriations and forfeited property.

6. Driver and Vehicle Services plan to eliminate non required printing and notices to drivers, reduce free mailings to dealers, merge public counter and mail registration functions, and transfer certain activities to more appropriate agencies.

7. The BCA, Gambling Enforcement, Capitol Security, Liquor Control and Fire Marshal will experience changes in field activities, including reduced client contact, longer turnaround time and fewer inspections and investigations.

8. The internal audit section is being eliminated in favor of contracting for this service when needed. The warehouse operation will be re-engineered to provide better service at lower cost. Printing reductions will impact the education, training and public information capabilities so important within a public safety mission.

GOVERNOR'S RECOMMENDATION:

General Fund

The Governor recommends funding levels as requested in the agency budget plan except for the following adjustments: a biennial increase of $40,000 for an image process technology study; a biennial increase of $30,000 for a special youth crime program; ~~a biennial reduction of $400,000 for the biennium which transfers the Fetal Alcohol Syndrome grant to the Department of Health;~~ an increase of $500,000 for the biennium for gambling enforcement; an increase of $198,000 for the biennium for crime victims services; and a biennial reduction of $1,194,000 which reflects anticipated savings due to revised salary planning estimates. Also the Governor recommends that the commissioner create a tracking system with information on individuals convicted of serial stalking.

Special Revenue Fund

The Governor concurs with the agency's plan; however, the proposed funding has been reduced for anticipated savings due to revised salary planning estimates.

Trunk Highway Fund

The Governor recommends funding levels as requested in the agency's budget plan except for the following adjustments: a biennial increase of $1,658,000 for a re-designed drivers license which will be funded by a $1.00 increase in the drivers license fee; a biennial increase of $80,000 for an image process technology study; a biennial increase of $1,880,000 for state trooper salaries and equipment in order to avoid the layoff of 30 troopers and bring the complement to a more acceptable level; and a biennial increase of $408,000 for consolidation of patrol communications centers.

The proposed funding has been reduced for anticipated savings due to revised salary planning estimates.

Highway User Tax Distribution Fund

The Governor concurs with the agency plan except for a biennial increase of $80,000 which incorporates in initiative for an image process technology study. The proposed funding has been reduced for anticipated savings due to revised salary planning estimates.

Environmental Fund

The Governor concurs with the agency's plan; however, the proposed funding has been reduced for anticipated savings due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF

PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
ADMIN & RELATED SVS	5,606	5,507	5,720	5,727	5,547	5,450	5,727	5,411	5,285
EMERGENCY MANAGEMENT	4,658	11,394	11,054	10,972	4,730	4,701	10,972	4,666	4,637
CRIMINAL APPREHENSION	16,954	16,359	17,639	17,699	16,343	16,040	17,703	16,534	16,231
FIRE MARSHAL	2,628	2,757	3,154	3,164	3,202	3,131	3,164	3,188	3,117
STATE PATROL	42,806	42,903	44,420	44,562	42,782	42,596	44,562	41,354	41,679
CAPITOL SECURITY	1,210	1,375	1,540	1,548	1,467	1,420	1,548	1,467	1,420
DRIVER & VEH SERVICES	32,403	32,632	32,171	30,722	29,676	29,750	30,744	29,702	30,128
LIQUOR CONTROL	757	728	685	688	654	636	688	654	636
GAMBLING ENFORCEMENT	940	1,039	1,221	1,228	1,167	1,388	1,230	1,169	1,390
TRAFFIC SAFTEY	3,442	2,850	3,506	3,007	2,996	2,991	3,007	2,996	2,991
DRUG POLICY	8,803	7,334	10,389	10,390	9,029	9,023	10,390	9,029	9,023
PIPELINE SAFETY	680	678	1,167	1,167	1,017	1,000	1,167	1,017	1,000
CRIME VICTIMS REPAR	2,153	2,215	2,230	2,231	2,219	2,310	2,231	2,219	2,310
CRIME VICTIMS OMB	107	145	155	155	155	153	155	155	153
TOTAL EXPENDITURES BY PROGRAM	123,147	127,916	135,051	133,260	120,984	120,589	133,288	119,561	120,000
SOURCES OF FINANCING:									
DIRECT APPROPRIATICNS:									
GENERAL	29,647	27,547	31,678	29,808	28,643	28,465	29,816	28,577	28,329
SPECIAL REVENUE	991	1,769	2,308	1,577	1,280	1,252	1,577	1,280	1,252
TRUNK HIGHWAY	62,197	62,950	63,313	63,539	61,145	61,068	63,557	59,597	60,504
HGHWY USER TAX DISTR	10,123	10,245	10,489	10,372	10,372	10,261	10,374	10,374	10,183
ENVIRONMENTAL	42	40	41	41	41	40	41	41	40
STATUTORY APPROPRIATIONS:									
GENERAL	371	996	1,764	1,765	1,660	1,660	1,765	1,847	1,847
SPECIAL REVENUE	1,750	1,424	1,593	2,293	2,420	2,420	2,293	2,422	2,422
TRUNK HIGHWAY	770	315	990	990	530	530	990	530	530
FEDERAL	17,186	22,625	22,774	22,774	14,893	14,893	22,774	14,893	14,893
GIFTS AND DEPOSITS	70	5	101	101			101		
TOTAL FINANCING	123,147	127,916	135,051	133,260	120,984	120,589	133,288	119,561	120,000

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF

PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	448.8	450.8	456.7	459.7	459.7	463.7	459.7	459.7	463.7
SPECIAL REVENUE	26.5	30.5	30.5	27.5	27.5	27.5	27.5	27.5	27.5
TRUNK HIGHWAY	1,096.8	1,157.1	1,161.1	1,161.1	1,161.1	1,161.1	1,161.1	1,161.1	1,161.1
HGHWY USER TAX DISTR	173.6	173.6	173.6	173.6	173.6	173.6	173.6	173.6	173.6
FEDERAL	65.4	60.9	56.3	57.3	57.3	57.3	57.3	57.3	57.3
ENVIRONMENTAL	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL POSITIONS	1,812.1	1,873.9	1,879.2	1,880.2	1,880.2	1,884.2	1,880.2	1,880.2	1,884.2

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: PUBLIC SAFETY, DPT OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	135,051	135,051	33,442	33,442	78,835	78,835	22,774	22,774
TECHNICAL ADJUSTMENTS								
ONE-TIME APPROPRIATIONS	<672>	<672>	<554>	<554>	<118>	<118>		
APPROPRIATIONS CARRIED FWD	<48>	<48>	<5>	<5>	<43>	<43>		
SUNSET PROGRAM/AGENCY	<1,427>	<1,427>	<1,427>	<1,427>				
DOCUMENTED RENT/LEASE INC/DEC	26	54	8	16	18	38		
INSURANCE PREMIUM HOLIDAY	297	297	76	76	221	221		
PLANT MANAGEMENT REBATES	33	33	33	33				
SUBTOTAL TECH. ADJ.	<1,791>	<1,763>	<1,869>	<1,861>	78	98		
CURRENT SPENDING	133,260	133,288	31,573	31,581	78,913	78,933	22,774	22,774
FORECAST ADJUSTMENTS								
ANNUALIZING NEW PROG COSTS	132	54	132	54				
FEDERAL RECEIPTS	<7,881>	<7,881>					<7,881>	<7,881>
DED STAT APPROP SPENDING	<626>	<437>	105	292	<731>	<729>		
SUBTOTAL FORECAST ADJ.	<8,375>	<8,264>	237	346	<731>	<729>	<7,881>	<7,881>
AGENCY BASE	124,885	125,024	31,810	31,927	78,182	78,204	14,893	14,893

PROGRAM: Administration and Related Services
AGENCY: Public Safety, Department of

PROGRAM PURPOSE:

Through the use of computer technology and data communications, personnel, and fiscal services, this program supports Public Safety's programs in the areas of alcohol and drug awareness, traffic safety, fire safety, crime prevention and criminal investigation. These education, awareness, prevention, and investigative programs are very much dependent on the services of the administration program. The services provided greatly enhance the various divisions of Public Safety to carry out their missions and goals.

The functions of this program are directly related to all 4 goals of the Minnesota Milestones, "We the People."

- Government in Minnesota will be more cost-efficient and services will be designed to meet the needs of the people who use them.

  Number of Public Safety employees will be decreased by 5% by 1995.

  Decision-making will be made at the lowest service level by 1995.

- We will welcome, value and respect people of all cultures, races and ethnic backgrounds.

  The agency will maintain a high level of compliance with affirmative action goals.

- People will participate in government and politics.

OUTCOMES:

The agency management information systems group was established in this program in 1987 through an internal department reorganization. It manages Public Safety's resources used to process data, and collect, store and utilize information resources. A new DEC/VAX computer replaced 5 very old systems and serves as the hub of data processing and communications for Public Safety's in-house systems. Requests for systems development and enhancements far exceed the resources of this program. Personal computer usage has grown significantly and most department employees are now linked through networking.

This program is becoming more responsive to electronic media inquiries. Beginning in mid F.Y. 1993, a computer generated phone processing system will respond to inquiries from electronic media across Minnesota. This system will result in more accurate tracking of news inquiries, requests for printed material, and requests for electronic public service announcements.

Public Safety has a consistently high prompt payment compliance rating of 98% or greater, far exceeding the statewide rate of 96%.

OBJECTIVES:

- Percentage of Minnesota media outlets contacted by F.Y. 1995: 100 %

- System network services

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Systems enhancements	115	126	139	153
New systems	13	14	16	18
Availability of network	99%	99.2%	99.4%	99.5%

- Reduce workers's compensation costs.

  There has been an overall reduction in worker's compensation costs. The goal is to effect greater reductions in worker's compensation claims through employee health and wellness efforts, training and provision of safety equipment. However, rising attorney fees, administrative costs and sky-rocketing medical compensation reduce the impact of any significant decreases in claims.

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Worker's compensation costs	$720.5	$718.2	$715.8	$713.4

PROGRAM PLAN:

Budget reductions in this program amount to $178,000 in F.Y. 1994 and $316,000 in F.Y. 1995 in trunk highway funds and $4,000 each year in general funds.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the agency's budget plan except for a biennial increase of $30,000 for a special youth crime program and reductions due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: ADMIN & RELATED SVS

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
PUBLIC EDUC & MEDIA RELATNS	615	598	664	665	649	642	665	649	642
PUBLIC SAF-SUPPORT	3,342	3,422	3,481	3,493	3,411	3,336	3,493	3,275	3,201
INFORMATION SYST MGMT	1,649	1,487	1,575	1,569	1,487	1,472	1,569	1,487	1,442
TOTAL EXPENDITURES BY ACTIVITY	5,606	5,507	5,720	5,727	5,547	5,450	5,727	5,411	5,285
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<3>			<3>
(A) SALARY PLANNING ESTIMATES		THI				<124>			<123>
(B) SPECIAL YOUTH CRIME PROGRAM		GEN				30			
TOTAL GOV'S INITIATIVES						<97>			<126>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	441	524	529	529	525	552	529	525	522
TRUNK HIGHWAY	4,497	4,229	4,364	4,371	4,193	4,069	4,371	4,055	3,932
HGHWY USER TAX DISTR		18	19	19	19	19	19	19	19
STATUTORY APPROPRIATIONS:									
GENERAL		29							
SPECIAL REVENUE	566	502	631	631	633	633	631	635	635
FEDERAL	88	204	177	177	177	177	177	177	177
GIFTS AND DEPOSITS	14	1							
TOTAL FINANCING	5,606	5,507	5,720	5,727	5,547	5,450	5,727	5,411	5,285
POSITIONS BY FUND:									
GENERAL	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
SPECIAL REVENUE	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
TRUNK HIGHWAY	89.3	89.3	92.3	92.3	92.3	92.3	92.3	92.3	92.3
FEDERAL	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: ADMIN & RELATED SVS

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TOTAL POSITIONS	97.8	96.8	99.8	99.8	99.8	99.8	99.8	99.8	99.8

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BUDGET ACTIVITY: Public Education and Media Relations
PROGRAM: Administration and Related Services
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

The Public Education and Media Relations activity exists to enhance the Department of Public Safety's mission as a whole by providing communication resources and services and by educating and informing all Minnesotans on public safety issues and concerns. The activity encompasses:

- Providing communication leadership and support to all divisions within the department.
- Serving as a resource for Minnesota citizens on public safety issues.
- Development and administration of public education programs as part of on-going federal and state programs.
- Working with citizen groups and committees on selected public safety issues.
- Providing timely news, information and responses to media on department activities.
- Maintaining and distributing current and accurate information through internal newsletters and communications.
- Providing accurate and timely information on public safety issues to other state and local agencies.
- Coordination of communication support for all divisions working with the legislature.

BUDGET ISSUES:

Anticipated budget reductions of $16,000 each year in printing will result in a reduction in safety information services. One of the most effective tools this activity has in communicating public safety messages is brochures, which are widely distributed through law enforcement agencies, schools, and the State Fair. The activity will rely more on the electronic news media and require other department programs to cover costs for printing and distribution.

EFFICIENCY MEASURES:

Prior to August 1991, this activity had no way to measure specific outcomes. Since that time, however, a structure has been developed to allow for measurement of this activity's performance toward its goals:

- News releases. The total number of news releases issued to members of the media.

  Calendar year 1991 : 106
  Calendar year 1992 : 80 (year to date)

- Media contacts. The total number of reported contacts with members of the media. This includes requests for interviews and/or additional information from other programs.

  Calendar year 1992 : 516 (year to date)

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Federal Special Revenue	$68	$125	$157	$157	$157

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: ADMIN & RELATED SVS
ACTIVITY: PUBLIC EDUC & MEDIA RELATNS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	252	233	259	260	260	253	260	260	253
EXPENSES/CONTRACTUAL SRVCS	269	280	326	326	311	311	326	311	311
MISC OPERATING EXPENSES	43	30	34	34	34	34	34	34	34
SUPPLIES/MATERIALS/PARTS	38	39	40	40	39	39	40	39	39
CAPITAL EQUIPMENT	9	15	5	5	5	5	5	5	5
SUBTOTAL STATE OPERATIONS	611	597	664	665	649	642	665	649	642
LOCAL ASSISTANCE	4	1							
TOTAL EXPENDITURES	615	598	664	665	649	642	665	649	642
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		THI				<7>			<7>
TOTAL GOV'S INITIATIVES						<7>			<7>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
TRUNK HIGHWAY	353	302	325	326	310	303	326	310	303
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	194	171	182	182	182	182	182	182	182
FEDERAL	68	125	157	157	157	157	157	157	157
TOTAL FINANCING	615	598	664	665	649	642	665	649	642
POSITIONS BY FUND:									
SPECIAL REVENUE	.5	.5	.5	.5	.5	.5	.5	.5	.5
TRUNK HIGHWAY	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: ADMIN & RELATED SVS
ACTIVITY: PUBLIC EDUC & MEDIA RELATNS

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FEDERAL	1.5	.5	.5	.5	.5	.5	.5	.5	.5
TOTAL POSITIONS	7.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0

BUDGET ACTIVITY: Public Safety Support
PROGRAM: Administration and Related Services
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

This activity provides executive management and centralized support services to the divisions and offices of the department. This involves long range policy decisions as well as administrative support to enable the operating programs to carry out their missions and milestones.

The mission of the office of fiscal and administrative services is to promote financial responsibility, efficient resource management and adherence to regulations through training, guidance, coordination, innovation and oversight, and by furnishing quality centralized support services. This is done through the provision of budgeting, general accounting, financial reporting, payroll, purchasing, accounts payable, contract administration and warehousing services.

The office of personnel assists the department's programs in efficient methods of human resource management through training, guidance, technical assistance and coordination of employee data. The office provides employee selection, job classification and salary determination services, training opportunities, employee safety coordination and labor contract administration for the department.

The affirmative action office develops and implements programs and policies to ensure compliance with all applicable equal employment laws. This is done through employee training, recruitment strategies, and investigation and mediation of complaints.

BUDGET ISSUES:

- Salary reductions in the support activity will be accomplished by holding vacancies open; however, layoffs may be necessary.
- The internal audit section of the department has been eliminated and 2 of the 3 positions are currently vacant. The department no longer performs internal audits and will contract for this service when necessary.
- The internal agency warehouse operation is being reengineered and this will result in both rent and salary savings. This change will occur in the second year of the biennium, to give this activity a year to study warehousing needs and procedures and develop a plan.

EFFICIENCY MEASURES:

1. M.S. 16A.124 requires state agencies to pay valid obligations to vendors within 30 days following receipt of invoice. The state goal is 98% compliance.

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Total payments processed	61,419	58,000	56,000	56,000
Percent of payments processed within 30 days	99.5	99.5	99.5	99.5

2. Employees in other activities that are involved with contract and grant writing are trained in relevant policies, procedures and requirements. This has resulted in a 60% to 80% increase in the level of accuracy, timeliness, quality, and turnaround.

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Contracts and grants				
No. training sessions	28	28	25	20
No. staff trained	85	85	75	70

3. A purchasing manual and training have been developed that will allow designated staff throughout the agency to price, bid and order goods and services so that they can get what they need, when they need it and at a reasonable price while eliminating the involvement of administrative staff in purchases under $1,500. The training and delegated purchasing authority will allow the office to develop commodity/pricing contracts for a variety of goods and services.

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Purchasing training				
No. training sessions	-0-	6	4	4
No. staff trained	-0-	60	40	40

4. 2,995 employees participated in the department training program in F.Y. 1991-92. All employees were trained in sexual harassment prevention in F.Y. 1992. Department policies on discriminatory practices have been rewritten to reflect recent changes in laws.

5. 1992 distribution of Public Safety work force

	Metro	Non-Metro	Total
Percent			
Women	50.90	20.60	40.60
Minority	4.56	2.69	3.90
Disabled	4.40	1.90	3.60

6. This activity is responsible for participating with the department of employee relations in planning and development of efficient methods of human resource management.

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Personnel transactions completed accurately	99.0%	99.5%	99.5%	99.8%
Job audits completed	133	140	150	160
Percent job audits completed or recommended to DOER within 20 days	70%	75%	75%	80%
Job applications processed for delegated examinations	270	350	400	450
Percent separating employees participating in exit interview	0%	80%	90%	95%
Training program participants	1,228	1,250	1,300	1,350

BUDGET ACTIVITY: Public Safety Support
PROGRAM: Administration and Related Services
AGENCY: Public Safety, Department of
(Continuation)

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l					
Dedicated - Special	$372	$331	$397	$397	$397
Dedicated - Federal	$20	$79	$20	$20	$20

GRANTS:

$100,000 is appropriated from the General Fund each year for the soft body armor reimbursement program. Reimbursements are made to state and local full-time peace officers for bullet proof vests. Reimbursement is made in an amount equal to the lesser of one-third of the vest's purchase price or $165. This is authorized under M.S. 299A.38.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: ADMIN & RELATED SVS
ACTIVITY: PUBLIC SAF-SUPPORT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,396	2,362	2,477	2,488	2,400	2,325	2,488	2,369	2,295
EXPENSES/CONTRACTUAL SRVCS	346	276	266	267	267	267	267	184	184
MISC OPERATING EXPENSES	317	377	370	370	370	370	370	370	370
SUPPLIES/MATERIALS/PARTS	83	51	87	87	87	87	87	63	63
CAPITAL EQUIPMENT	7	77	20	20	20	20	20	20	20
OTHER	101	179	161	161	167	167	161	169	169
SUBTOTAL STATE OPERATIONS	3,250	3,322	3,381	3,393	3,311	3,236	3,393	3,175	3,101
AIDS TO INDIVIDUALS	36	30	30	30	30	30	30	30	30
LOCAL ASSISTANCE	56	70	70	70	70	70	70	70	70
TOTAL EXPENDITURES	3,342	3,422	3,481	3,493	3,411	3,336	3,493	3,275	3,201
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<1>			<1>
(A) SALARY PLANNING ESTIMATES		THI				<74>			<73>
TOTAL GOV'S INITIATIVES						<75>			<74>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	395	458	457	457	457	456	457	457	456
TRUNK HIGHWAY	2,541	2,524	2,559	2,571	2,483	2,409	2,571	2,345	2,272
STATUTORY APPROPRIATIONS:									
GENERAL		29							
SPECIAL REVENUE	372	331	445	445	451	451	445	453	453
FEDERAL	20	79	20	20	20	20	20	20	20
GIFTS AND DEPOSITS	14	1							

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: ADMIN & RELATED SVS
ACTIVITY: PUBLIC SAF-SUPPORT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TOTAL FINANCING	3,342	3,422	3,481	3,493	3,411	3,336	3,493	3,275	3,201
POSITIONS BY FUND:									
GENERAL	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
SPECIAL REVENUE	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TRUNK HIGHWAY	56.3	56.3	56.3	56.3	56.3	56.3	56.3	56.3	56.3
FEDERAL	.5	.5	.5	.5	.5	.5	.5	.5	.5
TOTAL POSITIONS	60.8	60.8	60.8	60.8	60.8	60.8	60.8	60.8	60.8

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BUDGET ACTIVITY: Office of Information Systems Management
PROGRAM: Administration and Related Services
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

The Office of Information Systems Management is responsible for the coordination and management of resources necessary for effective and efficient collection, storage, and access to data necessary for the department to meet its statutory responsibilities.

The activity carries out its mission through a coordinated approach including planning, establishment of standards, compatibility of equipment and systems, data quality control, sharing and security of information, and the availability of information for use in departmental decision-making and program management. The activity:

- Provides leadership through services and support to all divisions and offices of Public Safety in the management and utilization of their information resources.
- Provides coordination and technical assistance between Public Safety's divisions and other state agencies in the area of data communication and information exchange.
- Coordinates all technical issues between Public Safety and the Intertechnologies Group of the Department of Administration.
- Provides coordination, training, and technical assistance to federal, state, and local criminal justice agencies that utilize the criminal justice network and applications available through it.
- Provides coordination between Minnesota's criminal justice systems and the systems of other states and federal systems and programs.
- Serves as an information resource to Minnesota citizens in the area of criminal justice crime data.

BUDGET ISSUES:

This activity will experience budget reductions in salaries which will negatively impact other department programs since it will lessen this activity's ability to provide computer programming services to develop and upgrade VAX and PC based systems.

The demand for systems and network services by the department's programs continues to exceed the capability to provide these services. The growth in obtaining personal computers and linking them through networks continues, as does the expansion of use of mini computer systems. The use of technology to assist in performing agency functions enables the department to do more with less. Public Safety functions are document intensive, and technology handles the data, performs the processing and increases productivity without increasing staff.

The criminal justice network size has more than doubled in the past 2 years and continued growth is expected but at a lesser rate. FBI initiatives such as the NCIC 2000 project and the identification revitalization project establish requirements that will need to be incorporated into Minnesota's criminal justice systems over the next 5 to 7 years. This will take careful planning at both the state and local level.

In January 1992, responsibilities for management and operation of the state criminal justice systems were transferred to this office. These systems include law enforcement data networks and provide for federal, other state, and local criminal justice agencies. There is a significant growth in the use of these applications and expansion of the network. The funding for the criminal justice portion of this activity is found in the criminal apprehension program, criminal justice records activity.

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Systems and network services				
Computer-related training				
Training classes	105	67	76	68
Students trained	348	440	480	409
Divisions on wide-area network	11	14	15	17
LANS operational	37	40	44	49
PC operational	542	588	635	685
Mini-computers operations	4	10	11	12
327X Terminals	147	117	100	100
System work requests completed	286	314	345	381
System maintenance work orders	158	174	190	210
Criminal justice services				
Training classes				
Classes conducted	31	47	41	41
Students trained	535	738	738	738
Agencies audited	95	144	147	150
Operator certifications				
New	116	230	130	258
Renewal	0	1,111	0	1,244
Telecommunications order processed	89	98	108	118
Agencies on network				
Federal criminal justice	8	10	12	14
State criminal justice	19	20	22	24
County criminal justice	141	141	141	141
Local criminal justice	105	117	122	129
Devices on network				
MDT's	921	980	1,013	1,114
327X terminals	165	196	230	240
PC computers	96	103	130	160
Mini-computers	73	80	85	90
Terminals off of minis	660	782	963	1,068
Mainframes	6	5	4	4
Terminals off of mainframe	5	5	4	4
Criminal justice network messages (in thousands)	105,291	112,662	134,685	152,328

REVENUE:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: ADMIN & RELATED SVS
ACTIVITY: INFORMATION SYST MGMT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,212	1,333	1,387	1,393	1,337	1,292	1,393	1,337	1,292
EXPENSES/CONTRACTUAL SRVCS	118	74	124	112	106	106	112	106	106
MISC OPERATING EXPENSES	35	32	29	29	27	27	29	27	27
SUPPLIES/MATERIALS/PARTS	49	16	5	5	2	2	5	2	2
CAPITAL EQUIPMENT	235	32	30	30	15	45	30	15	15
SUBTOTAL STATE OPERATIONS	1,649	1,487	1,575	1,569	1,487	1,472	1,569	1,487	1,442
TOTAL EXPENDITURES	1,649	1,487	1,575	1,569	1,487	1,472	1,569	1,487	1,442
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<2>			<2>
(A) SALARY PLANNING ESTIMATES		THI				<43>			<43>
(B) SPECIAL YOUTH CRIME PROGRAM		GEN				30			
TOTAL GOV'S INITIATIVES						<15>			<45>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	46	66	72	72	68	96	72	68	66
TRUNK HIGHWAY	1,603	1,403	1,480	1,474	1,400	1,357	1,474	1,400	1,357
HGHWY USER TAX DISTR		18	19	19	19	19	19	19	19
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE			4	4			4		
TOTAL FINANCING	1,649	1,487	1,575	1,569	1,487	1,472	1,569	1,487	1,442

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: ADMIN & RELATED SVS
ACTIVITY: INFORMATION SYST MGMT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
TRUNK HIGHWAY	28.0	28.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0
TOTAL POSITIONS	30.0	30.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Public Safety, Department of
PROGRAM: Administration and Related Services
ACTIVITY: Information Systems Management

ITEM TITLE: Specialized Investigative File

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$30,000	$-0-	$-0-	$-0-

Statutory Change? Yes _____ No _____
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that a centralized system be maintained for ongoing investigative data on gangs.

The mobility of gang members from jurisdiction to jurisdiction makes it imperative that agencies have quick access to investigative data from another agency in order to reduce duplication and expedite investigations.

PROGRAM OUTCOMES:

As crimes are committed, the investigative information could be shared among agencies, thereby aiding in quicker and more effective resolutions.

LONG-TERM IMPACT:

The long-term result would be more convictions of illegal activity and reduction in criminal gang activity.

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PROGRAM: Emergency Management
AGENCY: Public Safety, Department of

PROGRAM PURPOSE:

The Division of Emergency Management (DEM) is the state agency responsible for coordination of emergency services at the time of a serious incident. The mission of the division is to minimize threats to life and property in Minnesota from all technological and natural disasters through mitigation of the threat and preparation of plans for response to and recovery from emergency incidents that require multi-agency or multi-governmental response.

The first line of response to a disaster is a local unit of government. The state provides assistance when response and recovery requirements exceed local capabilities. In Minnesota, we rely on local all-hazard emergency management plans, coordinated and reviewed by the division to meet federal mandates. This program works closely with all local jurisdictions, state and federal agencies, and the private sector in developing their plans.

This program's mission is directly related to 3 Minnesota Milestones. Within the first theme, "A Caring and Secure Community," the activities of this program contribute to 2 goals:

- People who need help providing for themselves will receive the help they need.

Through its response and recovery programs, DEM is the lead agency in assuring that basic needs are met and independence is regained when citizens are thrown into economic hardship as a result of natural or technological disasters.

Within the theme, "Our Surroundings," DEM works with other agencies to accomplish the goal, "We will improve the quality of the air, water and earth," and is a direct contributor to the indicators measuring toxic chemical release and management of hazardous waste.

Within the theme, "We The People," the activities of this program contribute to the goal, Government in Minnesota will be cost-efficient and services will be designed to meet the needs of the people who use them, in that the first line of defense to disaster is the local community and DEM works closely with all local jurisdictions.

PROSPECTS:

This program is funded through a combination of state and federal funds. Currently there is a $3.5 million federal shortfall to match state and local funds. The disasters nationwide that have occurred in F.Y. 1992 have absorbed the entire budget of the Federal Emergency Management Agency (FEMA). Concern is growing that state allocations will be further reduced to balance the deficit.

FEMA currently receives its funding through the Department of Defense budget. Additional reductions in military spending may therefore affect programs within the DEM budget.

OUTCOMES:

The purpose of this program is to provide citizens with warning of an impending incident that may lead to a disaster, to develop and institute prevention and mitigation activities aimed at reducing the probability of injury and loss of property, and provide victims of a disaster with food, clothing, shelter, medical and financial assistance that will aid them in recovery. The division:

- Responds to disasters and coordinates activities of state agencies, local units of government, federal assistance programs and the private sector.
- Administers recovery efforts, assesses damages and reimburses state agencies, local units of government and public non-profit organizations who have suffered economic losses due to a disaster.
- Administers individual family grants and hazardous mitigation programs and coordinates small business administration programs which assist citizens in economic recovery from a disaster.
- Annually trains state and local government employees and maintains a list of eligible responders that can respond to a disaster location within or outside the state of Minnesota. Such a group was activated for the river flood disaster in downtown Chicago and hurricane Andrew in Florida.

OBJECTIVES:

During F.Y. 1994-95 this program will:

- Hold 4 drills or exercises in which evaluations will occur and participants will be rated; achieve 95% of all requirements examined, without deficiencies.
- Arrive on the scene of a disaster and begin damage assessment within 48 hours after report of the incident, 90% of the time.
- Request federal assistance when necessary within 72 hours after report of the incident, 95% of the time.
- Process and record calls for assistance or information to the duty officer within 1 hour or less of the inception of the call, 90% of the time.
- Respond to reported incidents of hazardous materials within 2 hours, 85% of the time, when requested by local units of government or other state agencies.
- Work to reduce the emissions of air pollutants and work toward increasing the number of sources reporting air-pollutant emissions.
- Process the request for Presidential declaration of disaster within 48 hours after initial damage assessment is completed by FEMA, 95% of the time.
- Complete all disaster assistance applications for public assistance and individual and family assistance within 30 days after Presidential declaration of disaster, 90% of the time.

PROGRAM: Emergency Management
AGENCY: Public Safety, Department of
(Continuation)

PROGRAM PLAN:

The 5% reduction in funding from the General Fund requires a cut in spending of $118,000 each year of the biennium for this program. The division's ability to reallocate funds is very limited, due to the mix of federal funds and the restrictions placed on the use of those funds.

The reductions will be realized by:

- Closure of 2 regional offices (Rochester and Bemidji). This will require the remaining regional offices to absorb the work load of units of government and will lengthen the time of response and recovery to disaster incidents.
- Discretionary travel will be reduced or eliminated. This will bring reduced visibility and contact with other state and federal agencies, local government and general public.
- Reduction of a new position for regional hazardous material teams. The new program will be administered with existing personnel and by contracting with other agencies that have trained responders. Program cuts were made in this area to avoid any reduction in equipment or training for response personnel.
- Salary savings in the emergency response activity. This was realized when a vacancy was filled at a lower salary level, and it will have no impact on quality or services.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: EMERGENCY MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EMERG MGMT ASSIST	3,869	10,234	9,719	9,667	3,468	3,447	9,667	3,404	3,383
NUCLEAR PLANT PREPAREDNESS	420	669	831	800	825	825	800	825	825
EMERGENCY RESPONSE COMMISSION	369	491	504	505	437	429	505	437	429
TOTAL EXPENDITURES BY ACTIVITY	4,658	11,394	11,054	10,972	4,730	4,701	10,972	4,666	4,637
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<28>			<28>
(A) SALARY PLANNING ESTIMATES		ENV				<1>			<1>
TOTAL GOV'S INITIATIVES						<29>			<29>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,507	936	2,164	2,113	1,993	1,965	2,113	1,929	1,901
SPECIAL REVENUE		669	731						
ENVIRONMENTAL	42	40	41	41	41	40	41	41	40
STATUTORY APPROPRIATIONS:									
GENERAL		50	44	44	44	44	44	44	44
SPECIAL REVENUE		9		700	825	825	700	825	825
FEDERAL	3,109	9,690	7,974	7,974	1,827	1,827	7,974	1,827	1,827
GIFTS AND DEPOSITS			100	100			100		
TOTAL FINANCING	4,658	11,394	11,054	10,972	4,730	4,701	10,972	4,666	4,637
POSITIONS BY FUND:									
GENERAL	18.4	20.9	22.3	21.8	21.8	21.8	21.8	21.8	21.8
SPECIAL REVENUE	.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0
FEDERAL	18.9	18.9	17.8	14.8	14.8	14.8	14.8	14.8	14.8
ENVIRONMENTAL	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL POSITIONS	38.3	43.8	44.1	41.6	41.6	41.6	41.6	41.6	41.6

BUDGET ACTIVITY: Emergency Management Assistance
PROGRAM: Emergency Management
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

This activity administers the emergency management assistance program which includes supporting and coordinating local government planning, response and recovery at the time of a disaster. It develops and implements federal strategies and policies that will be used in Minnesota at the time of disaster and facilitate response and recovery efforts. The activity coordinates all state agencies which must interface with local units of government, federal agencies and the private sector during response and recovery efforts.

The one-call duty officer program is the central contact point for emergency assistance from state and federal agencies including military assistance. It also administers a centralized warning and reporting point for all hazardous materials and explosives notification requirements.

The activity also administers the disaster preparedness and improvement program which includes administering federal and state funds allocated for relief efforts after a disaster has occurred; preparing and training local units of government, state agencies, and public and non-profit organizations in damage survey, assessment, requisition and restoration of a disaster area; and soliciting, analyzing, coordinating and administering hazard mitigation projects which can be identified and which will reduce the future probability of disaster.

The hazardous materials incident response program is also administered. This includes planning, response and recovery activities among local units of government, state and federal agencies, and the private sector. The activity coordinates all state and federal reporting requirements and facilitates training and recovery functions associated with hazardous materials response, including cleanup and cost recovery activities.

BUDGET ISSUES:

This activity is supposed to be funded equally between state and federal budgets. Over the past several years there have been significant state budget reductions. Funding levels are not adequate to carry out current state and federal mandates. Additional state and federal regulations, which were enacted recently with staggered implementation dates from 1993 to 1996, currently are not funded. Attempted implementation of these mandates is questionable. The activity will explore further cooperation and coordination between state and local governmental units and private sector response organizations such as the American Red Cross, Salvation Army, religious associations and business and industry, in an attempt to fulfill program requirements.

Budget reductions in this activity require closing 2 regional offices. Regional offices play a strong role in response and recovery efforts after a local disaster. Closure of the Rochester and Bemidji offices will require surrounding regions to absorb the workload and could result in lengthening response times and recovery efforts locally.

EFFICIENCY MEASURES:

This activity annually conducts approximately 25,000 student hours of training in emergency management courses. An additional 25,000 to 30,000 hours of instruction are coordinated through the vocational college system. The Division of Emergency Management (DEM) conducts 150 to 175 emergency exercises annually involving 15,000 to 20,000 persons. Approved emergency management plans are in place in 83 counties in Minnesota. Approximately 63 cities have approved plans which are reviewed and updated annually.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$-0-	$-0-	$467	$467	$467
Dedicated - Special	-0-	9	-0-	-0-	-0-
Dedicated - Federal	3,079	9,550	7,910	1,817	1,817
Dedicated - Gen'l	-0-	35	44	44	44
		50			

GRANTS:

Pursuant to M.S. 12.01 - 12.46, this program administers federal grants for the Federal Emergency Management Agency (FEMA) to cities and counties which support and implement emergency preparedness, planning, response and recovery functions at the local level. The program and activity narratives fully explain these programs, including purpose, eligibility, recipients and criteria.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: EMERGENCY MANAGEMENT
ACTIVITY: EMERG MGMT ASSIST

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,034	993	1,260	1,262	1,234	1,213	1,262	1,234	1,213
EXPENSES/CONTRACTUAL SRVCS	327	354	407	407	372	372	407	308	308
MISC OPERATING EXPENSES	120	131	576	576	434	434	576	434	434
SUPPLIES/MATERIALS/PARTS	17	22	60	60	56	56	60	56	56
CAPITAL EQUIPMENT	6	60	421	421	410	410	421	410	410
SUBTOTAL STATE OPERATIONS	1,504	1,560	2,724	2,726	2,506	2,485	2,726	2,442	2,421
AIDS TO INDIVIDUALS			563	563			563		
LOCAL ASSISTANCE	2,365	8,674	6,432	6,378	962	962	6,378	962	962
TOTAL EXPENDITURES	3,869	10,234	9,719	9,667	3,468	3,447	9,667	3,404	3,383
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<21>			<21>
TOTAL GOV'S INITIATIVES						<21>			<21>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	790	625	1,765	1,713	1,607	1,586	1,713	1,543	1,522
STATUTORY APPROPRIATIONS:									
GENERAL		50	44	44	44	44	44	44	44
SPECIAL REVENUE		9							
FEDERAL	3,079	9,550	7,910	7,910	1,817	1,817	7,910	1,817	1,817
TOTAL FINANCING	3,869	10,234	9,719	9,667	3,468	3,447	9,667	3,404	3,383

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: EMERGENCY MANAGEMENT
ACTIVITY: EMERG MGMT ASSIST

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	11.4	15.9	17.3	16.8	16.8	16.8	16.8	16.8	16.8
FEDERAL	17.4	16.9	16.8	14.8	14.8	14.8	14.8	14.8	14.8
TOTAL POSITIONS	28.8	32.8	34.1	31.6	31.6	31.6	31.6	31.6	31.6

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BUDGET ACTIVITY: Nuclear Plant Preparedness
PROGRAM: Emergency Management
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

The nuclear power plant preparedness program includes planning, coordination, and exercise of state and federal agencies, local units of government and service utilities in the event of an incident at 1 of the power plants. The activity also records, disseminates information on, and coordinates all shipments of radioactive materials into and through the state and coordinates response and recovery efforts of radiological transportation-related incidents.

This activity coordinates federal and state agencies and power utility company response to a nuclear power plant incident through activities aimed at the following:

- Increase the public's awareness of protective actions that should be taken.
- Improve the capabilities of state and local personnel in planning, response, recovery and mitigation efforts.
- Improve the ability of state and local governments to deliver emergency public information in a timely fashion.
- Receive and disseminate timely emergency notification to affected units of government and the private sector, and provide prompt assistance to local governments and the public.

BUDGET ISSUES:

The nuclear plant preparedness activity is funded through quarterly assessments to the utility company that operates 2 nuclear power plants in Minnesota. The assessments are to cover the cost of nuclear power plant emergency response plans and other activities necessary to deal with incidents resulting from the operation of nuclear fission electrical generating plants. The requirements placed on utility companies by state and federal mandates continue to escalate.

EFFICIENCY MEASURES:

The activity annually conducts 2 full participation exercises and 6 separate drills involving a total of 500 participants. It updates 5 emergency response and 31 ingestion pathway plans per year and updates and distributes 37,000 public information brochures to residents in the 10 mile emergency planning zone for each nuclear power plant. Training is provided to 2,000 emergency responders annually.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$335	$-0-	$-0-	$-0-	$-0-
Dedicated - Special	-0-	669	731	825	825

GRANTS:

Pursuant to M.S. 12.14, this program administers grants to cities and counties which support and carry out nuclear power plant preparedness and response activities at the local level. The activity description and efficiency measures, above, fully explain the purpose, recipients, eligibility and criteria related to nuclear power plant emergency management activities.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: EMERGENCY MANAGEMENT
ACTIVITY: NUCLEAR PLANT PREPAREDNESS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	88	130	180	180	180	180	180	180	180
EXPENSES/CONTRACTUAL SRVCS	187	335	49	49	49	49	49	49	49
MISC OPERATING EXPENSES	41	54	37	37	37	37	37	37	37
SUPPLIES/MATERIALS/PARTS	20	20	8	8	8	8	8	8	8
CAPITAL EQUIPMENT	15	15							
OTHER			3	3	3	3	3	3	3
SUBTOTAL STATE OPERATIONS	351	554	277	277	277	277	277	277	277
LOCAL ASSISTANCE	69	115	554	523	548	548	523	548	548
TOTAL EXPENDITURES	420	669	831	800	825	825	800	825	825
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	420								
SPECIAL REVENUE		669	731						
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE				700	825	825	700	825	825
GIFTS AND DEPOSITS			100	100			100		
TOTAL FINANCING	420	669	831	800	825	825	800	825	825
POSITIONS BY FUND:									
GENERAL	2.0	.0	.0	.0	.0	.0	.0	.0	.0
SPECIAL REVENUE	.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0
TOTAL POSITIONS	2.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0

BUDGET ACTIVITY: Emergency Response Commission
PROGRAM: Emergency Management
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

The Emergency Response Commission (ERC) collects, organizes, and disseminates information on hazardous materials which are stored or emitted into the air, water, soil or sewer systems in the state. The dissemination of this information is primarily intended for emergency management planners and responders who are charged with response functions, community and public awareness, and participation in planning and response activities in each local jurisdiction. The 21-member commission is representative of governmental, public and private-sector groups that handle, store, utilize, monitor, regulate or respond to hazardous material concerns within the state. The goals of this activity are to:

- Increase reporting of hazardous materials that are stored or used by business and industry.
- Increase the knowledge of stored hazardous materials and disseminate these locations to emergency responders and planners.
- Improve the ability of state and local governments to deliver emergency public information in a timely fashion.
- Increase voluntary reporting of emissions of hazardous materials by air, water, soil and sewage systems and develop reduction levels.

BUDGET ISSUES:

The recent budget decreases in this activity came from salary savings realized when the activity was merged into the Emergency Management program and the previous director's position was filled at a lower level.

EFFICIENCY MEASURES:

The ERC annually receives, organizes and records over 600 hazardous materials toxic inventory reports from Minnesota business and industry. Over 7,000 hazardous materials reports are received which identify location, quantity and type of chemicals that are stored in Minnesota. Over 3,500 reports are received annually from businesses required to give notification to ERC of their facilities. The ERC receives approximately 125 public requests for hazardous materials data. ERC maintains a computer network that local units of government and emergency responders and planners can access to gain information that assists in their response efforts and planning.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$159	$201	$222	$224	$226
Dedicated - Federal	30	140	64	10	10

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: EMERGENCY MANAGEMENT
ACTIVITY: EMERGENCY RESPONSE COMMISSION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	230	287	321	322	270	262	322	270	262
EXPENSES/CONTRACTUAL SRVCS	66	140	91	91	87	87	91	87	87
MISC OPERATING EXPENSES	36	43	73	73	61	61	73	61	61
SUPPLIES/MATERIALS/PARTS	13	13	17	17	17	17	17	17	17
CAPITAL EQUIPMENT	24	8	2	2	2	2	2	2	2
SUBTOTAL STATE OPERATIONS	369	491	504	505	437	429	505	437	429
TOTAL EXPENDITURES	369	491	504	505	437	429	505	437	429
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<7>			<7>
(A) SALARY PLANNING ESTIMATES		ENV				<1>			<1>
TOTAL GOV'S INITIATIVES						<8>			<8>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	297	311	399	400	386	379	400	386	379
ENVIRONMENTAL	42	40	41	41	41	40	41	41	40
STATUTORY APPROPRIATIONS:									
FEDERAL	30	140	64	64	10	10	64	10	10
TOTAL FINANCING	369	491	504	505	437	429	505	437	429
POSITIONS BY FUND:									
GENERAL	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
FEDERAL	1.5	2.0	1.0	.0	.0	.0	.0	.0	.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: EMERGENCY MANAGEMENT
ACTIVITY: EMERGENCY RESPONSE COMMISSION

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
ENVIRONMENTAL	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL POSITIONS	7.5	8.0	7.0	6.0	6.0	6.0	6.0	6.0	6.0

PROGRAM: Criminal Apprehension
AGENCY: Public Safety, Department of

PROGRAM PURPOSE:

The Bureau of Criminal Apprehension (BCA) is the principal law enforcement service agency in Minnesota. The mission of the BCA is to:

- Provide prudent, sensitive and professional investigative, analytical, educational and supportive services which address the needs of the criminal justice community;
- Exercise leadership and act as a catalyst in the sharing of information and resources and identification of criminal justice issues with other criminal justice agencies; and
- Act as a vehicle in disseminating information and services to the criminal justice community, as well as to the citizens of the state.

The BCA strives to achieve this mission through its forensic science laboratory, criminal records and identification, investigations, police training and support.

The BCA's services are generally provided in a reactive fashion -- a violent crime is committed in a rural community and the local law enforcement agency requests the BCA's services in investigating the crime, through the assistance of laboratory scientists and highly trained investigative special agents. The suspect is taken to trial and the prosecutor requests expert testimony of the scientists and special agents. The suspect is convicted, sentenced and incarcerated, and the data is sent to the BCA for inclusion in the individual's criminal history record. Proactive services include police training, Drug Abuse Resistance Education training and proactive investigations into crimes such as child pornography, narcotics, white collar crime and others.

This program contributes to the Minnesota Milestones theme, "A Caring and Secure Community."

1. The BCA contributes to the goal, "Our communities will be safe, friendly and caring," measured by violent crime rate, percentage of violent and injury related deaths for children and youth and number of juvenile arrests for violent crimes.
2. BCA links to the goal, "Minnesotans will be healthy," measured by the number of traffic fatalities and percentage of alcohol related traffic deaths.
3. The Milestone goal "Families will provide a stable environment for their children," is effected by the criminal justice community through 2 indicators, percentage of youth using alcohol and percentage of youth using illicit drugs.

PROSPECTS:

The violent crime rate has shown a slow but steady increase over the past 20 years, and has increased at a slightly more rapid pace since the mid-1980's. This is due to many factors including socio-economic, societal change and the impact of drug use and abuse on our culture.

The number of reported rapes has increased dramatically over the past several years. Experts in law enforcement and victim services fields agree this is the result of a general increase in sexual violence and an increase in the number of rapes actually reported. It is estimated that only half of all rapes are ever reported.

The DNA analysis laboratory is now "on-line" at the BCA. A DNA sexual offender database has been established and Minnesota is the first state to use that information to identify a homicide/sexual assault suspect. The BCA laboratory is participating in a pilot project with the FBI to establish a national DNA offender database. Legislators have contacted the BCA to explore the possibility of expanding the DNA database to include other convicted violent offenders.

The field of forensic science has been greatly affected by the exponential development of scientific technology. Developments in such diverse areas as genetics and computers are occurring so rapidly that both methods and equipment are outdated almost as quickly as they are brought on line.

Community policing philosophy dictates that officers spend more time with the communities they serve, working in a proactive capacity and developing personal rapport with their community. This may lead to an increase in the number of crimes reported, as citizens become more familiar and comfortable with their police officers and become more likely to report crimes to them.

OUTCOMES:

The BCA has been actively redefining its mission and strategies for several years.

- The laboratory restructured its system of receiving and distributing evidence from officers in order to reduce turnaround time and improve client satisfaction. Officers are now given one contact person and an expected completion date for the analysis. Now, backlogs have decreased and client satisfaction has increased.
- The laboratory was reorganized to better reflect division of labor and streamline chain of command.
- The police training section was reorganized to provide better quality and more needed training to state law enforcement. The section now provides some of the best law enforcement training in the state and there is a dramatic improvement in client satisfaction with these services.
- Narcotics efforts were refocused on mid to upper level interstate and international operatives. Local agencies are trained and investigate street and lower level dealers.
- The St. Paul regional office established a criminal assessment program to coordinate the efforts of special agents investigating violent crimes, including homicide, sexual assault and child abuse.
- A new Automated Fingerprint Identification System (AFIS) is being developed and the computerized criminal history system has been improved resulting in improvements for both front and end users and an output which is more readily understandable by users.
- Reorganization of administration of the BCA has led to improvements in efficiency and effectiveness of service. Procedures were streamlined and the directors of the 3 sections were made equal in rank and now report directly to the superintendent.
- A once fragmented system for crime scene assistance is now streamlined to provide quicker, more efficient and effective response to local requests for assistance.

The agency's measurable outcomes are generally those which show whether it is providing the type and level of service demanded by the criminal justice community.

1. Local law enforcement agencies request the BCA's assistance in a majority of homicides and suspicious death cases and many other cases in which the analysis of a crime scene is required. An attempt is made to respond to all requests which warrant BCA assistance. A baseline for measuring the percentage of crime scene requests honored will be established for F.Y. 1993.

2. The BCA strives to provide service to all clients who request assistance. While many jurisdictions use these services regularly, several do not. This reticence is due to many factors, one of which is a lack of familiarity with BCA services. A baseline for measuring the number of agencies requesting and receiving services will be established for F.Y. 1993.

3. The BCA consistently receives positive feedback on the services provided. A quantitative measurement of client satisfaction would assist in further refining program mission and services. A survey instrument measuring client satisfaction with BCA services will be developed, administered and analyzed before the end of F.Y. 1993.

4. The quality of life at the BCA is commonly believed to be high, considering factors such as safety, availability of career development opportunities, job satisfaction, use of sick time and belief that one's work is meaningful. A measurement of the worklife quality of BCA employees, evaluating some of the components above, will be conducted before the end of F.Y. 1993.

OBJECTIVES:

- 95% of crime scene requests will be honored.
- The number of law enforcement agencies requesting assistance from the BCA will increase 5%.
- BCA representatives will make personal contact with 100% of sheriff's offices and police departments through personal visits to law enforcement centers, responses to crime scene requests, receipt of evidence for analysis, joint investigations, and law enforcement association conference attendance.
- The quality of worklife at the BCA will be kept consistently high.

PROGRAM PLAN:

In response to the need to reduce the BCA's General Fund budget by 5%, vacant positions are being held open and several activities have been reduced or eliminated.

- The local buy fund will be reduced by $171,000 in General Funds each year, leaving approximately $100,000 per year from Driving While Intoxicated (DWI) reinstatement fee receipts. The impact on local agencies will be minimal, as most have other sources for buy money, such as narcotics task forces, city or county appropriations and forfeited property.
- The confidential fund used by BCA agents to purchase evidence and information will be reduced by $23,000.
- The amount available for semi annual payments for the automated fingerprint identification system will be reduced by $100,000. This may require an additional appropriation in the future to complete payment to the AFIS vendor.
- A parking contract was terminated, resulting in $20,000 annual savings.
- $30,000 in lab maintenance funds are cut and will result in less money available for remodeling and enlarging bench space in the laboratory.
- $200,000 is being reduced from criminal records and identification. $118,000 of this was earmarked for improvements in the criminal history system. Other data processing will be reduced by $130,000.

The BCA has a small trunk highway fund appropriation in the criminal justice evidence analysis activity, related to blood-alcohol testing. The lab will cut $52,000 per year, which will hinder their ability to purchase/replace some types of analytical equipment.

Personnel costs account for over 70% of the BCA's total budget. In order to provide for anticipated cost of living increases in these personnel expenses, the BCA must hold open 10 positions and transfer funds from needed equipment and other budget areas, hampering the ability of the BCA to serve the needs of its clients.

Three lab positions and 5 investigative positions have already been identified as among those the BCA will not be able to fill due to the lack of salary supplement. While BCA management has strived to improve service and quality over the past 5 years, much of this effort may be in jeopardy due to the severe financial constraints placed on the agency.

The agency's ability to serve clients quickly and effectively will be diminished. There will be fewer lab scientists and special agents to assist local law enforcement agencies, and quality of the highly specialized technical equipment used to process evidence and conduct investigations will be compromised, as funding is taken from equipment budgets to pay personnel costs.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: CRIMINAL APPREHENSION

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
CRIM JUST EVID ANAL	4,257	4,271	4,450	4,475	4,243	4,137	4,479	4,247	4,141
CRIM JUST RECORDS	5,248	4,385	5,910	5,921	5,035	5,007	5,921	5,222	5,194
CRIM INVEST&ASSIST	5,279	5,635	5,316	5,336	5,291	5,159	5,336	5,291	5,159
POLICE TRAINING & DEVELOPMT	1,245	1,276	1,188	1,193	1,193	1,168	1,193	1,193	1,168
CRIM APPREH SUPPORT	925	792	775	774	581	569	774	581	569
TOTAL EXPENDITURES BY ACTIVITY	16,954	16,359	17,639	17,699	16,343	16,040	17,703	16,534	16,231
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<269>			<269>
(A) SALARY PLANNING ESTIMATES		SR				<10>			<10>
(A) SALARY PLANNING ESTIMATES		THI				<24>			<24>
TOTAL GOV'S INITIATIVES						<303>			<303>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	14,345	13,010	13,551	13,608	12,868	12,599	13,611	12,871	12,602
SPECIAL REVENUE	468	552	617	617	470	460	617	470	460
TRUNK HIGHWAY	979	1,037	1,047	1,050	998	974	1,051	999	975
STATUTORY APPROPRIATIONS:									
GENERAL	172	568	1,240	1,240	1,349	1,349	1,240	1,536	1,536
SPECIAL REVENUE	646	438	370	370	370	370	370	370	370
FEDERAL	338	752	814	814	288	288	814	288	288
GIFTS AND DEPOSITS	6	2							
TOTAL FINANCING	16,954	16,359	17,639	17,699	16,343	16,040	17,703	16,534	16,231
POSITIONS BY FUND:									
GENERAL	167.0	173.0	173.0	173.0	173.0	173.0	173.0	173.0	173.0
SPECIAL REVENUE	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
TRUNK HIGHWAY	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: CRIMINAL APPREHENSION

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TOTAL POSITIONS	189.0	195.0	195.0	195.0	195.0	195.0	195.0	195.0	195.0

BUDGET ACTIVITY: Criminal Justice Evidence Analysis
PROGRAM: Criminal Apprehension
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

The mission of this activity is to provide timely, quality forensic services to the criminal justice system. The quick and accurate alcohol analysis is a key part of the state's efforts to control alcohol impaired driving.

The BCA's laboratory is the only full service forensic science laboratory in the state providing scientific examinations of physical evidence recovered from crime scenes and other evidence associated with criminal investigations. The laboratory responds to requests for crime scene processing and its personnel instruct in law enforcement training schools. The laboratory's clients include state and federal law enforcement agencies, coroners and medical examiners, prosecuting attorneys and courts.

BUDGET ISSUES:

This activity will experience a $30,000 per year reduction in General Funds and $52,000 per year in Trunk Highway funds. The impact will be a delay in maintenance and replacement of critical analytical equipment and instruments.

Three current vacancies are being held open to cover salary costs. This equates to a 20% reduction in clerical staff, and a 33% reduction in the scientific specialties of latent print identification and blood alcohol analysis. The situation will be compounded in the next biennium.

EFFICIENCY MEASURES:

The BCA forensic sciences laboratory adheres to the philosophy that "science is neutral". Results of examinations must be held to a high standard as they will be used in courts of law where the individual's basic rights or freedom may be in the balance.

	F.Y. 1991	F.Y. 1992
Average cost per case	$ 356	$ 374
Turn around time (days)		
Alcohol	10.77	10.33
Arson	35.20	41.63
DNA*	159.42	97.57
Drugs	20.70	21.02
Firearms	47.26	54.22
Prints	36.22	33.04
Trace	39.72	32.17
Documents	125.87	63.06
Serology	27.43	28.48
Toxicology	46.21	31.10

Goal for F.Y. 1994-95 10% reduction in turn around time each year

ACTIVITY STATISTICS:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Total cases	10,158	9615	10,000	10,200	10,400
Homicides	86	75			
Death investigations	250	360			
Sexual assaults	368	442			
Drugs	1,726	1,523			
Arson	262	286			
Burglary	384	376			
DWI alcohol	5,508	4,770			
DWI drugs	413	551			
All others	1,161	1,232			
DNA case reported*	1	69			
DNA convicted sex offender data base:**	1,545	939	950	975	1,000
Expert testimony	258	258	275	280	300
Crime scenes	50	66	70	75	80
Breath testing					
Officers trained	177	181	210	210	240
Officers recertified	735	1150	750	1200	750
Cases by agency					
Police departments	2,363	2,194			
Sheriff	1,161	1,282			
State Patrol	343	387			
Fire departments	176	243			
Prosecuting attorney	13	16			
Corrections	16	20			
Coroner/medical examiner	257	324			
BCA	121	151			
Task force	97	100			
Federal	14	30			
All others	89	97			

* DNA lab operational June 1991 with 2 scientists, 3 additional scientists on line April, 1992.
** Effective January 1990, law required all convicted sex offenders in custody to provide a sample before release and new offenders upon conviction.

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Federal	$46	$41	$52	$52	$52

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: CRIMINAL APPREHENSION
ACTIVITY: CRIM JUST EVID ANAL

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,893	3,033	3,150	3,160	3,160	3,054	3,160	3,160	3,054
EXPENSES/CONTRACTUAL SRVCS	633	394	434	449	389	389	453	393	393
MISC OPERATING EXPENSES	119	107	109	109	108	108	109	108	108
SUPPLIES/MATERIALS/PARTS	325	474	468	468	339	339	468	339	339
CAPITAL EQUIPMENT	287	263	288	288	246	246	288	246	246
OTHER			1	1	1	1	1	1	1
SUBTOTAL STATE OPERATIONS	4,257	4,271	4,450	4,475	4,243	4,137	4,479	4,247	4,141
TOTAL EXPENDITURES	4,257	4,271	4,450	4,475	4,243	4,137	4,479	4,247	4,141
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<72>			<72>
(A) SALARY PLANNING ESTIMATES		SR				<10>			<10>
(A) SALARY PLANNING ESTIMATES		THI				<24>			<24>
TOTAL GOV'S INITIATIVES						<106>			<106>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,870	2,759	2,828	2,850	2,817	2,745	2,853	2,820	2,748
SPECIAL REVENUE	362	433	523	523	376	366	523	376	366
TRUNK HIGHWAY	979	1,037	1,047	1,050	998	974	1,051	999	975
STATUTORY APPROPRIATIONS:									
GENERAL		1							
FEDERAL	46	41	52	52	52	52	52	52	52
TOTAL FINANCING	4,257	4,271	4,450	4,475	4,243	4,137	4,479	4,247	4,141

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: CRIMINAL APPREHENSION
ACTIVITY: CRIM JUST EVID ANAL

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	44.0	44.0	43.0	43.0	43.0	43.0	43.0	43.0	43.0
SPECIAL REVENUE	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
TRUNK HIGHWAY	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
TOTAL POSITIONS	66.0	66.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0

BUDGET ACTIVITY: Criminal Justice Records
PROGRAM: Criminal Apprehension
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

The criminal history and identification services section compiles and provides criminal records on individuals arrested for or convicted of gross misdemeanor and felony offenses. This information is backed up by the positive identification of each individual through fingerprint comparison. To meet the continued and growing needs of the clientele this activity provides accurate, complete and timely criminal history records and identification of convicted felons.

Criminal history information is used to make vital decisions at various steps throughout the criminal justice process. Arrests, charging levels, bail decisions, sentencing levels and monitoring methods are based, in part, on this data. The activity provides information necessary for background checks on persons seeking licenses and employment in a variety of positions. Thousands of the requests are for persons who will be caring for children and other vulnerable persons. This program strives to become more efficient to provide data quickly to the criminal justice community throughout the state and to the private sector as mandated by law.

BUDGET ISSUES:

$200,000 is being reduced in salary, and data processing of which $118,000 was earmarked for changes to improve the criminal history system. $130,000 will be reduced from the criminal justice data network data processing budget. The billing mechanism will need to be modified to accommodate projected volume increases.

The amount available for semi-annual payments for new automated fingerprint identification system (to replace MAFIN) will be reduced by $100,000. This may require an additional appropriation in the future to complete payment to the vendor.

The law enforcement community is utilizing high technology to accomplish their mandates, and the Bureau of Criminal Apprehension (BCA) must be able to respond to this change. A test of receiving electronically transmitted images of fingerprints over data circuits has been conducted with a major metropolitan sheriff's office. During testing, several misdemeanor arrests were linked with felony warrants in other jurisdictions through fingerprint matching.

Each year new laws are passed mandating background checks for persons seeking employment in a variety of positions. In F.Y. 1992, the legislature passed the Child Protection Background Check Act allowing criminal history checks on persons involved with children either through employment or volunteerism. This could result in an additional 50,000 requests for criminal history checks.

The interstate exchange of records has become a major national focus resulting in plans being formulated for standard record formats and an interstate compact for non-criminal justice information exchange.

EFFICIENCY MEASURES:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of fingerprint cards received	20,585	27,996	23,139	28,220	35,830
Percent increase		36%	(7%)	8%	27%
Non-criminal justice record requests	19,572	32,921	35,032	42,245	45,925
Percent increase		68%	6%	27%	9%
Number of agencies with livescan fingerprinting capability	-0-	1	2	5	10

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$587	$576	$235	$230	$230
Dedicated - Federal	75	403	526	-0-	-0-
Dedicated - Gen'l	151	444	1,188	1,319	1,506

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: CRIMINAL APPREHENSION
ACTIVITY: CRIM JUST RECORDS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	766	781	1,005	1,009	1,046	1,018	1,009	1,122	1,094
EXPENSES/CONTRACTUAL SRVCS	2,647	2,720	3,507	3,514	2,872	2,872	3,514	2,979	2,979
MISC OPERATING EXPENSES	496	475	495	495	491	491	495	492	492
SUPPLIES/MATERIALS/PARTS	19	44	20	20	13	13	20	16	16
CAPITAL EQUIPMENT	1,247	365	824	824	613	613	824	613	613
SUBTOTAL STATE OPERATIONS	5,175	4,385	5,851	5,862	5,035	5,007	5,862	5,222	5,194
LOCAL ASSISTANCE	73		59	59			59		
TOTAL EXPENDITURES	5,248	4,385	5,910	5,921	5,035	5,007	5,921	5,222	5,194
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<28>			<28>
TOTAL GOV'S INITIATIVES						<28>			<28>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	5,022	3,538	4,196	4,207	3,716	3,688	4,207	3,716	3,688
STATUTORY APPROPRIATIONS:									
GENERAL	151	444	1,188	1,188	1,319	1,319	1,188	1,506	1,506
FEDERAL	75	403	526	526			526		
TOTAL FINANCING	5,248	4,385	5,910	5,921	5,035	5,007	5,921	5,222	5,194
POSITIONS BY FUND:									
GENERAL	24.5	26.5	28.5	28.5	28.5	28.5	28.5	28.5	28.5

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: CRIMINAL APPREHENSION
ACTIVITY: CRIM JUST RECORDS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TOTAL POSITIONS	24.5	26.5	28.5	28.5	28.5	28.5	28.5	28.5	28.5

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BUDGET ACTIVITY: Criminal Investigations and Assistance
PROGRAM: Criminal Apprehension
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

The Bureau of Criminal Apprehension (BCA) investigations sections (St. Paul regional office, Bemidji regional office, special investigations and special operations) conduct investigations into crimes of violence and major narcotics traffickers. Special agents initiate investigations and assist local agencies in investigating homicides, sexual assaults, kidnappings, child abuse and exploitation, national and international drug cartels and other serious crimes.

Recent national studies have shown that most violent crimes are committed by a small number of people. The BCA's goal is to target these violent offenders, arrest them and assist in successful prosecution at the state or federal level. Examples of targeted offenders include large scale drug importers and manufacturers, serial rapists, serial child abusers, kidnappers and murderers.

The activity has 12 field offices around the state: Mankato, Owatonna, Rochester, Willmar, Marshall, Moorhead, Fergus Falls, Thief River Falls, Bemidji, Brainerd, Duluth, and Grand Rapids. Field agents provide specialized assistance to local agencies in complex or unusual crimes in greater Minnesota through their statewide arrest power, high level of investigative and technical expertise and experience, and availability of expert colleagues and technical assistance.

The law enforcement community depends upon the BCA for expertise and investigative coordination in cases which are time consuming, complex and multi-jurisdictional. Many requests for investigative assistance involve the use of expensive, sophisticated equipment, such as trap and trace devices, wiretap equipment, body bugs and surveillance equipment. These are generally not owned by most local departments, nor do they have the expertise needed to use these tools effectively. BCA special agents have developed a vast knowledge in the application of sophisticated investigative equipment; this expertise is well respected both in the law enforcement field and in state and federal courts.

BCA agents' expertise in the investigation of serious crimes is well respected. Some cases such as homicides are relatively rare in greater Minnesota, and local officers do not have the expertise to adequately investigate. Other cases, such as kidnapping of a child, go beyond a local agency's capabilities and resources. BCA agents can spend extended periods of time investigating a single case, such as the Wetterling and Erstad kidnappings and the Melissa Johnson homicide. Local agencies do not have the resources to devote to intense, lengthy investigations.

BUDGET ISSUES:

The confidential fund, used by special agents for the purchase of evidence and information, will be reduced by $23,000 per year under the agency's budget plan. The General Fund appropriation for this account is $223,000 per year. While this fund is used extensively, a reduction in the amount of buy money available to agents is preferable to cuts in other areas.

EFFICIENCY MEASURES:

	F.Y. 1993	F.Y. 1994	F.Y. 1995
Crime scene requests honored	50	66	112
Criminal narcotics cases initiated	75	110	120
Cases entered into MNSCAP	331	422	400
Sex offenders registered	na	300	350
Missing children reports and inquires received	na	140	295

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Special	$522	$366	$185	$260	$260
Dedicated - Federal	82	105	79	79	79
Dedicated - Gen'l	35	115	30	30	30

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: CRIMINAL APPREHENSION
ACTIVITY: CRIM INVEST&ASSIST

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	3,695	4,065	3,991	4,005	4,005	3,873	4,005	4,005	3,873
EXPENSES/CONTRACTUAL SRVCS	588	574	571	577	554	554	577	554	554
MISC OPERATING EXPENSES	275	295	266	266	266	266	266	266	266
SUPPLIES/MATERIALS/PARTS	250	215	155	155	155	155	155	155	155
CAPITAL EQUIPMENT	458	486	332	332	310	310	332	310	310
OTHER	13		1	1	1	1	1	1	1
SUBTOTAL STATE OPERATIONS	5,279	5,635	5,316	5,336	5,291	5,159	5,336	5,291	5,159
TOTAL EXPENDITURES	5,279	5,635	5,316	5,336	5,291	5,159	5,336	5,291	5,159
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<132>			<132>
TOTAL GOV'S INITIATIVES						<132>			<132>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	4,672	5,141	4,972	4,992	4,969	4,837	4,992	4,969	4,837
STATUTORY APPROPRIATIONS:									
GENERAL	21	123	52	52	30	30	52	30	30
SPECIAL REVENUE	504	266	213	213	213	213	213	213	213
FEDERAL	82	105	79	79	79	79	79	79	79
TOTAL FINANCING	5,279	5,635	5,316	5,336	5,291	5,159	5,336	5,291	5,159

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: CRIMINAL APPREHENSION
ACTIVITY: CRIM INVEST&ASSIST

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	73.0	79.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0
TOTAL POSITIONS	73.0	79.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0

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BUDGET ACTIVITY: Police Training and Development
PROGRAM: Criminal Apprehension
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

The mission of the Bureau of Criminal Apprehension (BCA) training and development section is to provide law enforcement personnel with the professional knowledge and skills necessary to effectively serve their respective communities. This is done through the provision of specialized and advanced training for law enforcement officers throughout the state in subjects such as narcotics, child abuse and exploitation, domestic abuse, criminal investigations, evidence collection techniques, arson and law enforcement management.

The training and development section houses the only state funded DARE (Drug Abuse Resistance Education) training center in the country. BCA DARE training specialists instruct officers to teach elementary school children effective strategies to build self esteem and avoid drug abuse.

BUDGET ISSUES:

The agency's budget plan did not affect this activity.

EFFICIENCY MEASURES:

	F.Y. 1990	F.Y. 1991	F.Y. 1992
Number of courses conducted	89	109	119
Officers trained	2,045	3,437	3,856
Departments participating	280	474	328
DARE officers trained	60	87	90

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Special	$135	$116	$110	$110	$110
Dedicated - Federal	135	203	157	157	157

GRANTS:

This activity administers a narcotics training project grant provided through the federal anti-drug abuse act. It provides continuing education for narcotics officers around the state. Law enforcement agencies may request reimbursement for up to 75% of the cost of narcotics training (including travel, books, meals, lodging, and tuition) for a maximum of 8 officers per agency per year. Each application must be approved by the BCA in writing prior to attending the training.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: CRIMINAL APPREHENSION
ACTIVITY: POLICE TRAINING & DEVELOPMT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	778	767	739	741	741	716	741	741	716
EXPENSES/CONTRACTUAL SRVCS	294	312	306	309	309	309	309	309	309
MISC OPERATING EXPENSES	53	43	49	49	49	49	49	49	49
SUPPLIES/MATERIALS/PARTS	76	59	56	56	56	56	56	56	56
CAPITAL EQUIPMENT	6	62	19	19	19	19	19	19	19
SUBTOTAL STATE OPERATIONS	1,207	1,243	1,169	1,174	1,174	1,149	1,174	1,174	1,149
AIDS TO INDIVIDUALS	1	1							
LOCAL ASSISTANCE	37	32	19	19	19	19	19	19	19
TOTAL EXPENDITURES	1,245	1,276	1,188	1,193	1,193	1,168	1,193	1,193	1,168
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<25>			<25>
TOTAL GOV'S INITIATIVES						<25>			<25>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	962	899	874	879	879	854	879	879	854
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	142	172	157	157	157	157	157	157	157
FEDERAL	135	203	157	157	157	157	157	157	157
GIFTS AND DEPOSITS	6	2							
TOTAL FINANCING	1,245	1,276	1,188	1,193	1,193	1,168	1,193	1,193	1,168

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: CRIMINAL APPREHENSION
ACTIVITY: POLICE TRAINING & DEVELOPMT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	17.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
TOTAL POSITIONS	17.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0

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BUDGET ACTIVITY: Criminal Apprehension Support
PROGRAM: Criminal Apprehension
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

This section provides long term vision and day to day financial, administrative and managerial support to the Bureau of Criminal Apprehension (BCA). Members of the support section provide long range planning, develop policy and implement innovative management methods in order to provide high quality, sensitive and professional investigative, analytical, educational and supportive services which address the needs of the criminal justice community.

This activity supports Minnesota Crime Watch and the legislative buy fund, serves as a member of the Peace Officer Standards and Training (POST) Board and the Private Detective Board, and maintains regular contact with the sheriffs association, chiefs of police association, other law enforcement officials, and others in state, local and federal government. The crime watch activity will become a part of the training and development section effective F.Y. 1994.

BUDGET ISSUES:

The agency budget plan calls for elimination of a contract for employee parking near the BCA building. This termination resulted in a cost savings to the Bureau, specifically to the support budget, of over $20,000 per year. Existing BCA parking has been reconfigured to accommodate more vehicles. All employees assigned a parking stall are now charged for this privilege, generating nearly $10,000 in additional revenue for the Department of Administration.

The confidential fund, which provides grants to local agencies for the purchase of evidence and information, will be reduced by $171,000 per year in General Fund appropriations, leaving approximately $100,000 remaining in the fund from Driving While Intoxicated (DWI) reinstatement fees. The impact on local agencies will be minimal, as most law enforcement agencies now have access to other sources of buy money, such as federal task force grants, local appropriations, forfeitures and charitable donations.

EFFICIENCY MEASURES:

	F.Y. 1990-91	F.Y. 1992-93	F.Y. 1994-95
Legislative buy fund			
Turnaround time (days)	na	5	4
No. of law enforcement agencies participating	130	150	150

REVENUE:

None.

GRANTS:

This activity provides confidential fund grants to local police department and sheriffs' offices for the purpose of purchasing evidence and information, in accordance with M.S. 299C.065. Grants are awarded based upon other available resources of the agency, size of the jurisdiction, length and success of the investigation to date and the manner in which the investigation is being conducted. Agencies receiving funds are responsible for maintaining records suitable for auditing purposes.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: CRIMINAL APPREHENSION
ACTIVITY: CRIM APPREH SUPPORT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	402	353	362	364	364	352	364	364	352
EXPENSES/CONTRACTUAL SRVCS	115	105	104	106	84	84	106	84	84
MISC OPERATING EXPENSES	21	23	23	23	23	23	23	23	23
SUPPLIES/MATERIALS/PARTS	18	19	16	16	16	16	16	16	16
CAPITAL EQUIPMENT		1							
OTHER			1	1	1	1	1	1	1
SUBTOTAL STATE OPERATIONS	556	501	506	510	488	476	510	488	476
LOCAL ASSISTANCE	369	291	269	264	93	93	264	93	93
TOTAL EXPENDITURES	925	792	775	774	581	569	774	581	569
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<12>			<12>
TOTAL GOV'S INITIATIVES						<12>			<12>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	819	673	681	680	487	475	680	487	475
SPECIAL REVENUE	106	119	94	94	94	94	94	94	94
TOTAL FINANCING	925	792	775	774	581	569	774	581	569
POSITIONS BY FUND:									
GENERAL	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
TOTAL POSITIONS	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5

PROGRAM: Fire Marshal
AGENCY: Public Safety, Department of

PROGRAM PURPOSE:

The purpose of this program is to reduce the tragic loss of life and property from fire in Minnesota. The mission of the State Fire Marshal division is directly related to 2 Minnesota Milestones. Within the milestone, "A Caring and Secure Community," this program contributes directly to the goal, "Our communities will be safe, friendly and caring." Within the milestone, "Our Surroundings," the program contributes to the goal, "We will improve the quality of the air, water and earth."

Specific indicators that the division's programs address involve the fire/arson rate and inspection of public buildings (hotels, motels, resorts, schools, day care, hospitals, nursing homes, group homes, foster care facilities, correctional facilities and places of assembly). The division reviews plans and inspects storage facilities for flammable/combustible liquids, provides a focus for statewide fire safety education efforts, and coordinates the efforts of hazardous materials response teams.

PROSPECTS:

Two new laws were passed in 1992 which impact on this program:

1. The hazardous materials incident response law requires the division to coordinate the establishment and to manage the operations of a statewide system of regional hazardous materials response and chemical assessment teams. A 1990 survey of Minnesota fire departments found that less than 4% had 2 or more personnel trained to the level of hazardous materials technician or specialists. As of October 1991, the only areas served by hazardous materials response teams were portions of the Minneapolis/St. Paul metropolitan area, the St. Cloud Tri-county area, Rochester and Clay and Rock Counties.

2. Fire protection systems legislation was enacted to ensure that automatic sprinkler systems are installed properly. The Fire Marshal division is required to develop and implement procedures for licensing of contractors that sell, design, install, modify or inspect fire protection systems or related equipment. The program is also required to prepare and administer a certification program or a registered apprentice program for journeyman sprinkler fitters and conduct inspections and plan review of new sprinkler installations.

OUTCOMES:

- Local law enforcement and fire officials throughout the state request the division to conduct investigations to determine the origin, cause and circumstances of fires. If accidental causes are ruled out, joint investigations are held with local officials, when available, to develop sufficient evidence to aid in successfully prosecuting persons committing arson or other related crimes. Forty percent of all fires investigated are determined to be arson. The division is in the process of developing a database to track arson prosecution.

- The fire incident rate in facilities statutorily mandated to be inspected is significantly lower than in non-mandated facilities, e.g. single family residences.

- Initial inspections of schools reveal that there are serious fire/life safety problems in most of these buildings. In 1990, the departments of Education and Public Safety entered into a contractual relationship to ensure greater fire safety in Minnesota schools. Through the division's inspection efforts, the children of Minnesota will be able to attend school in more fire-safe environments.

- Sufficient numbers of safe day care facilities are vital to the overall well-being of Minnesota. Through the day care inspection program, the division assists the Department of Human Services in licensing fire-safe facilities for the children of Minnesota. The measure of success of this program is the excellent fire safety record of day care facilities.

- It has long been recognized that fire prevention efforts and public fire safety education are more cost effective than relying solely on fire suppression activities in reducing the loss of life and property from fire. The state fire service expects the State Fire Marshal to provide information concerning local and state fire problems and solutions. A non traditional type of enforcement can be accomplished by providing fire safety public education services to create a more informed public. Examples of this activity include smoke detector installation and maintenance education targeted at single family residences.

OBJECTIVES:

The ultimate success of State Fire Marshal efforts would be reduction of loss of life by fire. Only a focused, coordinated statewide effort is effective in achieving this goal. Fire deaths in Minnesota have declined since the 1970's, from 961 to 776 while the population increased from 3.8 million to 4.4 million. The division is projecting continued decline in fire deaths to a low of 630 by the end of this decade.

PROGRAM PLAN:

The State Fire Marshal division will continue to not fill 4 vacancies and will cut back on staffing of new programs. The fire protection system budget will be reduced by $59,000 and implementation of the hazardous response team legislation will be cut by $22,000.

The most significant change being implemented to reduce division workload and allow existing programs to continue, is the change in inspections procedures for group day care facilities. The division is entering into an agreement with the Department of Human Services whereby Fire Marshal inspectors will make initial inspections, document the results and send a report of deficiencies to the county licensing authority. The county will verify that all deficiencies are corrected before issuing a license. This will eliminate reinspections. If this change does not decrease inspection workload, the division will entirely discontinue day care inspections.

In addition, the division will continue computerizing the office, discontinue inspecting beauty salons for licensing purposes, redesign existing headquarters office area to avoid the need for additional space for new programs, extend the time for response to complaints or request for inspections from 30 days to 60 days, and an existing supervisor will manage the code and plans review program to save on the filling of 1 supervisor vacancy.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: FIRE MARSHAL

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
FIRE PREV PROT&INV	2,628	2,757	3,154	3,164	3,202	3,131	3,164	3,188	3,117
TOTAL EXPENDITURES BY ACTIVITY	2,628	2,757	3,154	3,164	3,202	3,131	3,164	3,188	3,117
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<71>			<71>
TOTAL GOV'S INITIATIVES						<71>			<71>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,122	2,204	2,514	2,523	2,566	2,495	2,523	2,552	2,481
STATUTORY APPROPRIATIONS:									
GENERAL	199	201	259	260	260	260	260	260	260
FEDERAL	307	352	381	381	376	376	381	376	376
TOTAL FINANCING	2,628	2,757	3,154	3,164	3,202	3,131	3,164	3,188	3,117
POSITIONS BY FUND:									
GENERAL	51.0	50.0	53.5	57.0	57.0	57.0	57.0	57.0	57.0
FEDERAL	6.0	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
TOTAL POSITIONS	57.0	56.5	60.0	63.5	63.5	63.5	63.5	63.5	63.5

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BUDGET ACTIVITY: Fire Safety and Prevention
PROGRAM: Fire Marshal
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

The fire safety and prevention activity performs the following functions:

1. Conduct fire investigations to determine accidental cause of fire, so strategies can be developed to prevent fires through fire safety education and/or additional fire code requirements.

2. At the request of local authorities, conduct arson investigations to reduce the crime of arson and aid in the prosecution of this felony crime.

3. Conduct fire safety inspections of day care facilities to establish a fire and life safety minimum for staff and children.

4. Conduct inspections of all health care facilities for state licensing and federal certification.

5. Conduct inspections of hotels, motels and resorts once every 3 years for licensing, to ensure a minimum level of fire and life safety for residents and guests of the state of Minnesota.

6. Increase the level of awareness of the citizens of Minnesota to the cause and prevention of fire, through public fire safety education efforts.

7. Provide plan review for above and below ground combustible/flammable liquid storage installations to assure a fire safe installation.

8. Work with the Department of Education to ensure that public schools are inspected by the State Fire Marshal or a qualified local fire official.

9. Provide prompt competent responses to citizen complaints regarding fire safety concerns and hazards.

10. Analyze fire and life safety problems in Minnesota through the statewide fire incident reporting system submitted by local fire departments.

BUDGET ISSUES:

If there are any further budget reductions, the division will eliminate non-mandatory inspections. This would result in discontinuation of the day care inspection program, which is required by Department of Human Services rules but not mandated by state statute.

EFFICIENCY MEASURES:

- Eleven fire investigators are strategically located throughout the state, available 24 hours a day to assist local fire departments with fires of suspicious nature, when there is a death or serious injury, or on large loss fires. On the average each investigator conducts about 64 fire/arson investigations each year. Approximately 40% are found to be deliberately set. The ultimate beneficiary of an arson investigation is the consuming public, who pays about 25 cents of every property insurance dollar to pay off the claims submitted by arsonists.

- Twenty-four inspectors conduct comprehensive technical inspections of hotels, motels and resorts; schools; day care; hospitals, nursing homes and group homes; foster care facilities; correctional facilities; places of assembly and flammable/combustible L.P. installations for compliance with requirements of the Minnesota uniform fire code. Inspectors also conduct site visits and provide consultation to building owners and operators, fire officials, architects, engineers, contractors, building inspectors, government officials and the general public to address specific problems and concerns regarding fire and life safety requirements.

- The State Fire Marshal code advisory panel assists division field staff, local fire officials, and the general public in interpreting fire codes and statutes and reviewing new technologies designed to prevent fire. The panel evaluates requests from facility owners for variances and time extensions and recommends appropriate equivalencies to meet code requirements.

- The division has 2 code/plans specialists on staff who review plans for all flammable liquid and L.P. installations statewide. State regulations require a 10 day turnaround on all plans.

- While the number of fire safety inspections increased significantly, staffing levels were reduced by 2 positions because of budget reductions. In 1991, 22 inspectors conducted 8,460 inspections. This represents a 12% increase in the number of inspections conducted over 1989, and a 6% increase over 1990 inspections.

	F.Y. 1989	F.Y. 1990	F.Y. 1991
Day care			
Family day care	1,970	2,469	2,105
Foster child care	573	608	538
Group day care	463	420	677
Child care centers	136	90	69
Total	3,142	3,787	3,389
Licensed health care facilities			
Nursing homes	872	718	801
Supervised living facilities housing 7 and more	390	342	327
Supervised living facilities housing 6 or less	153	142	145
Group homes	24	19	32
Adult day care facilities	18	6	4
Total	1,927	1,684	1,838
Hotels/motels/resorts			
Resorts	466	608	852
Motels	332	474	508
Hotels	195	221	132
Total	993	1,303	1,492

BUDGET ACTIVITY: Fire Safety and Prevention
PROGRAM: Fire Marshal
AGENCY: Public Safety, Department of
(Continuation)

	F.Y. 1989	F.Y. 1990	F.Y. 1991
Residential			
Boarding/lodging	152	92	118
Apartments	132	109	139
One/two family dwellings	26	23	110
Dormitories	6	5	11
Total	316	229	378
Medical facilities			
Hospitals	154	91	108
Surgical centers	16	13	14
Total	170	104	122
Educational facilities			
Schools	227	212	567
Commercial			
Public assembly	89	70	83
Offices	69	40	36
Restaurants	67	42	71
Beauty shops	49	60	61
Industrial/manufacturing	29	35	34
Service stations	18	28	17
Adult foster care facilities	312	311	343
Class B nursing homes	158	146	186
Retail	27	13	9
Total	348	288	311
Other property			
Flammable/combustible liquid	76	96	109
Prisons/jails	64	135	170
Special properties	29	6	14
Special structures	17	0	5
Storage	14	12	17
L.P. facilities	5	8	21
Other properties	150	6	4
Natural gas	0	0	23
Total	355	263	363
Total Inspections	7,478	7,870	8,460

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$-0-	$-0-	$557	$595	$595
Dedicated - Federal	$307	$352	$381	$376	$376
Dedicated - Gen'l	$200	$200	$260	$260	$260

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: FIRE MARSHAL
ACTIVITY: FIRE PREV PROT&INV

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,150	2,307	2,561	2,571	2,617	2,546	2,571	2,617	2,546
EXPENSES/CONTRACTUAL SRVCS	79	80	126	126	110	110	126	110	110
MISC OPERATING EXPENSES	326	326	377	377	405	405	377	405	405
SUPPLIES/MATERIALS/PARTS	44	22	52	52	52	52	52	50	50
CAPITAL EQUIPMENT	29	22	38	38	18	18	38	6	6
SUBTOTAL STATE OPERATIONS	2,628	2,757	3,154	3,164	3,202	3,131	3,164	3,188	3,117
TOTAL EXPENDITURES	2,628	2,757	3,154	3,164	3,202	3,131	3,164	3,188	3,117
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<71>			<71>
TOTAL GOV'S INITIATIVES						<71>			<71>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,122	2,204	2,514	2,523	2,566	2,495	2,523	2,552	2,481
STATUTORY APPROPRIATIONS:									
GENERAL	199	201	259	260	260	260	260	260	260
FEDERAL	307	352	381	381	376	376	381	376	376
TOTAL FINANCING	2,628	2,757	3,154	3,164	3,202	3,131	3,164	3,188	3,117
POSITIONS BY FUND:									
GENERAL	51.0	50.0	53.5	57.0	57.0	57.0	57.0	57.0	57.0
FEDERAL	6.0	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: FIRE MARSHAL
ACTIVITY: FIRE PREV PROT&INV

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TOTAL POSITIONS	57.0	56.5	60.0	63.5	63.5	63.5	63.5	63.5	63.5

PROGRAM: State Patrol
AGENCY: Public Safety, Department of

PROGRAM PURPOSE:

The State Patrol provides police traffic services on Minnesota's state and federal highways, and provides for the safe and efficient movement of traffic and the protection of Minnesota's citizens through enforcement, assistance and education. It also provides security for the Governor, his family and residence.

Through law enforcement, education, and assistance, this program will build on past success, and significantly and positively impact several Minnesota Milestones:

1. Within the Milestone, "A Caring and Secure Community," the State Patrol contributes directly to the goal, "Minnesotans will be healthy."

   - Raise the incidence of seat belt use. Law enforcement and education are the keys to achievement of this goal. The State Patrol accounts for over 1/2 of the seat belt citations written in Minnesota. Seat belt use has increased over recent years, and this trend is expected to continue.

   - Reduce the number of alcohol and related traffic accident deaths and injuries. Apprehension of the drugged and drunk driver continues to be the highest priority of the agency. The percentage of drivers killed while under the influence of alcohol has declined from 48% of those tested in 1982, to 35% of those tested in 1991. While agency Driving While Intoxicated (DWI) arrests are reduced from previous years, so too are DWI arrests throughout the state, suggesting that fewer persons are choosing to drive drunk.

   - Reduce the number of traffic crash injuries and fatalities among children and youth. In 1991, 106 persons age 19 and under died, and 10,820 were injured in traffic crashes on Minnesota roadways. This program will seek to reduce those numbers, not only through enforcement of traffic laws, but also through a comprehensive traffic safety education effort, which focuses on children.

2. Within the milestone, "Our Surroundings," this program contributes to the goal, "Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work."

   - Reduce the incidence of highway littering. Enhanced enforcement of current statutes relating to this offense, coupled with extensive media regarding violators, will help to achieve this goal.

3. Within the milestone, "A Prosperous People," the patrol directly participates in several indicators related to the goal, rural areas, small cities and urban neighborhoods throughout the state will be viable for places for people to live and work.

   - Reduce commuter time and metropolitan freeway congestion. Any accident or incident on the highway during peak traffic periods tends to reduce traffic flow greatly and can create temporary gridlock with stop and go traffic. Prompt detection, response, and management of incidents/accidents is essential to maintaining free flowing traffic.

   - Improve the public safety environment of every Minnesota citizen. In addition to providing preventative patrol and response to highway emergencies, this program, through its air patrolling activity, provides airborne search capabilities for all Minnesota law enforcement agencies. Sophisticated imaging equipment allows for a prompt detection of lost persons and fugitives at greatly reduced cost to the community.

PROSPECTS:

The population growth trend within the extended urban area including Rochester, the Twin Cities and St. Cloud continues, with greater demand for police traffic services on the expanding highway system. More agency resources will need to be shifted to provide service, with a corresponding decrease in resources allocated to other areas of the state. As demographics change, this activity's ability to provide rapid response to highway emergencies in greater Minnesota will be greatly diminished. Many measurable outputs of this activity are likely to diminish due to an anticipated decrease in staff associated with budget reductions.

OUTCOMES:

- The State Patrol has proved to be most effective in reducing the number and severity of traffic accidents over recent years. Traffic accident fatalities and injuries within the state continue to decline, and Minnesota continues to be ranked among the safest states in which to drive.

  Minnesota's fatality rate has decreased each year since 1988, to an all time low in 1991 (531). In addition, the number of persons injured in traffic crashes, statewide (42,748) is also among the lowest injury total in several years. Nationally, Minnesota has had one of the lowest traffic death rates for over a decade. State Patrol safety educational presentations and aggressive enforcement in 3 primary areas, drunk and drugged driving, speeding, and seat belt/child restraint usage, will continue this trend.

- Using a commonly accepted barometer of traffic safety (number of persons killed per 100 million miles travelled), the impact and performance of this activity has been excellent. Minnesota has been among the 5 safest states in which to drive each year during the last decade and was the safest state for 3 of those 10 years. 1991's fatality rate was 1.35 deaths per 100 million miles travelled, the lowest rate ever recorded in Minnesota.

	1990	1991
Fatality rate per 100 million miles in Minnesota	1.47	1.35
No. of persons killed in vehicle crashes on state and federal highways only	303	268
No. of persons injured in vehicle crashes on state and federal highways in Minnesota	18,092	17,448
No of vehicle crashes on state and federal highways only	39,312	40,197

- Minnesota was one of the first states to accomplish the goals of the National Governor's Association recommendations for more efficient administration of the motor carrier industry. As the

designated lead agency for commercial vehicle motor carrier safety, the State Patrol established a voluntary truck inspection program in cooperation with the trucking industry.

The school bus inspection program continues to insure that Minnesota's children are transported in safe vehicles. Only 3 of 1991's 857 school bus accidents were attributed to defective equipment.

	F.Y. 1990	F.Y. 1991
Percentage of commercial vehicle crashes where defective equipment or illegal size or load was contributing factor	7.5	7.1
No. of commercial vehicle crashes	6,712	5,152
No. of persons killed in commercial vehicle crashes	83	85

- Quality of service to the public continues to be of foremost consideration within the agency. Service is monitored not only by supervisors and managers, but also by a recently developed Office of Professional Standards, which investigates allegations of misconduct. During 1991, 131 complaints were investigated, with 50 being sustained. Appropriate discipline and remedial training serve to reinforce the importance of quality within the agency.

OBJECTIVES:

The following benchmarks will assist the program in charting progress towards its desired outcomes:

- Achievement of 70% or more safety belt use by 1995. This will be accomplished by increased enforcement emphasis and traffic safety education efforts.
- Maintain current arrest levels of drunk drivers. This goal actually represents an increase in trooper productivity since the number of state troopers in the next biennium is expected to drop from an authorized strength of 535 officers to less than 440 officers.
- Increase the number of sobriety checkpoints by 10%. In 1991, 30 sobriety checkpoints were held resulting in 129 DWI arrests out of over 9,000 drivers checked. An increased effort in this area, in conjunction with local law enforcement agencies, is planned.
- Increase public awareness of the importance of safety belt use, especially among youth. This will be accomplished through agency involvement with schools, school patrol installation, youth safety camps, the Patrol's "Badges and Belts" program, the "Saved by the Belt" survivors recognition program, and increased media efforts.
- Increase the efficiency of patrolling operations compared to 1991: 2% in 1993 and 2% in 1994. Procedures will be reviewed and revised to ensure activities are completed in the most efficient manner.
- Provide airborne assistance in locating missing persons and fugitives at the 1991 service level, and increase search success rates to 35%.
- The State Patrol will continue to be the state's lead agency in commercial vehicle safety and enforcement despite downsizing staff in this activity.
- The number of persons killed in commercial vehicle accidents will be reduced by 5%.
- Defective equipment as a cause of commercial vehicle accidents will be reduced by 1%.

PROGRAM PLAN:

The State Patrol will reduce its budget by $4.1 million over the next biennium. All management activities will be affected. The budget reduction will necessitate downsizing the agency, which will adversely affect its ability to provide prevention activities, render timely motorist assistance and respond to calls for service.

During the next year, the agency will conduct a complete review of its operation in order to establish priorities to which to devote resources. Every effort will be made to maximize service in speed and DWI enforcement. However, fixed and mobile scale operations will be reduced by $273,000 in F.Y. 1995 and $408,000 in F.Y. 1995. As outlined above, certain activities will revert to 1991 service levels and efficiencies will be identified and instituted to increase productivity.

To effect a 5% budget reduction in dispatch operations, $211,000 in F.Y. 1994 and $332,000 in F.Y. 1995 will be cut and the number of communications centers and radio communications operators will be reduced during the next biennium. The 2 metro districts will be merged, Eveleth dispatch will be combined with Duluth, and Thief River Falls will be merged with Detroit Lakes. Communications will be regionalized with no adverse effect on emergency answering or law enforcement dispatching services.

In recent years, State Patrol fine revenue has returned approximately $5 million per year to the trunk highway fund. This amount will decline by at least 20% during the next biennium (to $4.0 million) due to reduced trooper complement and fewer citations. In addition, civil weight enforcement will be reduced, thus reducing its annual income from $700,000 to $500,000.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the agency plan except for the following adjustments: a biennial increase of $408,000 for consolidation of state patrol communication centers; a biennial increase of $1,880,000 for state trooper salaries and equipment in order to avoid the layoff of 30 troopers and bring the trooper strength to a more acceptable level. The proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: STATE PATROL

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
PATROLLING HIGHWAYS	35,604	35,554	37,405	37,518	36,011	35,994	37,518	34,718	35,207
COMMERCIAL VEH ENF	5,946	5,941	5,742	5,767	5,494	5,360	5,767	5,359	5,230
EXECUTIVE PROTECTION	335	426	400	401	401	389	401	401	389
STATE PATROL SUPPORT	921	982	873	876	876	853	876	876	853
TOTAL EXPENDITURES BY ACTIVITY	42,806	42,903	44,420	44,562	42,782	42,596	44,562	41,354	41,679
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<12>			<12>
(A) SALARY PLANNING ESTIMATES		THI				<1,087>			<1,038>
(B) STATE PATROL COMM CENTER CONSOLIDATION		THI				408			
(B) MAINTAIN STATE PATROL ENFORCEMENT ACTIVITY		THI				505			1,375
TOTAL GOV'S INITIATIVES						<186>			325
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	335	426	400	401	401	389	401	401	389
TRUNK HIGHWAY	40,058	40,530	41,311	41,452	40,132	39,958	41,452	38,704	39,041
HGHWY USER TAX DISTR	54	66	90	90	90	90	90	90	90
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	123	76	136	136	136	136	136	136	136
TRUNK HIGHWAY	770	315	990	990	530	530	990	530	530
FEDERAL	1,466	1,490	1,493	1,493	1,493	1,493	1,493	1,493	1,493
TOTAL FINANCING	42,806	42,903	44,420	44,562	42,782	42,596	44,562	41,354	41,679
POSITIONS BY FUND:									
GENERAL	6.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
TRUNK HIGHWAY	656.0	715.3	715.3	715.3	715.3	715.3	715.3	715.3	715.3
FEDERAL	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: STATE PATROL

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TOTAL POSITIONS	677.0	737.3	737.3	737.3	737.3	737.3	737.3	737.3	737.3

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BUDGET ACTIVITY: Patrolling Highways
PROGRAM: State Patrol
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

The patrolling highways activity provides police traffic services on Minnesota's state and federal highways. This activity provides for the safe and efficient movement of traffic and the protection and service to Minnesota's citizens through enforcement, assistance and education. This activity:

- Provides uniformed troopers to patrol over 12,000 miles of state and federal highways, providing emergency response, traffic law enforcement, accident investigation, and motorist assistance to highway users.
- Provides airborne support activities which augment road patrolling operations, including airborne traffic law enforcement, searches, and surveillance.
- Provides statewide radio communication for the State Patrol, Department of Natural Resources, and other state and federal law enforcement agencies.
- Provides a coordinated traffic safety education program throughout the state.

This activity consists of approximately 400 state troopers working out of 11 district headquarters to provide service on Minnesota's highways. District offices are located at Rochester, Mankato, Marshall, Oakdale, Golden Valley, St. Cloud, Duluth, Brainerd, Detroit Lakes, Eveleth, and Thief River Falls. The air patrolling activity consists of 11 trooper pilots utilizing 5 airplanes and 3 helicopters based at St. Paul, Cloquet, Mankato, and Bemidji. The safety education activity consists of 11 trooper safety specialists who make safety presentations through their assigned district areas.

BUDGET ISSUES:

This labor intensive program will experience a decrease in the number of state troopers, from 535 to 440. Employee layoffs will be necessary.

State troopers now patrol Minnesota highways 24 hours per day in population centers, and 16 to 18 hours per day throughout the rest of the state. Fewer troopers will mean fewer hours of patrol coverage, perhaps none at all in some parts of the state.

Fewer troopers will lead to greater response times to highway emergencies due to larger geographical areas of responsibility and more overtime when off duty troopers are called out.

Fewer troopers will mean less positive activity associated with traffic safety, drunk driver arrests, motorist assists, hazard removal, scene management. It also means a corresponding loss of trunk highway fund revenue from fines levied for patrol traffic tickets.

Fewer troopers in the metro area will result in increased commuter time for drivers due to the patrol's diminished ability to respond to and manage freeway incidents/accidents.

Fewer troopers diminish the agency's ability to assist local law enforcement agencies when requested at a time when local jurisdictions are downsizing as well.

EFFICIENCY MEASURES:

Statistics from Calendar Year 1991.

Task	Type of Unit	Units	Unit Cost	Hours	Total Cost
Patrolling highways	Miles patrolling	11,752,000	3.02	477,592	$35,470
Traffic law enforcement	Hazardous moving violations	135,541	261.69	477,592	35,470
DWI enforcement	DWI arrests	4,917	2,387.75	438,893	11,740
Accident investigations	Number of investigations	18,718	80.73	56,429	1,511
Occupant restraint enforcement	Number of citations	26,814	1,323.00	477,592	35,470
Motorist assistance	Number of persons	125,301	283.07	477,592	35,470
Traffic safety education	Number of participants	289,420	1.91	16,484	553

	F.Y. 1994	F.Y. 1995
DWI arrests	4,628	4,470
Accidents investigated	18,035	18,718
Seat belt citations	66,679	64,440
Motorist assistance rendered	110,265	106,500
Safety education participants	265,118	289,420

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Trunk Highway	$4,927	$4,694	$4,502	$4,352	$4,102
Dedicated - Special	364	345	136	136	136
Dedicated - Federal	303	340	419	419	419
Dedicated - Trunk Highway	738	683	530	530	530

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: STATE PATROL
ACTIVITY: PATROLLING HIGHWAYS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	28,091	28,631	29,149	29,262	28,340	27,775	29,262	27,047	27,256
EXPENSES/CONTRACTUAL SRVCS	2,519	2,956	2,950	2,950	2,900	2,900	2,950	2,900	2,900
MISC OPERATING EXPENSES	581	481	590	590	590	590	590	590	590
SUPPLIES/MATERIALS/PARTS	2,119	1,978	2,165	2,165	2,090	2,090	2,165	2,090	2,090
CAPITAL EQUIPMENT	2,286	1,508	2,551	2,551	2,091	2,639	2,551	2,091	2,371
SUBTOTAL STATE OPERATIONS	35,596	35,554	37,405	37,518	36,011	35,994	37,518	34,718	35,207
AIDS TO INDIVIDUALS	8								
TOTAL EXPENDITURES	35,604	35,554	37,405	37,518	36,011	35,994	37,518	34,718	35,207
GOV'S INITIATIVES:			FUND						
(A) SALARY PLANNING ESTIMATES			THI			<930>			<886>
(B) STATE PATROL COMM CENTER CONSOLIDATION			THI			408			
(B) MAINTAIN STATE PATROL ENFORCEMENT ACTIVITY			THI			505			1,375
TOTAL GOV'S INITIATIVES						<17>			489
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
TRUNK HIGHWAY	34,354	34,757	35,770	35,883	34,836	34,819	35,883	33,543	34,032
HGHWY USER TAX DISTR	54	66	90	90	90	90	90	90	90
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	123	76	136	136	136	136	136	136	136
TRUNK HIGHWAY	770	315	990	990	530	530	990	530	530
FEDERAL	303	340	419	419	419	419	419	419	419
TOTAL FINANCING	35,604	35,554	37,405	37,518	36,011	35,994	37,518	34,718	35,207

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: STATE PATROL
ACTIVITY: PATROLLING HIGHWAYS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
TRUNK HIGHWAY	576.0	574.0	574.0	574.0	574.0	574.0	574.0	574.0	574.0
FEDERAL	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL POSITIONS	577.0	575.0	575.0	575.0	575.0	575.0	575.0	575.0	575.0

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Public Safety, Department of
PROGRAM: State Patrol
ACTIVITY: Patrolling Highways

ITEM TITLE: State Patrol Communications Center Consolidation

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
Trunk Highway Fund				
- State Operations	$408	$-0-	$580	$650

Statutory Change? Yes _____ **No** X
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the current number of State Patrol communications centers be reduced from 11 to 6. Fewer state employees will provide the same level of service to system users from regionalized communications centers using advanced communications technology, including computer aided dispatching and mobile data terminals. Annual salary costs in this activity will be reduced by $242,000 starting in F.Y. 1995 for a total savings of $726,000 (F.Y. 1995-96-97). The State Patrol is investing an additional $307,000 in communications equipment from the base level of funding and will recognize a savings of $211,000 in F.Y. 1994 and $332,000 per year starting in F.Y. 1995 for a total savings of $1,207,000 for F.Y. 1994-95-96-97. Salary savings generated by the overall consolidation of State Patrol communications centers will offset total project expenditures by the end of F.Y. 1997. Savings beyond F.Y. 1997 are estimated to be $574,000 per year.

There are presently communications centers in each of the State Patrol's 11 district offices. These centers are staffed 24 hours per day. Reducing the number of communications centers will not adversely affect operations, but will increase scheduling efficiency. The implementation of computer aided dispatch in a combined metropolitan communications center and expansion of the metropolitan mobile data terminals into the Rochester and St. Cloud areas will allow communications center staff to effectively handle the increased workload.

PROGRAM OUTCOMES:

Incoming telephone calls will be answered promptly and appropriately by communications operators. Incoming radio transmissions will be answered following the first call. Troopers and other system users will be dispatched to emergencies without delay. Information data will be extracted and returned to inquiring law enforcement personnel within 2 minutes. Civil Defense warnings will be disseminated within 2 minutes of notifications. Taped and written communications traffic will be logged.

LONG-TERM IMPACT:

Restructuring job tasks in regionalized communications centers will allow this activity to provide same level or improved service to system users at greatly reduced costs. This plan will result in some layoffs; however, plans are to achieve as much of the savings as possible through attrition.

BUDGET ACTIVITY: Commercial Vehicle Enforcement
PROGRAM: State Patrol
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

This activity exists to reduce roadway damage and accidents involving commercial vehicles due to unsafe equipment, unqualified drivers or illegal size, weight or load.

This activity is responsible for the enforcement of laws, rules, and regulations governing commercial vehicles using the state and interstate highway system. It consists of 8 fixed scale sites and 10 mobile scale teams. Fixed scales are located at Worthington (I-90, 2 miles east of junction with Highway 60), Erskine (junction Highway 2 and 59), Orchard Gardens (I-35 near Highway 50), Rosemount (Highway 3), and St. Croix (I-94 near Wisconsin line). They are operated on a regular basis with permanent staff. Three additional scale sites at Moorhead, Anoka, and Winona are operated on an irregular basis with no regular staff assigned.

This activity has a federally funded project specifically aimed at improving the safe mechanical condition of commercial vehicles. Annual school bus inspection and inspections of vehicles with wheelchair securement devices are done through this activity.

Civil weight troopers in each of 11 patrol districts enforce the bill of lading law to determine weight violations. The activity also trains and certifies commercial vehicle inspectors employed in the private sector. Certificates are issued to all Minnesota registered commercial vehicles passing an approved inspection by a certified inspector.

BUDGET ISSUES:

This activity will have 19 fewer employees as a result of trunk highway fund budget reductions. This will result in the closing of the scale operation in Erskine, and halving the hours of operation of the Saginaw and Worthington scale. This activity will weigh 339,960 fewer trucks as a result of these cuts, and inspect 2,730 fewer commercial vehicles. Fewer inspections will cause a federal revenue decrease of $136,500 annually. In addition, this activity will be unable to staff a new scale facility scheduled to open in the I-94/Moorhead area; that facility requires 15 employees. Civil weight investigations and revenue will decrease as troopers are reassigned to higher priority duties. Lastly, the commercial vehicle information desk staff will be reduced from 2 employees to 1 employee, resulting in 32,240 fewer callers being serviced annually.

EFFICIENCY MEASURES:

During F.Y. 1992, 181,644 commercial vehicle inspections were performed; 1,236,485 trucks were weighed; 13,735 citations were issued; 265 civil weight cases were initiated; and 23,132 school buses were inspected. It is anticipated that comparable workload measures will be greatly reduced by 1995.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Highway User	$1,057	$1,058	$725	$525	$375
Dedicated - Special					
Dedicated - Federal	$1,163	$1,150	$1,074	$1,074	$1,074

GRANTS:

This activity administers a Motor Carrier Safety Assistance Program Grant to the Minnesota Department of Transportation in the amount of $454,000. The statutory authority is M.S. 4.07. The State Patrol, as lead agency in commercial vehicle enforcement, administers 60% of the grant, while MnDOT administers the remainder.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: STATE PATROL
ACTIVITY: COMMERCIAL VEH ENF

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	4,767	4,896	4,677	4,701	4,428	4,294	4,701	4,293	4,164
EXPENSES/CONTRACTUAL SRVCS	217	142	220	221	221	221	221	221	221
MISC OPERATING EXPENSES	129	130	148	148	148	148	148	148	148
SUPPLIES/MATERIALS/PARTS	184	229	243	243	243	243	243	243	243
CAPITAL EQUIPMENT	91	90							
SUBTOTAL STATE OPERATIONS	5,388	5,487	5,288	5,313	5,040	4,906	5,313	4,905	4,776
LOCAL ASSISTANCE	558	454	454	454	454	454	454	454	454
TOTAL EXPENDITURES	5,946	5,941	5,742	5,767	5,494	5,360	5,767	5,359	5,230
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		THI				<134>			<129>
TOTAL GOV'S INITIATIVES						<134>			<129>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
TRUNK HIGHWAY	4,783	4,791	4,668	4,693	4,420	4,286	4,693	4,285	4,156
STATUTORY APPROPRIATIONS:									
FEDERAL	1,163	1,150	1,074	1,074	1,074	1,074	1,074	1,074	1,074
TOTAL FINANCING	5,946	5,941	5,742	5,767	5,494	5,360	5,767	5,359	5,230
POSITIONS BY FUND:									
TRUNK HIGHWAY	65.0	124.3	124.3	124.3	124.3	124.3	124.3	124.3	124.3
FEDERAL	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: STATE PATROL
ACTIVITY: COMMERCIAL VEH ENF

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TOTAL POSITIONS	79.0	138.3	138.3	138.3	138.3	138.3	138.3	138.3	138.3

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BUDGET ACTIVITY: Executive Protection
PROGRAM: State Patrol
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

This activity exists to provide protection and to prevent acts of violence directed against the Governor and his family and to investigate all threats against the Governor.

Five troopers are assigned to this activity and provide 24 hour protection for the Governor and his family at his residence, as well as providing protection for the Governor at other locations within the state. An additional trooper is assigned for personal protection and aid to the Governor to the extent and manner determined by the Governor.

BUDGET ISSUES:

This activity has performed its intended purpose. No act of violence has been perpetrated against the Governor or his family, and the security of the Governor's residence has been maintained. F.Y. 1992 budget cuts required the removal of a trooper from this activity, resulting in increased overtime costs. No further staff reductions will be made and 24 hour security will be maintained.

EFFICIENCY MEASURES:

During F.Y. 1991, 26,754 people were admitted to the Governor's residence without incident. In addition, the security staff handled 256 events during the year, while working 12,456 hours.

REVENUE:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: STATE PATROL
ACTIVITY: EXECUTIVE PROTECTION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	309	398	362	363	363	351	363	363	351
EXPENSES/CONTRACTUAL SRVCS	14	8	10	10	10	10	10	10	10
MISC OPERATING EXPENSES	5	11	13	13	13	13	13	13	13
SUPPLIES/MATERIALS/PARTS	7	9	15	15	15	15	15	15	15
SUBTOTAL STATE OPERATIONS	335	426	400	401	401	389	401	401	389
TOTAL EXPENDITURES	335	426	400	401	401	389	401	401	389
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<12>			<12>
TOTAL GOV'S INITIATIVES						<12>			<12>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	335	426	400	401	401	389	401	401	389
TOTAL FINANCING	335	426	400	401	401	389	401	401	389
POSITIONS BY FUND:									
GENERAL	6.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
TOTAL POSITIONS	6.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0

BUDGET ACTIVITY: State Patrol Support
PROGRAM: State Patrol
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

This activity enables the State Patrol program to achieve its mission and goals. It includes the following:

- Managing all activities of the State Patrol.
- Providing fiscal and administrative support.
- Providing equipment and supplies.
- Maintaining a comprehensive management activity system.
- Providing necessary training and development.
- Developing and administering federal programs which allow the agency to acquire and use federal funding in attaining its objectives.
- Maintaining liaison with the legislature and other agencies.
- Performing program research and planning.
- Providing an informational desk sergeant to respond to public inquiries by telephone or in person.
- Providing other staff support as necessary.

BUDGET ISSUES:

This activity will hold 3 positions vacant, including an information desk sergeant, a vehicle safety and equipment engineer and a clerk typist. This will result in 3,200 fewer callers being assisted and reduction in the vehicle equipment approval program.

EFFICIENCY MEASURES:

Federal projects are administered effectively and efficiently.

Line personnel are provided with the equipment, policies, and procedures to accomplish their mission.

New products are evaluated.

Response to legislative inquiry is prompt and accurate.

Necessary pre-service training is provided to new employees. In-service training is provided for current employees.

REVENUE:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: STATE PATROL
ACTIVITY: STATE PATROL SUPPORT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	707	786	684	687	687	664	687	687	664
EXPENSES/CONTRACTUAL SRVCS	128	117	99	99	99	99	99	99	99
MISC OPERATING EXPENSES	34	40	50	50	50	50	50	50	50
SUPPLIES/MATERIALS/PARTS	45	35	40	40	40	40	40	40	40
CAPITAL EQUIPMENT	7	4							
SUBTOTAL STATE OPERATIONS	921	982	873	876	876	853	876	876	853
TOTAL EXPENDITURES	921	982	873	876	876	853	876	876	853
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		THI				<23>			<23>
TOTAL GOV'S INITIATIVES						<23>			<23>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
TRUNK HIGHWAY	921	982	873	876	876	853	876	876	853
TOTAL FINANCING	921	982	873	876	876	853	876	876	853
POSITIONS BY FUND:									
TRUNK HIGHWAY	15.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
TOTAL POSITIONS	15.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0

PROGRAM: Capitol Security
AGENCY: Public Safety, Department of

PROGRAM PURPOSE:

The Capitol Security division is the main prevention and emergency response provider to the 37 designated Capitol complex buildings and 33 parking facilities. The activity is unique in that its effectiveness is judged on what does not occur. Capitol security services save substantial amounts of money that could be lost due to vandalism, fires, tort claims, and personal injuries.

The organization's ability to identify potential problems and address them prior to an unacceptable incident complements the Minnesota Milestones theme, "A Caring and Secure Community." The goal, "Our communities will be safe, friendly and caring," is reflected in the division's mission statement. This includes the maintenance of safety for all persons and property within the Capitol complex through education, regulation, prevention and enforcement.

PROSPECTS:

Capitol Security's ability to maintain a secure environment and employee safety necessary in a governmental climate is dependent upon high visibility of security personnel and early detection. New technology in building automated systems also must continue to be integrated into new construction projects. These monitoring devices can assist Capitol Security by extinguishing lights, monitoring fire alarms, controlling authorized access and detecting intrusions. By relieving officers periodically of these duties, staff can be positioned in higher profile assignments to better reduce or prevent situations.

Success in keeping the Capitol complex secure is also dependent upon the environment in its adjoining neighborhoods. The surrounding 8 St. Paul areas have historically been high in reports of crime. Individuals who may be associated with these incidents have free access to Capitol facilities and public areas. If socio-economic improvements are made in these transitional neighborhoods, any associated criminal activity may be reduced. However, if the area remains depressed, risks of crime around the Capitol will remain high.

OUTCOMES:

An estimated 145,000 visitors a year and 6,000 employees have access to Capitol Security services. Through promoting prevention and awareness programs, the Capitol complex has remained relatively free of violent crimes. The outcome of such proactive work is measured through the lack of court cases or tort claims against the state. The Attorney General has reported no payments to individuals claiming negligence on the part of the state for failure to provide a safe climate in the Capitol complex.

In addition to minimizing risks to individuals, this program protects the state's investment in its facilities. Recent fires in Idaho, Rhode Island and Texas state Capitols have cost their taxpayers over $200 million dollars and untold lack of faith in their governments. Minnesota's own history of Capitol fires and those at Inver Grove Community College and Mankato State University also demonstrate a needless loss of dollars that may have been prevented through routine security surveillance or early electronic detection.

OBJECTIVES:

Continuing to meet our Minnesota Milestone will require staffing adjustments and better utilization of technology. To provide a caring community and positive atmosphere, the division must strive to increase its affirmative action hiring. The current 10 protected group employees must be complemented by others with diverse ethnic backgrounds. These new individuals will help the current staff understand cultural differences of people in the Capitol community and be better able to relate with the citizens in the surrounding neighborhood.

PROGRAM PLAN:

Capitol Security is currently holding 5 positions vacant and will need to reduce another 0.5 in order to fully fund a 95% budget. This will result in prioritizing services and available resources to provide necessary support. Life safety concerns will have top priority. Escort services, C.P.R. instruction, personal protection and emergency responses will continue to be the primary focus of the division, however increased service delays will result. Concerns and fears of individuals waiting for escorts or needing other assistance could lead to undesirable incidents. In addition, other traditional tasks such as regular building patrol tours and continuous on-site security will be reduced or abandoned. Capitol Security currently reports approximately 100 building deficiencies monthly to the Department of Administration for correction. With less surveillance in these facilities, more safety hazards and accidents can occur resulting in workers compensation or tort claims.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: CAPITOL SECURITY

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
CAP COMPLEX SECURITY	1,210	1,375	1,540	1,548	1,467	1,420	1,548	1,467	1,420
TOTAL EXPENDITURES BY ACTIVITY	1,210	1,375	1,540	1,548	1,467	1,420	1,548	1,467	1,420
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<47>			<47>
TOTAL GOV'S INITIATIVES						<47>			<47>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,210	1,227	1,326	1,334	1,467	1,420	1,334	1,467	1,420
STATUTORY APPROPRIATIONS:									
GENERAL		148	214	214			214		
TOTAL FINANCING	1,210	1,375	1,540	1,548	1,467	1,420	1,548	1,467	1,420
POSITIONS BY FUND:									
GENERAL	41.0	49.0	49.0	49.0	49.0	49.0	49.0	49.0	49.0
TOTAL POSITIONS	41.0	49.0	49.0	49.0	49.0	49.0	49.0	49.0	49.0

BUDGET ACTIVITY: Capitol Security
PROGRAM: Capitol Security
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

This activity is comprised of 2 main operational elements that emphasize the prevention aspects of the division.

Uniformed security officers provide the following:

- 24 hour escort services to individuals entering or leaving state facilities.
- Access control in buildings to assure only authorized individuals gain entry.
- Mobile patrols to maintain smaller facilities, deter crime and respond to calls for assistance.
- Facility inspections to identify fire/safety hazards.
- Prompt responses to emergency incidents to minimize the impact of accidents, worker compensation claims and law suits.
- Security services to approved events on the Capitol grounds such as Taste of Minnesota, Twin Cities Marathon, Viet Nam memorial dedication and Minnesota History Center events.
- Educational services such as C.P.R. instruction, personal protection classes, security consultations and building emergency response training.

Communications/electronic alarm monitoring provides the following:

- Monitoring of the Department of Administration's automated building management system which consists of 10,491 fire, security and environmental control devices.
- Communications and informational services to the Capitol complex community via 117 emergency intercoms located in parking lots, the tunnel system and building points of entry and 5,500 monthly telephone inquiries.
- Supervision of the automated access control key card system which consists of approximately 100 card readers and over 3,500 card holders. This system allows efficiency and frees security personnel to perform other duties while protecting the facility.
- Controlling 117 C.C.T.V. cameras and 24 monitors providing electronic surveillance of tunnels, parking lots, building points of entry and other sensitive areas. The size of Capitol Security's surveillance center does not allow pro active monitoring of these cameras, however, when individuals are distressed and initiate contact with security, the staff has the capability of viewing the situation and dispatching officers.

BUDGET ISSUES:

Approximately 95% of Capitol Security's operating budget is dedicated to employee salaries. To meet the 5% budget reduction and fund wage increases for the next biennium, 5.5 positions out of 49 will be held vacant. With fewer officers available, the deterrent and response capabilities will be reduced, resulting in possible incident increases. Additional thefts, vandalism, fires, assaults or rapes will escalate employee fears. Any loss due to resulting tort claims will affect agency resources.

In F.Y. 1995, the second phase of the Minnesota Judicial Center is expected to be completed. This addition will include the tax and workers compensations courts, both dealing with potentially inflammatory cases. Capitol Security currently does not have the staffing to meet the expected needs of the courts. Two positions need to be filled in F.Y. 1995 to meet the challenges expected in this facility.

The 425,000 square foot 572 room History Center has 920 smoke detectors, and 174 security devices and over 5,000 control devices. The 1.5 officers per day now available are not adequate to ensure the security of the states historical treasures and monitor thousands of daytime and after hours visitors. Three positions need to be filled to allow staffing of 2 officers per shift during peak activity times and allow for prompt response to all situations.

EFFICIENCY MEASURES:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Rapes in neighborhoods*	41	50	37	40	50
Rapes in complex	0	0	0	-	-
Aggravated assaults in neighborhood*	193	153	160	170	180
Aggravated assaults in complex	4	0	2	-	-
Thefts in neighborhoods*	934	1,018	1,056	1,100	1,200
Thefts in complex	100	70	50	-	-
Arson fires in neighborhoods*	11	16	17	20	24
Fires in complex	12	13	10	-	-
Escorts provided by Capitol Security	N/A	644	1200	1400	1500
Capitol permit events	225	167	200	230	240
C.P.R. students	350	300	325	350	350

*From St. Paul Police "Offense Summary Report", 8 surrounding Capitol neighborhoods

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Gen'l	$6	$103	$210	$-0-	$-0-

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: CAPITOL SECURITY
ACTIVITY: CAP COMPLEX SECURITY

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,146	1,303	1,477	1,484	1,407	1,360	1,484	1,407	1,360
EXPENSES/CONTRACTUAL SRVCS	30	30	30	31	31	31	31	31	31
MISC OPERATING EXPENSES	9	10	11	11	11	11	11	11	11
SUPPLIES/MATERIALS/PARTS	17	28	22	22	18	18	22	18	18
CAPITAL EQUIPMENT	8	4							
SUBTOTAL STATE OPERATIONS	1,210	1,375	1,540	1,548	1,467	1,420	1,548	1,467	1,420
TOTAL EXPENDITURES	1,210	1,375	1,540	1,548	1,467	1,420	1,548	1,467	1,420
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<47>			<47>
TOTAL GOV'S INITIATIVES						<47>			<47>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,210	1,227	1,326	1,334	1,467	1,420	1,334	1,467	1,420
STATUTORY APPROPRIATIONS:									
GENERAL		148	214	214			214		
TOTAL FINANCING	1,210	1,375	1,540	1,548	1,467	1,420	1,548	1,467	1,420
POSITIONS BY FUND:									
GENERAL	41.0	49.0	49.0	49.0	49.0	49.0	49.0	49.0	49.0
TOTAL POSITIONS	41.0	49.0	49.0	49.0	49.0	49.0	49.0	49.0	49.0

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PROGRAM: Driver and Vehicle Services
AGENCY: Public Safety, Department of

PROGRAM PURPOSE:

The mission of Driver and Vehicle Services (DVS) is to promote public well-being through conscientious and caring service in the application of driver license and motor vehicle programs. This program contributes to several Minnesota Milestone themes.

- A Caring and Secure Community: Minnesotans will be healthy.

  The primary purpose of driver licensing is to enhance traffic safety. One indicator is the reduction of fatal traffic accidents, including alcohol related accidents. Secondarily, the organ donor, medic alert and living-will indicators on the driver license increase the chance for Minnesotans to have healthy lives.

  The primary purpose of vehicle registration is to collect revenue for road construction and maintenance. The department also enters into agreements and compacts with other states and provinces of Canada to facilitate interstate movement of commercial vehicles.

- Our Surroundings: We will improve the quality of the air, water and earth.

  DVS helps the Pollution Control Agency to reduce harmful emissions from motor vehicles in the Twin Cities area by providing vehicle registration data, collecting emissions inspection fees and verifying emissions inspections prior to registration.

- We the People: People will participate in government and politics.

  DVS facilitates voter registration by providing voter registration forms as part of driver license application forms.

PROSPECTS:

The federal government has mandated cooperation between the states to increase traffic safety and facilitate interstate operation. Minnesota is already a member of all the related compacts and has historically cooperated with other states in these areas. The changes will bring other states into the compacts and raise standards in those states.

In driver licensing, one objective is to prevent problem drivers from obtaining driver licenses in other states after losing driving privileges here. With commercial drivers, this involves raising the qualification standards and imposing a separate set of sanctions for violations that occur in commercial vehicles. The commercial driver license was phased in over a 3 year period ending 4-1-92. The effects will be seen over the next few years. By 1995, all states must join Minnesota in the driver license compact which ensures that a driver will only have a license from one state at a time, must join the nonresident violators compact which ensures that states will receive fines for violations by nonresidents, and be part of the problem driver pointer system which allows states to check the driving history of new applicants.

By 9-1-96, all states will be required to join 2 compacts involving interstate operation of commercial vehicles. Minnesota has been a member of the international registration plan (IRP) since 1975. With all states (except Hawaii and Alaska) as members, a Minnesota vehicle will be able to travel throughout the 48 contiguous states without having to apply for registration in any other state. Minnesota was a founding member of the international fuel tax agreement (IFTA) in 1987. When all states with fuel tax at the pump are members of this compact, Minnesota truckers can reconcile fuel tax payments to all states with one filing.

The driver and vehicle services program is an integral part of the fight against driving while intoxicated. It is likely that the trend toward stricter sanctions will continue. These sanctions will most likely target the offenders with multiple convictions.

OUTCOMES:

1. The number of states with which Minnesota cooperates to improve traffic safety is measured by the membership in the driver license compact and the nonresident violators compact.

	F.Y. 1994	F.Y. 1995
Driver license compact	42	42
Nonresident violator compact	42	42

2. The number of states with which Minnesota cooperates to facilitate interstate operation of commercial vehicles is measured by membership in IRP and IFTA.

	F.Y. 1980	F.Y. 1992
International registration plan	23	46

	F.Y. 1987	F.Y. 1992
International fuel tax agreement	5	20

3. The number of fatal accidents per 100 million miles driven is a measure of the success of all programs aimed at traffic safety. The driver license program strives to allow only qualified drivers to obtain and keep driving privileges.

	F.Y. 1982	F.Y. 1991
Fatal accident per 100 million miles driven	1.98	1.35

4. The success of this program's contributions to the effort to reduce DWI can be measured by the Minnesota Milestone indicator:

	F.Y. 1984	F.Y. 1990
Percent of traffic deaths that are alcohol related	52	41

5. The vehicle registration program seeks to collect registration tax from all required vehicles, and this is expected to grow each year. As an effective measure, the growth rate of the fleet is used as a proxy to determine if vehicles are being registered as required.

	F.Y. 1982	F.Y. 1992
Percent growth rate in fleet	2	2

OBJECTIVES:

1. By 1995, all states and the District of Columbia will be members of the driver license compact and the nonresident violators compact.

2. By 1995, IRP will have 49 members (Alaska and Hawaii are exempt), and IFTA will have 50 members (Oregon is exempt because fuel is not taxed at the pump).

3. With continued cooperation between all interested agencies, the number of traffic fatalities per 100 million miles driven will continue to decrease. The target is 1.3.

4. Continued effort to reduce drinking and driving will result in a lower rate of alcohol related traffic deaths. The target is a reduction to 38% of all traffic fatalities.

5. By 1995, the number of vehicles registered should be about 4.42 million to maintain the 2% growth rate.

PROGRAM PLAN:

This program will make several changes which will positively impact the program while reducing costs. Combining 2 written exam stations in the Twin Cities will result in an annual savings of $131,000 per year. This plan will allow increased hours at the combined station.

A plan to eliminate the need for withdrawn driver licenses to be surrendered will result in a savings of $130,500 each year. This program is requesting elimination of the statutory requirement because it no longer serves the purpose for which it was intended. At one time possession of the driver license card was required as proof of licensure. Law enforcement now relies on the automated driving record. Savings will come from eliminating the costs of notices, record entries, storage, and mailing.

This program is recommending that the alternate fuel user program be transferred to the Department of Revenue. It was designed to collect a user fee in place of gas tax paid at the pump for vehicles that do not use gasoline. It was intended to be accomplished along with vehicle registration, but they are not related. This change requires statutory change and will save about $14,500 annually.

The plan includes changes in travel for driver evaluation interviews in greater Minnesota. Evaluations will take place in 24 towns around the state. Some areas will be visited less frequently than others. There will be some impact on the drivers to be interviewed who may have to travel up to 50 miles for the interview. Where this causes hardship, driver examiners in the area will make special arrangements. These changes will save $10,000 each year.

The program plans to consolidate operations in several areas to use personnel, equipment and office space more efficiently. Prorate will move operations back to the central office during F.Y. 1993 and save $20,000 each year. Carriers will now use the central office and use fax machines to facilitate operations. The motor vehicle public counter and mail application processing functions will be combined with no reduction in public service. This will save $94,000 per year. This program is also recommending that the night phone service for law enforcement be combined with the phone services provided at the BCA for a savings of about $31,300.

A savings of $30,300 each year is expected from elimination of non-mandatory notices to drivers that verify that action instigated by the driver has been taken. An additional $110,000 will be saved by eliminating the preliminary notice of suspension of driver license for failure to file an accident report. The driver will still have time to respond to the final order before the revocation becomes effective.

The program plans to save $13,000 each year by eliminating the need to print separate forms for temporary vehicle permits. The change will allow the division to have dealers incorporate the permit in forms they already used.

The division will stop providing free shipment of large supplies of vehicle registration and titling forms to dealers. Dealers will be able to pick up forms at no charge or pay the shipping cost of large quantities. The savings will be $4,400 each year.

The division will discontinue the preprinting dealer lists which are provided to the public. The lists are printed once a year and do not include information on dealers licensed after printing. Instead, lists will be provided on request. This will save $1,000 each year in printing costs. Revenue from the lists is about $2,500 per year. The requestors will now pay the costs of preparing the lists on request. The dealers unit will also download licensing data to a personal computer for various reports needed throughout the year. This will save another $1,000 each year.

The division will experience $400,000 savings in the cost of data processing due to decreased rates from the Department of Administration. Decreases in demand and program changes not directly attributable to this plan will also permit the reduction of $12,000 for vehicle inspection sites and $15,000 in postage for the alcohol safety program.

To contend with reduced funding levels and increased salary and benefits costs, the division will leave a number of positions vacant. By the middle of F.Y. 1993, 5 of the 102.4 General Fund positions are being held vacant. That number will increase to 11 by F.Y. 1994, and 14 by F.Y. 1995. By the middle of F.Y. 1993, 18.1 of the 336 trunk highway fund positions are being held vacant. That number will increase to 29.6 by F.Y. 1994 and 40.1 by F.Y. 1995. By the middle of F.Y. 1993, 11 of the 173.6 highway user tax distribution fund positions are being held vacant. That number will increase to 12.5 by F.Y. 1994, and 18 by F.Y. 1995. These positions are being held vacant in activities identified to keep the effect on public service to the minimum. By carefully managing vacancies, the division expects to achieve savings through attrition and avoid layoffs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the agency budget plan except for the following adjustments; a biennial increase of $1,658,000 for a redesigned drivers license which will be funded by a $1.00 increase in the drivers license fee. A biennial increase of $200,000 for an image processing technology study. The proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: DRIVER & VEH SERVICES

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
VEHICLE REG&TITLE	12,057	12,089	12,457	12,359	12,182	12,049	12,361	12,188	11,935
INTERSTATE REG&RECIP	1,382	1,350	1,432	1,432	1,412	1,378	1,432	1,412	1,378
LICENSING DRIVERS	17,587	17,697	16,819	15,466	14,617	14,874	15,486	14,637	15,366
DRIVER LIC SUPPORT	1,377	1,496	1,463	1,465	1,465	1,449	1,465	1,465	1,449
TOTAL EXPENDITURES BY ACTIVITY	32,403	32,632	32,171	30,722	29,676	29,750	30,744	29,702	30,128

GOV'S INITIATIVES:	FUND								
(A) REDESIGN OF DRIVERS LICENSE & ID	THI					553			1,105
(A) SALARY PLANNING ESTIMATES	GEN					<104>			<104>
(A) SALARY PLANNING ESTIMATES	SR					<1>			<1>
(A) SALARY PLANNING ESTIMATES	THI					<383>			<383>
(A) SALARY PLANNING ESTIMATES	HUT					<191>			<191>
(P) REENGINEERING USING IMAGE PROCESS TECH	GEN					40			
(P) REENGINEERING USING IMAGE PROCESS TECH	THI					80			
(P) REENGINEERING USING IMAGE PROCESS TECH	HUT					80			
TOTAL GOV'S INITIATIVES						74			426

SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	5,521	5,164	5,247	3,841	3,631	3,567	3,844	3,638	3,534
SPECIAL REVENUE		43	57	57	57	56	57	57	56
TRUNK HIGHWAY	16,496	16,986	16,417	16,491	15,655	15,905	16,508	15,672	16,394
HGHWY USER TAX DISTR	10,069	10,161	10,380	10,263	10,263	10,152	10,265	10,265	10,074
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	4	6	50	50	50	50	50	50	50
FEDERAL	267	272	20	20	20	20	20	20	20
GIFTS AND DEPOSITS	46								
TOTAL FINANCING	32,403	32,632	32,171	30,722	29,676	29,750	30,744	29,702	30,128

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: DRIVER & VEH SERVICES

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	113.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4
SPECIAL REVENUE	.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TRUNK HIGHWAY	334.0	335.0	336.0	336.0	336.0	336.0	336.0	336.0	336.0
HGHWY USER TAX DISTR	173.6	173.6	173.6	173.6	173.6	173.6	173.6	173.6	173.6
FEDERAL	7.0	3.5	.0	.0	.0	.0	.0	.0	.0
TOTAL POSITIONS	628.0	615.5	613.0	613.0	613.0	613.0	613.0	613.0	613.0

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Public Safety, Department of
PROGRAM: Driver and Vehicle Services
ACTIVITY:

ITEM TITLE: Reengineering Processing Using Image Processing Technology

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$40	$-0-	$600	$40
- Grants				
Trunk Highway Fund	$80	$-0-	$1,200	$80
HUTD:	$80	$-0-	$1,200	$80

Statutory Change? Yes ____ **No** X
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that in F.Y. 1994, a study be undertaken to reengineer the work processes of the Driver and Vehicle Services Division. This reengineering will include all work flow and document storage processes in the driver licensing and vehicle registration and titling areas.

The purpose of this project is to determine how new technology, including image processing, can improve efficiency and service to the public. These functions rely heavily on paper documents. Each of these documents is analyzed and some actions is taken as a result. Frequently, documents are retrieved for copies used by the public or in court for some time after they have been processed. The costs of receiving, routing, filing, storing and retrieving the documents are rising. They are labor intensive activities. New technology would eventually reduce those costs while speeding up service.

Other possible services that might be introduced would include the use of Automated Teller Machines to process vehicle registration and/or re-registration by telephone.

PROGRAM OUTCOMES:

This project will result in improved services in several ways. All documents will be available for viewing as soon as they reach this office. Currently it is very difficult to locate any document which has not been fully processed. It will allow more secure storage of documents. Paper documents can be misfiled, lost or altered. It will make it easier for the public to register vehicles. The cost of storing and retrieving the documents will be decreased because the amount of time dedicated to those functions along with space requirements will be greatly reduced.

These outcomes will not be apparent during the F.Y. 1996-97 biennium. Implementation of the project will take place in the first year of the 1996-97 biennium, with finalization in the following year.

LONG-TERM IMPACT:

The impact of this project will be seen in phases. Immediately after implementation improved services will be seen by the public. Savings due to improved work flow will be seen immediately. Savings from improved storage and retrieval will begin the first year after implementation and increase each year there after. Most records of this division are required to be stored for 5 years. After 5 years, the division will have few, if any, old paper documents remaining. The costs to store and retrieve those old documents will decrease each year for 5 years.

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F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Public Safety, Department of
PROGRAM: Driver and Vehicle Services
ACTIVITY: Motor Vehicle Title and Registration

ITEM TITLE: Elimination of Alternate Fuel Permit

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Revenues: ($000s)				
Highway User Tax Distribution Fund	$1,500	$1,500	$1,500	$1,500

Statutory Change? Yes X **No** ____

If yes, statute affected: 296.01, subd. 25, 296.025, subd. 1a, 296.026

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the permit for alternate fuels be eliminated and the tax be collected at the point of retail sale.

The alternate fuel permit was implemented in 1987. Until that time the tax was paid at the point of retail sale. With the permit, no tax is paid when the fuel is purchased. The owner reports the mileage to Driver and Vehicle Services Division and pays the tax based on mileage. Since 1987 the amount collected has steadily decreased. About $1.5 million less is collected per year now than prior to the alternate fuel permit implementation.

PROGRAM OUTCOMES:

The increase in revenue is possible, although the estimated increase reflected above should be viewed with caution. There may be several reasons for the drop in revenue since 1987. It may be because the permit programs is not an effective way to collect the tax since it depends on the owner to report that the vehicle uses alternate fuel and to report the mileage. The drop may also be due to a decreased use of alternate fuels.

LONG-TERM IMPACT:

The savings from the elimination of the alternate fuel permit will continue in the long-term. Any increase in revenue will continue and be dependent on the amount of alternate fuel used in motor vehicles.

BUDGET ACTIVITY: Vehicle Registration and Title
PROGRAM: Driver and Vehicle Services
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

This activity collects revenues in the form of motor vehicle registration and excise taxes. In conjunction with the registration of motor vehicles, the activity issues certificates of title as evidence of ownership. This activity also regulates motor vehicle dealers to ensure proper collection of taxes and ownership of vehicles, manufactures license plates and registers bicycles.

BUDGET ISSUES:

Increases in cost of steel and reflective sheeting have increased the cost of license plates by 56%. The division has taken several steps to reduce the cost of the plates. A thinner steel is now being used to produce the plates. Equipment was purchased to eliminate a process that produced hazardous waste and the subsequent cost of disposing of the waste. $316,000 was transferred from the data processing budget to cover current costs of steel and reflective sheeting.

The current bicycle registration program is voluntary. The fees in excess of administrative costs are dedicated to bicycle programs in the Department of Transportation. As a voluntary program, the bicycle registration has had minimal success.

This activity plans to improve efficiency by combining functions within the activity and recommends moving or combining functions with other activities and programs. The mail application processing function will be combined with the public counter function to provide more efficient use of personnel and equipment. This activity recommends that the night phone service for law enforcement be combined with the night phone service at the BCA and the processing of alternative fuel permits be transferred to the Department of Revenue.

This activity also plans to cut back on some printing and shipping which are not required to fulfill the mission of the division. Lists of dealer licenses will no longer be preprinted but will be produced on request. The division provides forms to the public and dealers. Dealers wishing to have large quantities of forms sent to them will pay the shipping charges. This activity will eliminate a separate temporary vehicle permit and allow that permit to be incorporated into other forms used by dealers.

EFFICIENCY MEASURES:

	F.Y. 1980	F.Y. 1992	F.Y. 1995
Registration of vehicles			
No. of vehicles registered (million)	3.9	4.2	4.4
Unit cost	-	$.59	-
Cost per set of passenger plates	$1.44	$2.25	-
Certificates of title			
Titles issued (million)	1.1	1.4	1.5
Unit cost	$1.64	$2.25	-
Dealer licensing			
No. of licensed dealers	3,358	3,445	3,500
Cost per renewal	-	$17.03	-
Bicycle registration			
No. of bicycles registered	134,432	93,490	83,255
Cost per renewal	-	$4.30	-

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$242,615	$276,297	$299,165	$310,965	$323,965
Dedicated - Special	$-0-	$10,208	$10,214	$10,214	$10,214
Dedicated - Federal	$-0-	$-0-	$-0-	$-0-	$-0-
H.U.T.D	$320,143	$337,510	$350,559	$356,554	$362,717
Transfer Fee	$3,672	$3,758	$3,900	$3,900	$3,900

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: DRIVER & VEH SERVICES
ACTIVITY: VEHICLE REG&TITLE

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	7,251	7,296	7,623	7,640	7,500	7,247	7,640	7,500	7,247
EXPENSES/CONTRACTUAL SRVCS	1,749	1,371	1,582	1,585	1,577	1,697	1,587	1,579	1,579
MISC OPERATING EXPENSES	1,846	1,745	1,818	1,818	1,807	1,807	1,818	1,807	1,807
SUPPLIES/MATERIALS/PARTS	1,174	1,593	1,360	1,242	1,242	1,242	1,242	1,242	1,242
CAPITAL EQUIPMENT	37	83	38	38	20	20	38	24	24
OTHER		1	36	36	36	36	36	36	36
SUBTOTAL STATE OPERATIONS	12,057	12,089	12,457	12,359	12,182	12,049	12,361	12,188	11,935
TOTAL EXPENDITURES	12,057	12,089	12,457	12,359	12,182	12,049	12,361	12,188	11,935

GOV'S INITIATIVES:	FUND								
(A) SALARY PLANNING ESTIMATES	GEN					<100>			<100>
(A) SALARY PLANNING ESTIMATES	SR					<1>			<1>
(A) SALARY PLANNING ESTIMATES	HUT					<152>			<152>
(P) REENGINEERING USING IMAGE PROCESS TECH	GEN					40			
(P) REENGINEERING USING IMAGE PROCESS TECH	HUT					80			
TOTAL GOV'S INITIATIVES						<133>			<253>

SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	3,555	3,420	3,577	3,596	3,419	3,359	3,596	3,423	3,323
SPECIAL REVENUE		43	57	57	57	56	57	57	56
TRUNK HIGHWAY	6								
HGHWY USER TAX DISTR	8,496	8,626	8,787	8,670	8,670	8,598	8,672	8,672	8,520
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE			36	36	36	36	36	36	36

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: DRIVER & VEH SERVICES
ACTIVITY: VEHICLE REG&TITLE

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TOTAL FINANCING	12,057	12,089	12,457	12,359	12,182	12,049	12,361	12,188	11,935
POSITIONS BY FUND:									
GENERAL	107.4	99.4	99.4	99.4	99.4	99.4	99.4	99.4	99.4
SPECIAL REVENUE	.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
HGHWY USER TAX DISTR	138.2	138.2	138.2	138.2	138.2	138.2	138.2	138.2	138.2
TOTAL POSITIONS	245.6	238.6	238.6	238.6	238.6	238.6	238.6	238.6	238.6

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BUDGET ACTIVITY: Interstate Registration and Reciprocity
PROGRAM: Driver and Vehicle Services
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

This activity registers commercial vehicles for interstate operation. The activity administers Minnesota's participation in 2 interstate agreements which allow vehicles to operate interstate more easily while ensuring that each state receives the appropriate share of registration and fuel tax revenues.

BUDGET ISSUES:

The administrative costs of the interstate compacts are shared among the member jurisdictions. As these costs rise, the charges to the states rise. The increase to Minnesota for this biennium will total $3,000 ($1,000 in F.Y. 1994 and $2,000 in F.Y. 1995). These increases were by covered by transferring funds from data processing in the vehicle title and registration activity.

There will be a rate increase in the contract for processing international registration plan registration data. This is expected to be $18,000 in F.Y. 1994 and $36,000 in F.Y. 1995. These increases were covered by transferring funds from data processing in the vehicle title and registration activity.

Savings in this activity will be realized from efficiencies implemented in F.Y. 1993. All off-site activities were returned to the central office, reducing lease and personnel costs. Service levels to the public are enhanced by allowing use of fax machines to file applications and by allowing operation on temporary authority.

EFFICIENCY MEASURES:

	F.Y. 1980	F.Y. 1992	F.Y. 1995
Number of interstate vehicles operating in Minnesota	310,000	434,000	434,000
Number of Minnesota based vehicles	49,614	46,688	46,688
Unit cost		20.57	
Number of carrier accounts	4,600	3,649	3,649
Carrier audits	540	251	270
Unit cost	$698	$686	

REVENUE:

This activity generates non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$21	$152	$-0-	$-0-	$-0-
HUTD	$44,597	$46,540	$47,787	$47,924	$47,871

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: DRIVER & VEH SERVICES
ACTIVITY: INTERSTATE REG&RECIP

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	962	987	1,016	1,016	1,016	982	1,016	1,016	982
EXPENSES/CONTRACTUAL SRVCS	298	262	332	332	312	312	332	312	312
MISC OPERATING EXPENSES	58	64	68	68	68	68	68	68	68
SUPPLIES/MATERIALS/PARTS	18	16	15	15	15	15	15	15	15
CAPITAL EQUIPMENT	46	21	1	1	1	1	1	1	1
SUBTOTAL STATE OPERATIONS	1,382	1,350	1,432	1,432	1,412	1,378	1,432	1,412	1,378
TOTAL EXPENDITURES	1,382	1,350	1,432	1,432	1,412	1,378	1,432	1,412	1,378
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		HUT				<34>			<34>
TOTAL GOV'S INITIATIVES						<34>			<34>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
TRUNK HIGHWAY	20	15	20	20			20		
HGHWY USER TAX DISTR	1,362	1,335	1,412	1,412	1,412	1,378	1,412	1,412	1,378
TOTAL FINANCING	1,382	1,350	1,432	1,432	1,412	1,378	1,432	1,412	1,378
POSITIONS BY FUND:									
HGHWY USER TAX DISTR	31.9	31.9	31.9	31.9	31.9	31.9	31.9	31.9	31.9
TOTAL POSITIONS	31.9	31.9	31.9	31.9	31.9	31.9	31.9	31.9	31.9

BUDGET ACTIVITY: Licensing Drivers
PROGRAM: Driver and Vehicle Services
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

This activity examines, licenses and evaluates drivers and maintains driver history and traffic accident records. Driving privileges are withdrawn for reasons including traffic convictions, court orders and medical conditions. The activity also licenses driver training instructors and schools.

BUDGET ISSUES:

The process in use for producing driver license cards dates back to 1972. New technology is available using image processing, which will provide a higher quality card that is secure from tampering. The system will permit faster issuance of the license by eliminating the process of developing photographs. The cost is about $1 per card, or $1.3 million per year, which cannot be achieved solely through spending reductions. The department is proposing legislation outside the budget process to increase the driver license fee by $1 to fund the improved driver license.

This activity is recommending legislation to eliminate the requirement that a driver surrender the license card upon suspension or cancellation. This requirement is no longer necessary since law enforcement relies on the driving record rather than the possession of the card to determine whether or not the driver has driving privileges. The cost to obtain, store, and return them is about $130,000.

This activity will reduce the number of notices sent to drivers. The notices that are being eliminated verify to the driver that action instigated by the driver has been taken. For example, one notice is sent to a person indicating that the department has removed a conviction after the person has obtained a court order to have the conviction removed. Another notice is a preliminary notice to a driver who has failed to file an accident report. Only the final notice will now be sent.

The department plans to consolidate 2 written exam stations in the Twin Cities. The 2 stations are only 3 miles apart and offer identical service. Both stations are now open from noon to 8:00 p.m. By consolidating the stations into 1 larger station, the cost of operations will be decreased while the hours can be expanded to include morning hours.

To make travel in greater Minnesota more efficient, travel routes for driver evaluators will be redrawn. Evaluations will be held in 24 towns around the state. Drivers will have to travel a maximum of 50 miles to the interview location. Special arrangements will be made with examining personnel in the area if there is a hardship.

EFFICIENCY MEASURES:

	F.Y. 1980	F.Y. 1992	F.Y. 1995
Licensing drivers			
Number of licensed drivers (million)	2.750	3.2	3.2
Number of licenses and ID cards issued (million)	1.175	1.32	1.30
Unit cost		$1.71	
Testing drivers			
Number of road tests	228,020	160,182	165,000
Unit cost		$17.42	
Number of written tests		647,904	460,000
Unit cost		$6.46	
Evaluating drivers			
Number of interviews		31,125	32,000
Cost, St. Paul		$18.63	
Cost, Greater Minnesota		$42.44	
Number of withdrawals	70,972	133,59	135,000
Unit cost		$2.49	
Records of accidents			
Number of reportable accidents	110,622	107,049	110,000
Licensing driver training			
Number of instructors	245	394	394
Unit cost		$48.20	
Number of schools	55	99	99
Unit cost		$223.79	

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated Gen'l	$ 2,059	$ 5,826	$ 5,834	$ 5,834	$ 5,834
Trunk Highway	$18,701	$18,349	$19,225	$19,225	$19,225
Dedicated	$4,437	$1,962	$1,949	$1,949	$1,949

GRANTS:

Juvenile Chemical Use Assessment reimbursements are made pursuant to M.S. 260.151. When a juvenile is found to have violated Chapter 152, the court requires a chemical use assessment. The assessor's qualifications and the assessment criteria must comply with Minnesota Rules, parts 9530.660 to 9530.665. Upon request, the county is reimbursed for the cost of the assessment up to a maximum of $100 per assessment. The appropriation for the reimbursements is $43,000 each year.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: DRIVER & VEH SERVICES
ACTIVITY: LICENSING DRIVERS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	10,911	11,178	11,408	11,465	11,152	10,776	11,465	11,152	10,776
EXPENSES/CONTRACTUAL SRVCS	3,400	2,477	2,841	2,858	2,409	3,042	2,878	2,429	3,534
MISC OPERATING EXPENSES	1,040	994	895	895	808	808	895	808	808
SUPPLIES/MATERIALS/PARTS	95	264	165	165	165	165	165	165	165
CAPITAL EQUIPMENT	402	1,237	36	36	36	36	36	36	36
OTHER	3	5	4	4	4	4	4	4	4
SUBTOTAL STATE OPERATIONS	15,851	16,155	15,349	15,423	14,574	14,831	15,443	14,594	15,323
LOCAL ASSISTANCE	1,736	1,542	1,470	43	43	43	43	43	43
TOTAL EXPENDITURES	17,587	17,697	16,819	15,466	14,617	14,874	15,486	14,637	15,366

GOV'S INITIATIVES:	FUND								
(A) REDESIGN OF DRIVERS LICENSE & ID	THI					553			1,105
(A) SALARY PLANNING ESTIMATES	THI					<375>			<375>
(A) SALARY PLANNING ESTIMATES	HUT					<1>			<1>
(P) REENGINEERING USING IMAGE PROCESS TECH	THI					80			
TOTAL GOV'S INITIATIVES						257			729

SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,867	1,640	1,562	137	104	104	140	107	107
TRUNK HIGHWAY	15,432	15,748	15,201	15,273	14,457	14,715	15,290	14,474	15,204
HGHWY USER TAX DISTR	17	31	22	22	22	21	22	22	21
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	4	6	14	14	14	14	14	14	14
FEDERAL	267	272	20	20	20	20	20	20	20

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: DRIVER & VEH SERVICES
ACTIVITY: LICENSING DRIVERS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TOTAL FINANCING	17,587	17,697	16,819	15,466	14,617	14,874	15,486	14,637	15,366
POSITIONS BY FUND:									
GENERAL	2.0	.0	.0	.0	.0	.0	.0	.0	.0
TRUNK HIGHWAY	328.5	329.5	330.5	330.5	330.5	330.5	330.5	330.5	330.5
HGHWY USER TAX DISTR	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
FEDERAL	7.0	3.5	.0	.0	.0	.0	.0	.0	.0
TOTAL POSITIONS	338.5	334.0	331.5	331.5	331.5	331.5	331.5	331.5	331.5

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Public Safety, Department of
PROGRAM: Driver and Vehicle Services
ACTIVITY: Driver Licensing

ITEM TITLE: Redesign of Driver License

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
Trunk Highway Fund	$553	$1,105	$1,105	$1,105
Revenues: ($000s)				
Trunk Highway Fund	$585	$1,170	$1,170	$1,170
General Fund	$65	$130	$130	$130

Statutory Change? Yes __X__ No ____
If yes, statute affected: M.S. 171.06, subd. 2.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the driver license and identification card fees be increased by $1 to fund the redesign of the driver license identification card.

The purpose of this project is to improve the quality and security of the card used as a driver license and identification card as well as improve service to the public. The card that is currently issued uses photography. This necessarily delays the issuance of the card until the photograph can be developed. A card using imaging in place of the photograph will permit more efficient processing. The current card does not offer the security features to prevent alteration or counterfeiting that are available through newer technology.

PROGRAM OUTCOMES:

The outcome that will be most noticeable to the public will be faster issuance of the card. Applicants currently wait from 30 to 45 days to receive the card in the mail. By eliminating the photographic process, this waiting time can be reduced to 2 weeks. Equally important is that the new card will include security features which will inhibit alteration. This issue has been the topic of a committee including officials of this department and law enforcement during the past year.

The department would begin issuing the new licenses by 1-1-94. Almost half of the driver licenses would be reissued during the F.Y. 1994-95 biennium.

LONG-TERM IMPACT:

By the end of the F.Y. 1996-97 biennium, almost all driver license and identification cards will have been replaced. The security aspects of the project will then be fully realized. The on-going costs of the new licenses will be covered by the increased fee. The fee increase is slightly higher than the expected increased cost. Further increases in the foreseeable future should not be required.

BUDGET ACTIVITY: Driver Vehicle Services Support
PROGRAM: Driver and Vehicle Services
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

This activity provides support services for the Driver and Vehicles Services division. The services include management of the division, development of administrative rules, research and analysis, payroll and personnel services, and word processing. This activity also includes the services of the Attorney General's office for hearings on driver license revocations.

BUDGET ISSUES:

In order to reduce General Fund expenditures, a research analyst position, which had been 75% federally funded, was eliminated. The federal funding was scheduled to be reduced, which would have increased the state General Fund portion of the position had it been continued. The issues will continue to be studied by other personnel in the division.

Attorney General fees for judicial reviews were transferred to this program from the department support activity for F.Y. 1992-93. The amount of money allocated does not cover costs. In addition, the number of cases is expected to rise as the commercial license withdrawals become effective. To cover the costs of judicial reviews, $162,000 was transferred from data processing in the licensing drivers activity.

EFFICIENCY MEASURES:

	F.Y. 1980	F.Y. 1992	F.Y. 1995
Division personnel	682	614.5	590
Judicial review of driver license revocations	2,284	2,500	

REVENUE:

None.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: DRIVER & VEH SERVICES
ACTIVITY: DRIVER LIC SUPPORT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	478	494	455	457	457	441	457	457	441
EXPENSES/CONTRACTUAL SRVCS	785	903	955	955	955	955	955	955	955
MISC OPERATING EXPENSES	41	33	44	44	44	44	44	44	44
SUPPLIES/MATERIALS/PARTS	27	17	8	8	8	8	8	8	8
CAPITAL EQUIPMENT		49	1	1	1	1	1	1	1
SUBTOTAL STATE OPERATIONS	1,331	1,496	1,463	1,465	1,465	1,449	1,465	1,465	1,449
LOCAL ASSISTANCE	46								
TOTAL EXPENDITURES	1,377	1,496	1,463	1,465	1,465	1,449	1,465	1,465	1,449

GOV'S INITIATIVES:	FUND								
(A) SALARY PLANNING ESTIMATES	GEN					<4>			<4>
(A) SALARY PLANNING ESTIMATES	THI					<8>			<8>
(A) SALARY PLANNING ESTIMATES	HUT					<4>			<4>
TOTAL GOV'S INITIATIVES						<16>			<16>

SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	99	104	108	108	108	104	108	108	104
TRUNK HIGHWAY	1,038	1,223	1,196	1,198	1,198	1,190	1,198	1,198	1,190
HGHWY USER TAX DISTR	194	169	159	159	159	155	159	159	155
STATUTORY APPROPRIATIONS:									
GIFTS AND DEPOSITS	46								
TOTAL FINANCING	1,377	1,496	1,463	1,465	1,465	1,449	1,465	1,465	1,449

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: DRIVER & VEH SERVICES
ACTIVITY: DRIVER LIC SUPPORT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TRUNK HIGHWAY	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
HGHWY USER TAX DISTR	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
TOTAL POSITIONS	12.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0

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PROGRAM: Liquor Control
AGENCY: Public Safety, Department of

PROGRAM PURPOSE:

The Liquor Control division's mission is to protect the public through uniform interpretation of liquor laws and maintenance of stability in the alcoholic beverage industry by managing liquor licensing, education, enforcement and regulatory programs. The division protects the public interest by maintaining a balance among manufacturers, wholesalers and retailers and among various public interest philosophies. To control potential monopolies, the division enforces state anti-trust laws.

This program contributes to Minnesota Milestone theme, A Caring Community, which contributes to the goal "Our communities will be safe, friendly and caring," and Minnesota Milestone theme, We The People, which contribute to the goal "Government in Minnesota will be cost-efficient and services will be designed to meet the needs of the people who use them," through the following activities:

- Restricting liquor sales to responsible people, controlled premises, and restricted hours.
- Prohibiting advertising of the type defined as improper or excessive inducements to drink alcohol.
- Limiting the number of liquor licenses available and the number any individual can own in a municipality.
- Trade practice, anti-trust enforcement.
- Providing education, training, community assistance and a central source for consistent interpretation of laws and answers to licensing and enforcement questions.

PROSPECTS:

The direction and success of reaching division goals depends on strength and support from Minnesota residents and visitors. This client base reflects the following attitudes and beliefs toward liquor that run the entire spectrum from deregulation to abstinence:

1. Those who approve of alcohol and want it freely available at all times and places.

2. Those who may be neutral on the product but who philosophically believe in individual freedom to act unrestrained from government when the action doesn't harm others.

3. "Golden Mean" position in which a legal but potentially dangerous controlled substance is in the public interest to effectively control.

4. "Moderation", previously called temperance, includes belief in the legality and social use of alcohol, along with education and enforcement efforts to stop alcohol's illegal use. This includes some members of the alcohol industry and most supporters of groups like MADD and SADD.

5. Moral dislike and opposition to alcohol due to negative historical perspective or personal experiences with alcohol abuse.

6. Religious or philosophical opposition (Prohibitionist) to alcohol.

OUTCOMES/OBJECTIVES:

Minnesotans want government to prevent alcohol abuse by youth. In this effort, the division performs enforcement activities to control illegal advertising and promotions aimed at youth. The desired outcome is for these activities, along with related actions of other agencies, to reduce the consumption of alcohol by minors and result in fewer accidents involving alcohol and youth.

	F.Y. 1988	F.Y. 1990	F.Y. 1991
Alcohol-related fatalities among 16 to 20 year old's			
Number	53	51	49
As % of all fatalities in that age group	51	50	52

	F.Y. 1990	F.Y. 1992	F.Y. 1995
Liquor Control penalties for advertising promotional violations - number of cases	30	344	600
Liquor Control penalties for sale to minors - number of cases	2	23	50

PROGRAM PLAN:

In order to meet continuing budget shortfalls, the division will experience a 5% reduction in General Fund budget. As a result, salaries will be reduced by $34,000, and the division will not fill 3 positions. The division is in the process of computerizing its operations. This will speed up service on licenses and permits.2 However, prelicense inspections and other client contact functions will be reduced and turnaround time will increase.

To continue to accomplish the division mission, personnel will be used in different and unique ways. To compensate for the lack of personnel in the prelicense inspection and other client contact functions, field people will be furnished modem equipped computers. This will reduce paperwork and the amount of travel. The division will put office staff on mobility to field positions and hire interns to perform office operations.

The industry must be informed in a more timely manner as to laws and interpretation of rules, to reduce unintended violations. To accomplish this the division is installing an on-line computer connection with those in the industry to promptly update them on changing events.

While these measures will greatly help the division in the short run, the long term loss of full-time trained investigators will result in less delinquent taxes being brought in. Liquor Control has a primary revenue collection mandate to prevent all tax delinquent retailers from being delivered alcohol by wholesalers and/or from buying it retail themselves. The amount is uncertain, although $5.2 million is projected through direct and indirect enforcement activities. Even a 10% loss due to decreased enforcement would mean a loss of $520,000 in taxes.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: LIQUOR CONTROL

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
LIQUOR LICENSING	757	728	685	688	654	636	688	654	636
TOTAL EXPENDITURES BY ACTIVITY	757	728	685	688	654	636	688	654	636
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<18>			<18>
TOTAL GOV'S INITIATIVES						<18>			<18>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	721	714	685	688	654	636	688	654	636
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	36	14							
TOTAL FINANCING	757	728	685	688	654	636	688	654	636
POSITIONS BY FUND:									
GENERAL	19.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
TOTAL POSITIONS	19.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0

BUDGET ACTIVITY: Liquor Control
PROGRAM: Liquor Control
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

This activity issues or approves the majority of liquor licenses in the state, thereby assuring equal application of state law. It is also the central repository of all liquor license records.

This activity investigates complaints from the public and the industry for trade practice violations and statutory criminal violations of the liquor act. Field agents conduct a range of investigations from prelicense inspections to assisting law enforcement with criminal investigations. Results of the investigations range from warning letters to fines and license suspensions.

BUDGET ISSUES:

Due to budget cuts, Liquor Control has lost 25% of its staff in the last 5 years. There are currently only 5 active field agents, yet the division continues to receive more and more requests for assistance from local law enforcement. The division has responded by participating in joint investigations and sharing in the cost of these investigations with other enforcement agencies.

EFFICIENCY MEASURES:

The recent purchase and use of computers will speed up what had been a manual record system. This activity is initiating a system to coordinate the license approvals with payment of the retailers buyer's card permit, which will result in faster and more efficient collection of fees.

The number of liquor licenses has steadily increased while licensing personnel has been reduced to 3. Yet personnel are performing more efficiently regarding licensing requirements. (i.e. dram shop insurance coverage, violations, etc.)

	F.Y. 1991	F.Y. 1992	F.Y. 1994
License and Permits			
No. issued - retail	est. 5,000	5,657	5,500
No. denied - retail	1	28	56
No. issued - wholesale	601	601	601
No. denied - wholesale	2	5	10

Liquor Control has a primary revenue collection mandate to prevent all tax delinquent retailers, who are placed on the tax delinquency list, from being delivered alcohol by wholesalers and from buying it retail themselves.

	F.Y. 1991	F.Y. 1992	F.Y. 1995
Average number of months licenses are on list	5	4	3
Percent on list contacted with 60-90 days (correspondence contacted 100%)	10	20	60
Tax collected from delinquent licensees on list	$3,775	$5,261	$8,000

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$492	$504	$878	$878	$878
Dedicated - Special	$116	$-0-	$-0-	$-0-	-$0-

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: LIQUOR CONTROL
ACTIVITY: LIQUOR LICENSING

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	627	593	589	592	558	540	592	558	540
EXPENSES/CONTRACTUAL SRVCS	43	40	44	44	44	44	44	44	44
MISC OPERATING EXPENSES	37	40	44	44	44	44	44	44	44
SUPPLIES/MATERIALS/PARTS	11	10	8	8	8	8	8	8	8
CAPITAL EQUIPMENT	3	31							
SUBTOTAL STATE OPERATIONS	721	714	685	688	654	636	688	654	636
LOCAL ASSISTANCE	36	14							
TOTAL EXPENDITURES	757	728	685	688	654	636	688	654	636
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<18>			<18>
TOTAL GOV'S INITIATIVES						<18>			<18>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	721	714	685	688	654	636	688	654	636
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	36	14							
TOTAL FINANCING	757	728	685	688	654	636	688	654	636
POSITIONS BY FUND:									
GENERAL	19.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
TOTAL POSITIONS	19.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0

PROGRAM: Gambling Enforcement
AGENCY: Public Safety, Department of

PROGRAM PURPOSE:

The Gambling Enforcement program conducts background investigations and criminal investigations of legal and illegal gambling activities and regulates Indian gambling casinos.

This program contributes to 1 Minnesota Milestones:

- A Caring and Secure Community

  This program contributes to the goal, "Our communities will be safe, friendly and caring," through its investigative and enforcement efforts aimed at the legal gambling industry.

  Background and criminal investigations are intended to prevent and/or eliminate persons with criminal behavior from participating in the conduct of legal gambling. This process ensures that funds derived from legal gambling are available for community programs such as parks and recreations, youth athletics, drug and alcohol prevention programs such as "DARE", the environment and natural resources.

PROSPECTS:

Since the introduction of legalized gambling in 1985 and Indian gaming in 1989, background investigations have increased to 20,000 annually. With the growth of the industry, a transient population of gambling employees has emerged. A growing number of individuals with criminal histories are being attracted to the industry due to the vast amount of monies in the system.

Pari mutual horse racing will probably not exist in its present form and new methods of gambling, such as "Video Lottery System" and "River Boat Gambling" will be considered. A new generation of computerized gambling devices are emerging which will require a high degree of security assurances and new testing procedures. On-going organized crime investigation is a priority for this activity and required by Congress.

OUTCOMES:

The lawful gambling industry lacked regulation and enforcement for several years due to rapid growth and minimal resources. This resulted in the loss of several million dollars by theft and unlawful expenditures. During 1989 and 1990, the state increased regulatory and enforcement staffing to about 50% of the requirement. This resulted in the identification and prosecution of individuals responsible for criminal misconduct and the recovery of substantial sums of money.

The Gambling Enforcement division was created in 1989. Due to a lack of funding and a hiring freeze the division did not reach its present complement of 17 positions until January 1992. The division has reduced its original complement by 2 law enforcement positions and anticipates further reductions.

The statistical base is measured from January 1992, and lacks historical value and predictability. The gambling industry is in a constant state of change, some current forms may not exist and new forms may be introduced during F.Y. 1994-95, which will have a significant impact on long range goals.

The division will use 2 effectiveness indicators. The first indicator, background investigations, will have an annual variance of plus or minus 2,000. The second indicator, criminal investigations relating to lawful gambling organizations, will remain constant due to the long term nature of the investigation, 4 to 6 months, complexity of the crime and limited resources to investigate additional crimes. Indicators are based upon no new forms of gambling being introduced during F.Y. 1994-95. .05% of inquiries will result in the identification of individuals prohibited from the industry.

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Background investigations requiring basic computer inquiry	20,000	18,000	20,000	10,000
Criminal investigations of lawful gambling organizations with an average loss of $200,000 annually	4	4	4	4

OBJECTIVES:

Conduct 57,000 basic background investigations on persons involved in the conduct of legal gambling and Indian gaming and identify 1,140 individuals having prohibited criminal backgrounds. The exclusion of these persons will greatly increase the level of funding available for community, youth and natural resource programs.

Due to minimal staffing and the complexity of these investigations, the annual number of investigations will remain the same.

PROGRAM PLAN:

The 5% reduction in funding from the General Fund requires $61,000 be reduced each year of the biennium for investigative travel and expenses. Less travel will mean less on-site inspection and investigative possibilities throughout Minnesota.

The division has been selective when determining which cases will be investigated for criminal misconduct. The case must involve a significant amount of monies available for lawful charitable expenditures and state revenue, the preliminary review must indicate a minimum loss of $100,000, and all elements for a successful criminal prosecution must be present.

The impact of selective enforcement will be the continuing theft of large amounts of monies from casinos and other legal games, which would accrue to the state under more stringent monitoring and enforcement.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan~~; however, the proposed funding has been reduced due to revised salary planning estimates.~~ with the following exceptions: a biennial increase of $500,000 for expanded enforcement activities and a biennial reduction of $58,000 for revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: GAMBLING ENFORCEMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
GAMBLING ENFORCEMENT	940	1,039	1,221	1,228	1,167	1,388	1,230	1,169	1,390
TOTAL EXPENDITURES BY ACTIVITY	940	1,039	1,221	1,228	1,167	1,388	1,230	1,169	1,390
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<29>			<29>
(B) ENFORCEMENT ENHANCEMENT		GEN				250			250
TOTAL GOV'S INITIATIVES						221			221
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	940	1,039	1,214	1,221	1,160	1,381	1,223	1,162	1,383
STATUTORY APPROPRIATIONS:									
GENERAL			7	7	7	7	7	7	7
TOTAL FINANCING	940	1,039	1,221	1,228	1,167	1,388	1,230	1,169	1,390
POSITIONS BY FUND:									
GENERAL	19.0	19.0	19.0	19.0	19.0	20.0	19.0	19.0	20.0
TOTAL POSITIONS	19.0	19.0	19.0	19.0	19.0	20.0	19.0	19.0	20.0

BUDGET ACTIVITY: Gambling Enforcement
PROGRAM: Gambling Enforcement
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

The Gambling Enforcement activity performs the following functions:

1. Conduct investigations into allegations of criminal misconduct involving all forms of gambling.

2. Expand the resources available to control various forms of gambling by training local law enforcement agencies in gambling investigation.

3. Conduct background investigations on all persons, vendors, corporations and contractors involved in legal gambling licensed by the Lottery, Racing Commission, and Lawful Gambling Board.

4. Regulate the State/Indian Gaming Compact by conducting background investigations on all employees and corporations involved in conducting gambling on the reservations, by testing electronic gambling devices used at Indian casinos for compliance prior to placement and for continued compliance while in play, and by checking for compliance with rules of Blackjack "21".

5. License 35 manufacturers and distributors of electronic gambling devices located in United States, Japan, Australia, and Germany.

6. Conduct an annual security audit of the State Lottery to ensure internal controls are adequate to maintain integrity of the system.

7. Provide criminal enforcement to prevent the use of non-taxed gambling equipment.

8. Conduct sports bookmaking investigations, a billion dollar illegal gambling activity. The state has about 240 substantial bookmakers (those taking more than $25,000 in bets per week).

BUDGET ISSUES:

Providing there are no new forms of gambling introduced, the division will continue to function at its present activity level. Due to reduction in funding for travel during F.Y. 1994-95, the division will not have reliable motor vehicle transportation by F.Y. 1996.

A projected salary deficit in F.Y. 1995 will require the reduction of 1 law enforcement position. This will result in 9,000 fewer background investigations annually and will have a negative effect on the integrity of legalized gambling.

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Background investigations				
Basic inquiry	20,000	18,000	20,000	10,000
Unit cost	$6.00	$6.25		
Criminal histories	1,000	900	1,000	950
Criminal investigations				
Lawful gambling	4	4	4	4
Sports bookmaking	20	20	20	20
Illegal gambling	45	45	45	45
Casino inspections				
Surveillance systems	15	15	15	15
Machine testing/7200 Units - test .03%	216	216	216	216

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$-0-	$336	$332	$332	$332
Dedicated - Special					
Dedicated - Federal					
Dedicated - Gen'l	$-0-	$-0-	$7	$7	$7

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: GAMBLING ENFORCEMENT
ACTIVITY: GAMBLING ENFORCEMENT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	493	799	883	887	887	1,028	887	887	1,071
EXPENSES/CONTRACTUAL SRVCS	59	78	111	114	114	114	116	116	116
MISC OPERATING EXPENSES	18	42	159	159	98	98	159	98	98
SUPPLIES/MATERIALS/PARTS	96	53	56	56	56	56	56	56	56
CAPITAL EQUIPMENT	274	66	12	12	12	92	12	12	49
OTHER		1							
SUBTOTAL STATE OPERATIONS	940	1,039	1,221	1,228	1,167	1,388	1,230	1,169	1,390
TOTAL EXPENDITURES	940	1,039	1,221	1,228	1,167	1,388	1,230	1,169	1,390
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<29>			<29>
(B) ENFORCEMENT ENHANCEMENT		GEN				250			250
TOTAL GOV'S INITIATIVES						221			221
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	940	1,039	1,214	1,221	1,160	1,381	1,223	1,162	1,383
STATUTORY APPROPRIATIONS:									
GENERAL			7	7	7	7	7	7	7
TOTAL FINANCING	940	1,039	1,221	1,228	1,167	1,388	1,230	1,169	1,390
POSITIONS BY FUND:									
GENERAL	19.0	19.0	19.0	19.0	19.0	20.0	19.0	19.0	20.0

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Public Safety, Department of
PROGRAM: Gambling Enforcement
ACTIVITY: Gambling Enforcement

ITEM TITLE: Enforcement Enhancement

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$250	$250	$250	$250

Statutory Change? Yes _____ No __X__
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that $500,000 for the biennium be provided for gambling enforcement. This initiative provides funding for 4 law enforcement positions, needed overtime funds, and replacement of vehicles for investigative purposes.

PROGRAM OUTCOMES:

The additional resources will enable the division to increase the number of complex lawful gambling investigations from 8 to 16, sustain our present organized crime investigative commitment through F.Y. 1995 and fulfill the state's role relating to the Indian Gaming Compacts.

LONG-TERM IMPACT:

By the end of the F.Y. 1994-95 biennium, the division will have substantially increased the number of lawful gambling cases scheduled for completion, thereby reducing the amount of funds lost to theft that was originally intended for charitable purposes. It will also enable the division to identify elements of organized crime associated with the legal gambling industry, tribal casinos, and illegal gambling activities.

PROGRAM: Traffic Safety
AGENCY: Public Safety, Department of

PROGRAM PURPOSE:

Traffic crashes are the leading cause of death for people from age 1 to 40. In an average year, 600 people are killed and 40,000 more are injured. The Department of Public Safety's mission includes the improvement of safety on Minnesota streets and highways. Minnesota participates in a federal traffic safety program directed by the National Highway Traffic Safety Administration and the Federal Highway Administration. In Minnesota, the Governor's representative for highway safety is the Commissioner of Public Safety, who administers the program. The department works through its Traffic Safety division to plan, promote, manage, administer and evaluate traffic safety efforts by utilizing federal, state, and local resources and by providing statistical information on motor vehicle crashes throughout the state.

Through administration of this program Traffic Safety has developed an overview of state problems that would be difficult to achieve at the local level. It allows the agency to adapt federal priorities to state and local needs and has resulted in benefits that are felt throughout the state (e.g., alcohol and drug testing done at the Bureau of Criminal Apprehension (BCA) training for Driving While Intoxicated (DWI) prosecutors, and statewide alcohol and seat belt observations, surveys, training and selective enforcement efforts). Administration of the motorcycle safety, bicycle safety, and intensive probation programs are patterned after administration of the federal highway safety program. Using this model has allowed Traffic Safety to make statewide improvements more efficiently than if the activities were conducted solely at the local level.

The primary purpose of this program is to reduce the number of crashes, injuries and fatalities on Minnesota's streets and highways. This mission relates directly to the Minnesota Milestone theme, "A Caring and Secure Community." This program works to ensure that, "Minnesotans will be healthy." Indicators used by this program include:

- Number of traffic fatalities. A generally accepted measure of traffic safety effectiveness at both state and national levels is the fatality rate (the number of fatalities per 100 million miles of vehicle travel in the state).
- Percentage of traffic deaths that are alcohol related.
- Percentage of population using seat belts.

PROSPECTS:

Despite Minnesota's fine record in the traffic safety area, there remain several problems which should be addressed:

- More than 200 fatalities, or 40% of all traffic fatalities in the state, are alcohol related. 52% of traffic fatalities in the age group 16-20 are alcohol related.
- In 1991, 5 years after Minnesota's seat belt law went into effect, only 53% of those required to wear their belts were actually wearing them when observed.
- Young people continue to be the least likely users of seat belts in fatal and injury crashes. In 1991, only 37% of youth between 11 and 19 years of age were wearing seat belts when they were injured or killed.
- In 1991, 65% of vehicles travelling on 55 mph roadways were exceeding the speed limit (the adjusted figure, which takes into account odometer, radar, and other possible electromechanical error, is 50%). This makes Minnesota one of the fastest states in the nation in this respect, according to Federal Highway Administration data, and places the state in jeopardy of federal sanctions and possible loss or redirection of funding.
- M.S. 171.12 subdivision 6, commonly referred to as the Dimler amendment, prohibits the department from keeping records on certain speeding convictions on roadways whose speed limits were reduced because of the 1984 fuel shortage. In 1990, approximately 1/4 of State Patrol speeding arrests were not recorded on drivers' records. From 1986 to 1990, the percent of vehicles exceeding the speed limit on 55 mph roadways increased by 28% from 56.8 to 72.5 percent; the percent exceeding 60 mph nearly doubled -- from 20.4 to 40 percent; and the percent exceeding 65 mph increased by 154.7 percent -- from 5.4 to 13.7 percent. The roadways to which the Dimler amendment applies have been responsible for nearly 2/3rds (63.2%) of the 3,097 fatal crashes which occurred between 1985 and 1990. Legislation should be passed to eliminate the provisions of the Dimler amendment in order to help reinstate the integrity of speed laws and restore a degree of normalcy on state and county roadways.
- Over 75% of motorcyclists killed in traffic crashes were not wearing helmets.
- Under the new federal Intermodal Surface Transportation Efficiency Act, if Minnesota does not have a helmet law before 10-1-93, $1.7 million will be transferred from certain Minnesota Department of Transportation construction programs to highway safety programs on 10-1-94. If such a law is not passed before 10-1-94, $3.4 million will be transferred.

OUTCOMES:

Minnesota has an excellent traffic safety record. For 3 consecutive years, 1986, 1987, and 1988, Minnesota had the lowest fatality rate in the nation. No other state has had a lower average fatality rate over the past 6 years. In 1991, Minnesota had the lowest fatality rate in its history and one of the lowest in the nation. While property damage crashes and minor injuries have risen slightly over the past 10 years, fatalities, severe injuries and moderate injuries have all declined steadily despite a steady increase in registered vehicles, licensed drivers, and miles travelled. Child car seat use is high, with roughly 80% of observed infants riding in car seats. The following table shows a decade of traffic safety program effectiveness:

	F.Y. 1982	F.Y. 1984	F.Y. 1986	F.Y. 1988	F.Y. 1990	F.Y. 1991
Traffic crashes	89,443	93,741	95,460	102,094	99,236	101,419
Injuries	38,692	41,808	42,130	44,415	44,634	42,748
Severe	5,995	6,573	5,563	5,501	5,015	4,302
Moderate	16,710	17,271	16,289	15,593	15,001	14,725
Minor	18,385	18,810	20,278	23,321	24,618	23,721
Fatalities	581	584	572	615	568	531
Fatality rate	1.98	1.81	1.67	1.69	1.47	1.35
Pedestrians killed	76	55	71	69	65	61

PROGRAM: Traffic Safety
AGENCY: Public Safety, Department of
(Continuation)

	F.Y. 1982	F.Y. 1984	F.Y. 1986	F.Y. 1988	F.Y. 1990	F.Y. 1991
Motorcyclist killed	70	62	66	58	50	40
Bicyclists killed	12	15	12	16	8	8
% of vehicles exceeding 55 MPH						
Unadjusted percent	55	51	57	59	69	65
Adjusted percent	39	35	39	43	53	50
Alcohol-related fatalities						
Number		305	264	277	235	212
As % of all fatalities		52	46	45	41	40
Alcohol-related fatalities among 16 to 20 year old's						
Number				53	51	49
As % of all fatalities in that age group				51	50	52
Seat belt use rate*		33	32	47	47	53

* The use rate is not a simple ratio of the number of persons observed belted to the total number of people observed. It is, instead, the ratio of estimated time on the road that front seat occupants are using safety belts to the total estimated time on the road for these occupants.

OBJECTIVES:

The primary objective of this program is to reduce fatalities on Minnesota roadways.

- Reduce statewide motor vehicle fatality rate per 100 million vehicle miles traveled to 1.29 by 1995.
- The deadly combination of inexperience with drinking and inexperience with driving makes it important to enact a "Not-A-Drop" law for young drivers. This law would set a blood alcohol limit of .02 for drivers under age 21.
- Reduce the percentage of traffic deaths that are alcohol related to 38 by 1995.
- Enact a primary seat belt law, which allows law enforcement officers to stop a driver for non-use of seat belts. Such a law could increase belt use by 10 to 15%, which in turn could translate into 30 to 45 lives saved and 440 to 675 fewer serious injuries.
- Increase the percentage of drivers and front seat occupants using seat belts from 53% in 1991 to 65% by 1995.
- Reduce Minnesota's highway speeds from their exceptionally high levels to the national average or below by 1995.

PROGRAM PLAN:

The 5% reduction in trunk highway fund expenditures will require a budget cut of $8,000. This reduction will come from reduced salary costs. Since the Traffic Safety division operates on a dollar-for-dollar federal matching basis, an $8,000 cut will actually result in a loss of $16,000, or more than 1/2 a position.

A decrease in complement, coupled with increased responsibility and activity, will have to be handled by reducing the number of projects administered. The impact of fewer but larger projects would be that smaller projects in less populated counties and communities would be eliminated. Between 60 and 70 percent of traffic fatalities in Minnesota occur on rural state and county roadways.

The 5% reduction in General Fund expenditures will require a budget cut of $3,000 in the community bike safety grant to the University of Minnesota 4H Youth Development division. This will have no negative impact on Traffic Safety operations, but it will impact the grantee's ability to carry out bike safety activities.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: TRAFFIC SAFTEY

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TRAFFIC SAFTEY & RESRC	3,442	2,850	3,506	3,007	2,996	2,991	3,007	2,996	2,991
TOTAL EXPENDITURES BY ACTIVITY	3,442	2,850	3,506	3,007	2,996	2,991	3,007	2,996	2,991
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		THI				<5>			<5>
TOTAL GOV'S INITIATIVES						<5>			<5>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	53	60	564	64	61	61	64	61	61
TRUNK HIGHWAY	167	168	174	175	167	162	175	167	162
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	288	288	322	322	322	322	322	322	322
FEDERAL	2,934	2,334	2,446	2,446	2,446	2,446	2,446	2,446	2,446
TOTAL FINANCING	3,442	2,850	3,506	3,007	2,996	2,991	3,007	2,996	2,991
POSITIONS BY FUND:									
TRUNK HIGHWAY	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
FEDERAL	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
TOTAL POSITIONS	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0

BUDGET ACTIVITY: Traffic Safety
PROGRAM: Traffic Safety
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

The Traffic Safety activity accomplishes the following:

1. Identifies traffic safety problem areas by analyzing Minnesota's traffic crash data and plans appropriate, feasible projects to counteract the identified problem areas, estimating each project's probable impact on traffic crashes, injuries and fatalities.

2. Sets policy and establishes priorities for providing federal and state funds to the proposed traffic safety projects. More than 30 such projects are funded each year.

3. Works with project directors to establish projects by promoting the concept, directing early stages of development, and persuading key participants of the value. Traffic Safety manages and administers the projects by helping project directors prepare grant applications, processing claims for reimbursement, verifying appropriateness of activities, and helping project directors solve problems.

4. Evaluates the results of each project to determine whether it was conducted efficiently and if it was effective in reducing traffic crashes, injuries, and fatalities.

5. Gathers and analyzes statistical information about traffic crashes published in the legislatively--mandated MINNESOTA MOTOR VEHICLE CRASH FACTS.

6. Conducts research and serves as a traffic safety information clearinghouse, providing legislators, professionals, and private citizens with information about traffic safety issues.

Funding for these activities comes from several sources, the largest of which is the federal Department of Transportation which provides approximately $2.4 million each year for traffic safety projects. Minnesota is allowed to spend a portion for administration of the program, provided the state matches the dollars spent. State match is currently only $174,000, limiting the level of federal funding spent on administration to an equivalent $174,000.

The office administers the Minnesota motorcycle safety fund (dedicated revenue from motorcycle endorsement fees), an appropriation for bicycle safety (a small amount of General Fund money used for local bicycle safety activities), and $500,000 in grants to counties to establish intensive probation programs for Drinking While Intoxicated (DWI) offenders.

Services in the form of contract grant monies and technical assistance are provided to other divisions within the Department of Public Safety (e.g. State Patrol training and speed enforcement), to other state agencies (e.g. Department of Health emergency medical services) and to counties and cities (e.g. Moorhead, Anoka County and Roseville traffic accident reduction). Projects conducted with these funds operate strictly on a cost reimbursement basis. This office also works with private citizens, non-profit safety groups and corporations to help solve problems related to traffic safety.

BUDGET ISSUES:

The Traffic Safety division already has 1 fewer complement position now than it had in 1978, despite being responsible for administering nearly 3 times as many federally funded projects. In addition, the program administers 2 state funded programs (bike safety and motorcycle safety) and a new $500,000 intensive probation program for repeat DWI offenders. No administrative funding or complement increase has been provided for these additional activities.

EFFICIENCY MEASURES:

Minnesota is efficient in administering the federal program, spending less than 8% for administrative costs; the maximum allowed is 10%. In federal F.Y. 1993, the Office of Traffic Safety has made 62% of federal program funding available for local government benefit; the minimum required is 40%. Training and other local programs are well received, and most of the communities participating in the programs sponsored by Public Safety are eager to continue their involvement.

The administration of the motorcycle safety program has also been efficient and effective. Although the department is allowed to spend up to 5% of annual revenues for administration (roughly equivalent 1/2 position), the office has absorbed the cost of administration with existing staff, thus leaving all funds available for motorcycle rider training and public information.

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Federal	$2,934	$2,334	$2,446	$2,446	$2,446

GRANTS:

This office administers the state's highway safety program required by M.S. 4.075 and administers the federal Department of Transportation formula grant program. The program and activity narratives fully explain the grant program, including purpose, eligibility and evaluation.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: TRAFFIC SAFTEY
ACTIVITY: TRAFFIC SAFTEY & RESRC

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	470	481	517	518	510	505	518	510	505
EXPENSES/CONTRACTUAL SRVCS	1,284	1,016	1,069	1,069	1,069	1,069	1,069	1,069	1,069
MISC OPERATING EXPENSES	38	42	98	98	98	98	98	98	98
SUPPLIES/MATERIALS/PARTS	13	5	23	23	23	23	23	23	23
CAPITAL EQUIPMENT	13	13							
OTHER			2	2	2	2	2	2	2
SUBTOTAL STATE OPERATIONS	1,818	1,557	1,709	1,710	1,702	1,697	1,710	1,702	1,697
LOCAL ASSISTANCE	1,624	1,293	1,797	1,297	1,294	1,294	1,297	1,294	1,294
TOTAL EXPENDITURES	3,442	2,850	3,506	3,007	2,996	2,991	3,007	2,996	2,991
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		THI				<5>			<5>
TOTAL GOV'S INITIATIVES						<5>			<5>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	53	60	564	64	61	61	64	61	61
TRUNK HIGHWAY	167	168	174	175	167	162	175	167	162
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	288	288	322	322	322	322	322	322	322
FEDERAL	2,934	2,334	2,446	2,446	2,446	2,446	2,446	2,446	2,446
TOTAL FINANCING	3,442	2,850	3,506	3,007	2,996	2,991	3,007	2,996	2,991

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: TRAFFIC SAFTEY
ACTIVITY: TRAFFIC SAFTEY & RESRC

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
TRUNK HIGHWAY	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
FEDERAL	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
TOTAL POSITIONS	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0

PROGRAM: Drug Policy
AGENCY: Public Safety, Department of

PROGRAM PURPOSE:

The Office of Drug Policy (ODP) coordinates the activities of federal, state and local drug program agencies in reducing both the supply of and demand for illegal drugs in the state.

This program contributes directly to the Minnesota Milestone, "A Caring and Secure Community," by funding projects that impact 2 indicators of the goal, "Families will provide a stable environment for their children." It is the ultimate purpose of this program to reduce the "percentage of youth using alcohol", and the "percentage of youth using illicit drugs."

PROSPECTS:

The federal government established a program to assist states with drug demand reduction, treatment and intervention, as well as community based crime and violence prevention. This program is set up under the following 21 purpose areas:

1. General or school-based education programs aimed at drug abuse prevention and involving law enforcement personnel.
2. Cooperative programs involving 2 or more cross-jurisdiction law enforcement agencies working together to enforce drug laws, with a focus on mid- or high-level traffickers.
3. Elimination or control of domestically produced drugs through better technology and enforcement.
4. Citizen-based crime prevention efforts.
5. Law enforcement and other efforts targeted on fencing operations.
6. Law enforcement and prosecution efforts directed at designated crime categories (e.g., white collar crime or public corruption), which may or may not be directly related to drug crimes.
7. General law enforcement enhancements, usually by a single government agency, directed at designated drug control problems and other serious crime problems.
8. Prosecution efforts to craft new laws and use existing laws more effectively, focusing on improved internal operations.
9. Efforts directed at the financial aspects of drug control.
10. Improving court-based operations and adjudication agency management systems.
11. Programs to provide additional resources or options within correctional settings.
12. Correctional programs designed to aid offenders in becoming employable after release, to comply with court-ordered restitution to victims, and to assure support to families.
13. Counseling and other treatment to addicted offenders, excluding correctional based programs.
14. Facilitating the process of citizen involvement in the criminal justice system, including non-compensatory assistance to victims.
15. Technology development and information systems development which benefit criminal justice agencies.
16. Innovative programs focused on drug or serious crimes which do not fit other categories and are not similar to previously funded programs.
17. Programs specifically directed at drug control efforts in public housing.
18. Programs addressing domestic violence issues as they interface with the criminal justice system.
19. Evaluations of individual projects or general program areas, regardless of funding source.
20. Programs offering alternatives to detention in appropriate cases.
21. Urban law enforcement and prosecution programs focused on street-level drug trafficking.

OUTCOMES:

The office has been developing an automated system which will do the following:

- Monitor grants, generate payment invoices, track grant funds and generate reports.
- Expand the capabilities of monitoring narrative reports and evaluation criteria.
- Monitor funds by type, line item, object code, etc. for projects generated through ODP.

This program is successful in drawing additional funds from the private sector by using state appropriation and grant funds to attract private sector money. With F.Y. 1993 state appropriation of $566,000, the ODP will manage administrative funds, generate grant funds and execute and/or monitor grants in excess of $11,500,000.

The drug abuse prevention resource council was changed in 1991 to the Chemical Abuse Prevention Resource Council (CAPRC). One of the mandates to CAPRC is the recommendation to the Governor and legislature of "any legislative changes that it considers necessary or advisable in the area of chemical abuse prevention policy, programs and services." Legislation passed during the 1992 session codified the recommendations contained in the council's 1992 report and included appropriations to implement their recommendations.

The 1992 legislature also added violence prevention to the mission of this program. The crime bill requires the office to "...develop a statewide strategy for preventing and reducing violence..." Appropriation and complement were given to the department for this effort.

PROGRAM: Drug Policy
AGENCY: Public Safety, Department of
(Continuation)

OBJECTIVES:

Original legislation called for this program to sunset after 3 years. As a result, effectiveness measures were not established for funded projects. The sunset clause was removed, therefore over the next 3 years the office will be working with other local, state and federal agencies to develop sound work plans and evaluation criteria, with concentration on the following areas:

- Community based crime and violence prevention. Grants will be executed with local government agencies and nonprofit organizations to provide community based services for health, housing, basic education, child protection, training and employment, social/recreational activities, block clubs, family and individual counseling and treatment, drug demand reduction efforts, and other community based efforts.
- Community based policing. Crime and violence reduction efforts initiated through local law enforcement agencies in cooperation with communities, government, nonprofit agencies, and schools.
- Weed and seed. City-wide neighborhood efforts to eliminate undesirable elements (weed) and work with appropriate services to stabilize and/or rebuild the area (seed).
- Multi-jurisdictional narcotics task forces. Drug intervention activities to reduce the amount of drugs and drug related activities in communities throughout the state.
- High risk youth. Projects developed for youth who are disadvantaged, involved with the courts, etc. to assist them in becoming constructive members of the community.
- BCA criminal justice information systems/improvement. Expedite identifying criminals through central systems.
- Planning and evaluating. Establish new planning and evaluation criteria to better identify, implement, monitor and evaluate funding efforts to maximize the impact of the program.

Examples of the results that will be obtained:

- Increased cooperation of residents within communities and neighborhoods working together for improvements.
- Increased positive communications and coordination among local law enforcement, government officials, residents, schools, businesses, churches, court system and correctional facilities, etc.
- Relevant community based programs with broad supportive services that will enable family members to have easier access.
- Meaningful youth employment.
- Reduction in the number of rundown properties within neighborhoods.
- Reduction of community and local law enforcement conflicts.
- Reduction in drug demand, violent crime, school drop out rates, and local gang activities.

PROGRAM PLAN:

The 95% targeted budget for ODP requires $67,000 per year reduction in chemical abuse prevention resource council grants and $10,000 in office operating funds. In order to maximize productivity with minimal adverse effect on clientele, the office will concentrate its funding efforts on cooperative/collaborative efforts. This plan includes:

- Participation in a planning process facilitated by an outside neutral party.
- Re-evaluate long range and short term goals.
- Continue to work with other state agencies, the federal government, local government, and the private sector to better impact funding efforts.
- Direct funding towards cooperative/collaborative efforts.
- Provide training to subgrantees to maximize service results.
- Work with the public and private sector to develop criteria to enable ODP and others to better evaluate program impact on neighborhoods and communities.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the agency budget plan ~~with the exception of a biennial reduction of $400,000 which transfers the Fetal Alcohol Syndrome grant to the Department of Health~~. The proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: DRUG POLICY

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
OFFICE OF DRUG POLICY	8,803	7,334	10,389	10,390	9,029	9,023	10,390	9,029	9,023
TOTAL EXPENDITURES BY ACTIVITY	8,803	7,334	10,389	10,390	9,029	9,023	10,390	9,029	9,023
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<6>			<6>
TOTAL GOV'S INITIATIVES						<6>			<6>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	779	562	1,576	1,577	1,500	1,494	1,577	1,500	1,494
STATUTORY APPROPRIATIONS:									
FEDERAL	8,024	6,772	8,813	8,813	7,529	7,529	8,813	7,529	7,529
TOTAL FINANCING	8,803	7,334	10,389	10,390	9,029	9,023	10,390	9,029	9,023
POSITIONS BY FUND:									
GENERAL	5.0	2.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
FEDERAL	6.0	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
TOTAL POSITIONS	11.0	8.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0

BUDGET ACTIVITY: Drug Policy
PROGRAM: Drug Policy
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

Minnesota established the Office of Drug Policy in 1989 modeled after the federal office of national drug control policy. The office was originally intended to be a policy setting activity and was staffed accordingly. Shortly after it became operational the State Planning Agency turned over administration of both Bureau of Justice Assistance (BJA) formula grants and Department of Education (MDE) Drug Free Schools and Communities Governor's discretionary grants to the office.

This activity works with other state departments and private sector foundations and business to provide funding for community based drug prevention projects. The main emphasis is crime and violence prevention, services to children and youth, housing and community issues, education and training, business development, employment, health issues and law enforcement.

BUDGET ISSUES:

The office will re-evaluate its grant activity and form collaborative efforts by combining RFP's for similar projects within a community. The chemical abuse prevention resource council reduction of $67,000 in grants will result in a loss of approximately $200,000 in matching federal funds. Funding priorities, already used to determine grant recipients, will have to be tightened. Recipients will have to adjust service levels to the funding level they receive.

EFFICIENCY MEASURES:

Office of Drug Policy (ODP) inherited 32 projects and added 12 projects in November 1989. Until January 1991, ODP administered the Governor's program including grant solicitation, award, programmatic monitoring, technical assistance and fiscal management. In January 1991, ODP entered into an agreement with MDE related to the discretionary grants program. This agreement provided for MDE to be responsible for financial management and ODP to continue monitoring and providing technical assistance.

In F.Y. 1990, the total BJA award was $2,078,000 and the funding application provided for 5 program purpose areas. In 1990, ODP had 36 executed subgrants with BJA dollars. In state F.Y. 1993, the total BJA award is $7,364,000 for a 254% increase in BJA grant funds managed by ODP. BJA has expanded their funding purpose areas from 5 in 1990 to 21 in 1993. ODP currently has 98 grants executed with these funds. This represents a 154% increase in the number of BJA funded grants managed by ODP.

ODP operates with a staff of 8 people. The office was originally structured as a policy making activity, but has been realigned into more grants being monitored and larger grant dollars being managed. Minnesota has one of the smallest staffs and one of the largest number of subgrants awarded of any BJA managing department in the country. For example:

- Indiana has 29 staff managing $9.1 million of BJA funds.
- Maryland has 18 staff managing $7.8 million of BJA funds.
- Michigan has 14 staff managing $14.4 million in BJA funds.
- Utah has 11 staff managing $3.5 million in BJA funds.
- New Mexico has 22 staff managing $3.2 million in BJA funds.

In 1992 ODP and MDE executed the first joint RFP for $3,999,000 in grant funds within 7 different funding areas. Next year a similar proposal will be executed adding the Departments of Human Services, Health, and possibly Corrections and Jobs and Training. This joint process will:

- Reduce administrative costs for executing separate RFP's throughout the year. This allows more staff time for developing, executing, providing technical assistance, monitoring and evaluating grants, reviewing expenditures and processing invoices for payment.
- Reduce applicant agency time in identifying appropriate grant areas, therefore allowing applicant agency staff more time to provide direct service to recipients.

In 1992, ODP developed a relationship with the Minnesota National Guard to plan and implement drug intervention and demand reduction and activities.

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Federal	$8,341	$6,828	$9,756	$8,472	$8,472

GRANTS:

Pursuant to M.S. 299A.29 through 299A.37, this program administers federal Bureau of Justice Assistance formula grants and Department of Education Drug Free Schools and Communities Governor's discretionary grants programs in Minnesota. The program and activity narratives fully explain these grant programs, including purpose, recipients, eligibility and criteria.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: DRUG POLICY
ACTIVITY: OFFICE OF DRUG POLICY

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	285	353	469	470	470	464	470	470	464
EXPENSES/CONTRACTUAL SRVCS	144	108	94	94	87	87	94	87	87
MISC OPERATING EXPENSES	21	26	61	61	58	58	61	58	58
SUPPLIES/MATERIALS/PARTS	6	9	9	9	9	9	9	9	9
CAPITAL EQUIPMENT	6	10							
SUBTOTAL STATE OPERATIONS	462	506	633	634	624	618	634	624	618
LOCAL ASSISTANCE	8,341	6,828	9,756	9,756	8,405	8,405	9,756	8,405	8,405
TOTAL EXPENDITURES	8,803	7,334	10,389	10,390	9,029	9,023	10,390	9,029	9,023
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<6>			<6>
TOTAL GOV'S INITIATIVES						<6>			<6>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	779	562	1,576	1,577	1,500	1,494	1,577	1,500	1,494
STATUTORY APPROPRIATIONS:									
FEDERAL	8,024	6,772	8,813	8,813	7,529	7,529	8,813	7,529	7,529
TOTAL FINANCING	8,803	7,334	10,389	10,390	9,029	9,023	10,390	9,029	9,023
POSITIONS BY FUND:									
GENERAL	5.0	2.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
FEDERAL	6.0	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: DRUG POLICY
ACTIVITY: OFFICE OF DRUG POLICY

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TOTAL POSITIONS	11.0	8.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0

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PROGRAM: Pipeline Safety
AGENCY: Public Safety, Department of

PROGRAM PURPOSE:

The mission of the Office of Pipeline Safety (MnOPS) is to protect Minnesota lives and property through implementation of a quality pipeline inspection and damage prevention program.

Within the Minnesota Milestones theme, "A Caring and Secure Community," MnOPS is a contributing agency to the goal, "Our communities will be safe, friendly and caring." MnOPS goal is to work with operators to minimize leak rate per mile of pipeline and reduce the number of events resulting in personal risk and property loss. MnOPS uses additional indicators, described under the Outcomes and Objectives headings, to measure progress toward goals.

PROSPECTS:

Single users supplied from long distance gas transmission lines, known as farm taps, may become jurisdictional to the office within the next 2 years. This program is working with the Public Utilities Commission on program development. There are an estimated 2,200 farm taps in Minnesota.

OUTCOMES:

This program was mandated in 1987, in response to the pipeline rupture and fire incident in Mounds View, in July 1986, which occurred as a result of inadequate maintenance and federal inspection. The Governor established the Minnesota commission on pipeline safety to respond to the broad public concern which was raised, and to investigate all aspects of the safety of pipelines operating in Minnesota. Their findings led to 1987 and 1988 legislation which mandate MnOPS to obtain federal agent status for the inspection of both intrastate and interstate gas and hazardous liquid pipelines in Minnesota.

MnOPS gained interstate agent status in July 1991, which created a whole new classification of operators to inspect. Minnesota is the second state in the nation to receive interstate agent status over both hazardous liquid and gas pipelines. Prior to interstate agent status, the pipelines were not being inspected with the thoroughness or frequency required by federal regulation.

The effectiveness of this program is measured by the Federal Office of Pipeline Safety during their annual performance audit. In 1990, the national average of audit points received was 93.7 (100 maximum). Prior to 1987, Minnesota's pipeline safety program scored in the low 40's, which endangered intrastate certification and could have resulted in losing the federal grant to operate the pipeline safety inspection program in Minnesota. Minnesota received 95 points 1991. The office will strive to maintain at least 95% of the possible audit points in F.Y. 1994-95.

MnOPS strives to minimize death/injuries and property damage to improperly operated or maintained pipelines and will continue to reduce existing hazards such as cast iron pipes, bare steel pipes, and customer-owned pipes.

OBJECTIVES:

By 1995, this program will achieve the following objectives;

1. Lower the leak rate per mile of pipeline. This will require development of reporting rules and a database to effectively track each type of leak by operator and type of pipeline.

2. Lower the number of pipeline incidents involving personal injury, death and property damage. At present, accurate data is available only for federally reportable incidents. The new database will provide more information.

3. Develop a "compliance quotient": the number of compliances found, divided by the number of questions asked on certain standardized inspections. The questions used are based on the federal Office of Pipeline Safety inspection forms. The non-compliances found correspond to the numbers this office reports on its annual federal audit.

   Noncompliance: 1988-89 = 1,100 1990-91 = 4,882*

   *Represents non-compliances found in the initial inspection of operators. This will decrease with subsequent inspections.

4. Reduce the number of hits and damage to underground utilities as reported by the large utilities that accumulate this information in databases.

5. Comprehensively inspect all new operators during their first year under MnOPS jurisdiction.

6. Review at least 1 inspection unit of each operator each year. Each inspection unit will be reviewed at least every 2 and 1/2 years. All operators will receive a comprehensive inspection at 5 to 8 year intervals.

7. The turnaround time of initial report and responses to operators will be within 60 days.

8. At lease 38% of the inspectors' time will be used conducting inspections.

9. An average of 85 inspection days per inspector will be obtained.

PROGRAM PLAN:

This activity is funded 100% by fees paid by Minnesota pipeline operators and also by a federal grant from the U.S. Department of Transportation, Office of Pipeline Safety, based upon Minnesota receiving yearly certification and an agreement for inspection of intrastate gas and hazardous liquid pipelines.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: PIPELINE SAFETY

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
PIPELINE SAFETY	680	678	1,167	1,167	1,017	1,000	1,167	1,017	1,000
TOTAL EXPENDITURES BY ACTIVITY	680	678	1,167	1,167	1,017	1,000	1,167	1,017	1,000
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		SR				<17>			<17>
TOTAL GOV'S INITIATIVES						<17>			<17>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
SPECIAL REVENUE	523	505	903	903	753	736	903	753	736
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		7	2	2	2	2	2	2	2
FEDERAL	153	166	262	262	262	262	262	262	262
GIFTS AND DEPOSITS	4								
TOTAL FINANCING	680	678	1,167	1,167	1,017	1,000	1,167	1,017	1,000
POSITIONS BY FUND:									
SPECIAL REVENUE	13.0	13.0	13.0	9.0	9.0	9.0	9.0	9.0	9.0
FEDERAL	2.0	2.0	2.0	6.0	6.0	6.0	6.0	6.0	6.0
TOTAL POSITIONS	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0

BUDGET ACTIVITY: Pipeline Safety
PROGRAM: Pipeline Safety
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

This activity regulates hazardous liquid and gas pipeline operators in Minnesota. This is accomplished through inspections and investigations of pipeline operators and enforcement of the One Call Excavation Notice System.

BUDGET ISSUES:

The Minnesota Office of Pipeline Safety assesses the pipeline operators in Minnesota for expenses incurred by the office. A federal grant reduces the operators' obligations. No dollars are received from the General Fund but the legislature does impose a spending cap. With the addition of the interstate program, only 1 additional inspector has been hired. The activity will be able to carry out the inspection program within the legislatively approved complement.

EFFICIENCY MEASURES:

- Enforcement of minimum safety standards for the transportation of natural gas by pipeline within the state.

  This involves the annual comprehensive inspection of 31 natural gas operators, whose systems are comprised of approximately 17,185 miles of main, approximately 17,000 miles of service lines and 1,098,623 natural gas services. This also includes 1 liquid natural gas (LNG) plant and 1 hazardous liquid (HL) pipeline.

- Enforcement of minimum safety standards for the transportation of liquefied petroleum gas (LPG) by pipeline within the state.

  This activity involves 7 liquid petroleum gas operators supplying propane to mobile home parks, campgrounds, resorts, and other occupancies with 10 or more customers.

- Inspection of minimum safety standards for the transportation of gas and hazardous liquid by interstate pipeline.

  This involves the inspection of 2 liquid natural gas operators and 13 transmission operators, whose systems are comprised of approximately 8,217 miles of pipeline.

	F.Y. 1987	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
No. of operators	28	31	30	45	55
No. of inspection units	44	50	56	73	90
No. of inspection units inspected	31	15	35	40	56

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Special	$524	$505	$903	$753	$753
Dedicated - Federal	$153	$166	$262	$262	$262

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: PIPELINE SAFETY
ACTIVITY: PIPELINE SAFETY

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	466	505	882	882	782	765	882	782	765
EXPENSES/CONTRACTUAL SRVCS	66	66	73	73	73	73	73	73	73
MISC OPERATING EXPENSES	81	78	174	174	124	124	174	124	124
SUPPLIES/MATERIALS/PARTS	34	16	16	16	16	16	16	16	16
CAPITAL EQUIPMENT	33	13	22	22	22	22	22	22	22
SUBTOTAL STATE OPERATIONS	680	678	1,167	1,167	1,017	1,000	1,167	1,017	1,000
TOTAL EXPENDITURES	680	678	1,167	1,167	1,017	1,000	1,167	1,017	1,000
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		SR				<17>			<17>
TOTAL GOV'S INITIATIVES						<17>			<17>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
SPECIAL REVENUE	523	505	903	903	753	736	903	753	736
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		7	2	2	2	2	2	2	2
FEDERAL	153	166	262	262	262	262	262	262	262
GIFTS AND DEPOSITS	4								
TOTAL FINANCING	680	678	1,167	1,167	1,017	1,000	1,167	1,017	1,000
POSITIONS BY FUND:									
SPECIAL REVENUE	13.0	13.0	13.0	9.0	9.0	9.0	9.0	9.0	9.0
FEDERAL	2.0	2.0	2.0	6.0	6.0	6.0	6.0	6.0	6.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: PIPELINE SAFETY
ACTIVITY: PIPELINE SAFETY

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
TOTAL POSITIONS	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0

PROGRAM: Crime Victims Services
AGENCY: Public Safety, Department of

PROGRAM PURPOSE:

The Crime Victims Services program includes the Minnesota Crime Victim and Witness Advisory Council and the Minnesota Crime Victims Reparations Board. The board's purpose is to provide financial assistance to victims of violent crime. The council's mission is to promote the fair and equal treatment of victims in the criminal justice system through legislative advocacy, training and technical assistance.

The victims services program contributes to several aspects of the Minnesota Milestone, "A Caring and Secure Community:"

- Our communities will be safe, friendly and caring.

  The board directly promotes a reduction in violent crime by requiring applicants to promptly report crimes to law enforcement and cooperate fully with the investigation and prosecution of criminal cases. The council focuses on improving treatment of victims in the criminal justice system which also encourages victims to report and pursue the prosecution of crimes.

- Families will provide a stable environment for their children.

  The board's financial assistance to victims of domestic abuse promotes their recovery and helps victims create a stable environment for themselves and their children. The council's work is directly aimed at reducing domestic abuse by improving system response.

  Children who are victims of abuse and neglect often suffer from low self esteem and may, without intervention, become offenders as adults. Almost 25% of reparation recipients are children who need assistance for counseling or medical care. This can prevent long-term effects of abuse and help children become responsible, productive, nonviolent citizens.

- Minnesotans will be healthy.

  The council works closely with Mothers Against Drunk Driving (MADD) groups to promote public education about drunk driving and support legislation to reduce alcohol-related traffic deaths. The board provides funds to family members of victims of drunk driving.

- People who need help providing for themselves will receive the help they need.

  Many victims of violent crime suffer temporary economic hardship due to medical bills and the inability to work while they are recovering from an injury. The board directly assists victims in getting through this period of financial hardship.

PROSPECTS:

Significant factors impacting the programs goals are:

- Increase in violent crime. The rate of violent crime, particularly assaults committed with firearms, has increased in recent years. If this trend continues, the board will have a parallel increase in the number of claims submitted.

- Increasing cost of health care. Medical expenses, including hospital and physician bills, accounted for 41% of the board's expenditures last year. In 1991, health care costs nationwide were up 7.9%. This escalation of costs is expected to continue and will impact significantly on the board in the next biennium.

- Children's Health Plan Plus. If the state's new health care plan is successful at enrolling families, it could eventually reduce the board's health care costs.

- Federal grants. Procedures for calculating the board's federal grant from the Victims of Crime Act (VOCA) program were clarified. As a result, beginning this year, federal grants will constitute a lower percentage of the board's total funding than has been the case in the past.

- Legislative mandates. As local governments attempt to fulfill new legislative mandates related to victim rights, the demand for technical assistance and training will continue.

- Council expiration date. Unless legislative action is taken, the council is currently scheduled to "sunset" under M.S. 15.059, subd. 5, on 6-30-93. However, an extension will be requested.

OUTCOMES:

The board measures effectiveness by the number of crime victims assisted. The number of new claims awarded has increased from 424 in 1988 to 651 in 1991. Also, the number of new claims received has doubled during the past few years partially as a result of the board's training and public education efforts.

The outcomes of council work include innovative changes in criminal laws to offer more protection for victims. For example, the council successfully lobbied for legislation which created a harassment restraining order and increased the penalties for harassment.

Both the council and board measure effectiveness by the number of persons who are provided with information about victim rights and services. During 1991, over 1,000 crime victims were provided information over the phone, compared with 800 in the previous year. Over 10,000 reparations brochures were distributed statewide. The annual conference, which provides state-of-the-art training in the area of victimization and violence, had record attendance last year. Also, in-depth technical assistance on program development was provided to 11 counties.

OBJECTIVES:

- Provide financial assistance to eligible victims of violent crime within a reasonable time frame. Process all incoming claims within 6 months or less.

- Provide information to the public and professionals regarding victims services and victims rights. Launch a statewide public information campaign to enhance awareness about reparations.

- Assist communities and agencies in the development of victims assistance programs. Establish a program providing services to general crime victims in each assignment district by 1995.

PROGRAM: Crime Victims Services
AGENCY: Public Safety, Department of
(Continuation)

- Provide leadership in the field of victim services by networking with other groups and agencies involved in victim issues and by introducing innovative laws or policies to improve the treatment of victims.

PROGRAM PLAN:

The 5% budget reduction will result in a cut of $92,000 per year. All of this will be taken from funds available for payment of claims, but will not negatively impact claimants.

The board has developed new cost-cutting rules which will be in effect by 7-1-93. One of the proposed rules allows the board to pay only 90% of medical expenses on each claim and requires the medical provider to accept the board's award as payment in full. At least 2 other states have adopted a similar rule. This will save $84,000. Other proposed rules will set maximum rates for counseling fees and sexual assault exams and raise the estimated tax rate used to calculate lost wages. This should result in a savings of at least $8,000. Any additional savings resulting from these rules will be used to pay for the increased claims and expansion of coverage into the secondary victims area.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan~~; however, the proposed funding has been reduced due to revised salary planning estimates.~~ with the following exceptions; a biennial increase of $198,000 which will be recovered through subrogation, restitution and refunds, and a biennial reduction of $16,000 for revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: CRIME VICTIMS REPAR

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
CRIME VICTIMS REPAR	2,153	2,215	2,230	2,231	2,219	2,310	2,231	2,219	2,310
TOTAL EXPENDITURES BY ACTIVITY	2,153	2,215	2,230	2,231	2,219	2,310	2,231	2,219	2,310
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<8>			<8>
(B) CLAIMS PROCESSING/FUND RECOVERY		GEN				99			99
TOTAL GOV'S INITIATIVES						91			91
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,644	1,620	1,835	1,836	1,744	1,835	1,836	1,744	1,835
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	9								
FEDERAL	500	593	394	394	475	475	394	475	475
GIFTS AND DEPOSITS		2	1	1			1		
TOTAL FINANCING	2,153	2,215	2,230	2,231	2,219	2,310	2,231	2,219	2,310
POSITIONS BY FUND:									
GENERAL	5.0	5.0	5.0	5.0	5.0	8.0	5.0	5.0	8.0
TOTAL POSITIONS	5.0	5.0	5.0	5.0	5.0	8.0	5.0	5.0	8.0

BUDGET ACTIVITY: Crime Victims Services
PROGRAM: Crime Victims Services
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

The Crime Victim Reparations Board provides compensation to all victims of crime who have suffered physical or emotional injury. Victims and immediate family may receive compensation for medical or dental care, psychological counseling, loss of income, child care or household services, funeral expenses or loss of support for a victim's spouse and children. This activity is responsible for receipt and processing of claims, case investigation, screening for eligibility, calculation and payment of awards, developing legislation and rules and providing support to the board.

The Crime Victim Council, established in 1985, is a 15 member policy-making body mandated to perform various functions related to victims of crime. These functions include reviewing the need and availability of services for victims, advocating for legislative changes to improve the treatment of victims, providing information, training and technical assistance to state and local agencies and groups, aiding in the creation of new programs and increasing public awareness of victim issues. The activity is responsible for providing support to the council, writing and tracking legislation, organizing an annual conference, providing training and technical assistance, and coordinating efforts with other agencies or groups.

BUDGET ISSUES:

Due to increases in violent crime and public awareness about reparations, the number of claims submitted is expected to increase at a rate of about 19% per year. Some of the additional workload will be handled by proposed statutory changes in claims review procedures. Additional staff time will be needed in order to process claims at the same rate and provide the same quality of service.

The resulting increase in cost to the board will be partially offset by new cost-cutting rules, increased scrutiny of claims, and better coordination with other benefits payable to claimants. Any increase that cannot be offset will result in a backlog of claims. These delays will cause additional hardship to low or moderate income victims who cannot afford to cover their bills while waiting for reimbursement. Excessive delays will cause medical providers to deny service to patients who have the board as their only source of payment. With the 5% reduction, it will be difficult for the board to avoid these consequences.

EFFICIENCY MEASURES:

The average cost per claim decreased from $2,147 in 1990 to $2,081 in 1991. The average cost should be held to about $2,000 in F.Y. 1995. This is comparable to other states where the average cost per claim in 1989 was $1,824.

More claims were processed with the same number of staff. More new claims were awarded benefits, but fewer supplementary claims were awarded. New awards have first priority over supplementary claims.

	F.Y. 1994	F.Y. 1995
Number of claims processed (est.)		
New awards	651	673
Supplementary awards	692	594
Claims denied	379	434

If the number of claims submitted continues to increase at the same rate, the number of new claims awarded would have to increase to about 1,480 in F.Y. 1995.

The average processing time for new claims increased from 3.5 months in F.Y. 1991 to 5 months in F.Y. 1992. This was due to the increase in claims, a shortage of funding for claims, and no increase in staff. The target average processing time for F.Y. 1995 is 6 months. Most other states have a 6 month processing time.

The cost of providing on-site technical assistance to 11 counties in a 2 year period was approximately $45,000 or $4,091 per county served. Only 3 of those counties have developed a victim/witness program as a result of the assistance provided. If the Department of Corrections, victims services program receives additional funding for general crime victim program grants, the success of the council's technical assistance project will improve.

The annual conference has grown each year and last year was attended by about 250 people. Most of the costs of the annual training conference are covered by grants from other agencies and registration fees. However, about $10,000 of the cost is contributed by the board in staff time, copying and mailing. The cost to the board is only about $40 per person trained.

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Federal	$500	$593	$394	$475	$475

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: CRIME VICTIMS REPAR
ACTIVITY: CRIME VICTIMS REPAR

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	215	221	228	229	229	320	229	229	320
EXPENSES/CONTRACTUAL SRVCS	60	41	70	70	70	70	70	70	70
MISC OPERATING EXPENSES	1,875	1,950	1,928	1,928	1,916	1,916	1,928	1,916	1,916
SUPPLIES/MATERIALS/PARTS	3	3	4	4	4	4	4	4	4
SUBTOTAL STATE OPERATIONS	2,153	2,215	2,230	2,231	2,219	2,310	2,231	2,219	2,310
TOTAL EXPENDITURES	2,153	2,215	2,230	2,231	2,219	2,310	2,231	2,219	2,310
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<8>			<8>
(B) CLAIMS PROCESSING/FUND RECOVERY		GEN				99			99
TOTAL GOV'S INITIATIVES						91			91
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,644	1,620	1,835	1,836	1,744	1,835	1,836	1,744	1,835
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	9								
FEDERAL	500	593	394	394	475	475	394	475	475
GIFTS AND DEPOSITS		2	1	1			1		
TOTAL FINANCING	2,153	2,215	2,230	2,231	2,219	2,310	2,231	2,219	2,310
POSITIONS BY FUND:									
GENERAL	5.0	5.0	5.0	5.0	5.0	8.0	5.0	5.0	8.0

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Public Safety, Department of
PROGRAM: Crime Victims Services
ACTIVITY: Crime Victims Reparations

ITEM TITLE: Recovering Funds for the Reparations Program through Subrogation, Restitution and Refunds

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$99	$99	$99	$99
- Grants				
Revenues: ($000s)				
General Fund	$150	$200	$200	$200

Statutory Change? Yes _____ No _X_
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that 3.0 full-time positions be added to the Crime Victims Reparations Program. These positions include a training coordinator, claims investigator, and clerk typist.

The purpose of these additions it to improve the overall administration of the program and increase revenue recapture efforts for the program.

Claims for reparations have doubled since 1988 without adequate staff and funding to handle the increase. Consequently, a severe backlog of claims has developed, and the office is unable to focus adequate attention on recovering funds for the program through subrogation, restitution and refunds. In F.Y. 1992, the program recovered a total of $169,972 through subrogation, restitution and refunds. Based on research that amount recovered will increase by a minimum of $150,000 in F.Y. 1994 through the additional staff requested. After F.Y. 1994, the amount recovered will be at least $200,000 per year. The additional funds will be used to cover the costs of additional staff and will result in increased dollars for use in paying claims to victims.

Although there have been many efforts to publicize the availability of the Reparations Program, there are still many counties throughout the state whose citizens have never requested reparations. Communities of color often indicate a problem regarding a lack of awareness and understanding of the program. There are police jurisdictions, social service agencies, medical facilities, etc., who are unaware of the availability of the program or how it works in providing financial assistance to crime victims.

PROGRAM OUTCOMES:

Training and technical assistance will be provided to police agencies, social service and medical facilities, as well as to citizens who may be eligible for the program. The office will be able to reach out to communities of color and to communities in greater Minnesota who need information about the availability of the program and how it might be of assistance to their citizens.

Specific outcomes include:

1. Eliminate the backlog of claims and reduce the processing time for claims from 6.5 months to 3 months by 12-30-93.

2. Increase the amount of revenue recaptured through subrogation, restitution, and refunds by $150,000 in F.Y. 1994 and $200,000 per year in F.Y. 1995-96-97.

3. Specific goals for training and outreach to under-served communities will be developed for implementation as soon as positions are approved.

4. Curricula will be developed for use in training police, social service and medical agency personnel to enhance the appropriate use of the reparations program.

LONG-TERM IMPACT:

The Reparations Program will be more efficient and effective in providing assistance to victims of crime. The costs for the addition of these positions will be paid for by increasing the revenue recovered. The state will be able to recover more funds for use in providing assistance to victims. Communities which are currently under-served by the program will be more aware of the program and consequently better able to access the services of the program.

The impact will be most noticeable for the citizens of the state who are crime victims and for the police agencies, social service agencies and medical facilities who refer crime victims for reparations assistance. By improving the operation of the program, crime victims will receive reparations assistance in a more timely manner. This will eliminate the backlog of claims that has developed and the process for awarding claims will be more efficient.

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PROGRAM: Crime Victims Ombudsman
AGENCY: Public Safety, Department of

PROGRAM PURPOSE:

The mission of the office of the Crime Victims Ombudsman is to ensure statutory protection of crime victim's rights and provide a resource of information and referrals for all victims of crime. The program offers assistance to crime victims who feel their statutory rights have been violated, or who feel they have been mistreated by an element of the criminal justice system, a victim witness program, or a victim service provider. The office acts as impartial investigator and liaison between the criminal justice system and victim and acts as a referral source for victims and their families.

The office contributes to several goals of the Minnesota Milestone theme, "A Caring and Secure Community."

- Families will provide a stable environment for their children. The ombudsman's office contributes to this goal by ensuring that a person who violates an order for protection is fully prosecuted under Minnesota law, and by acting as liaison between the victims family and the criminal justice system to achieve prosecution of an abuser.
- Our communities will be safe, friendly and caring. The office acts as liaison to ensure that prosecution of a perpetrator occurs when any individual is the victim of a violent crime, provides telephone numbers to agencies that will provide victims and their families with counseling and support services for any type of crime, and monitors bias crimes and discrimination through complaints received from victims.

PROSPECTS:

Significant factors impacting the programs goals are:

- Increase in violent crime. The rate of violent crime, particularly domestic assaults, has increased in recent years. Due to cuts in law enforcement using fewer assault teams, the program will have an increase in complaints submitted.
- Increase in public awareness. Printed materials explaining victims rights and direct victim assistance is becoming more readily available through law enforcement and victim/witness programs.
- Duty to inform. Agencies within law enforcement and city/county attorneys are becoming increasingly aware of their duty to inform victims of charges, hearing dates, pleas and dispositions.
- Equal treatment. Victims rights are being viewed with equal importance as the rights of defendants.
- There is still a lack of clear policy regarding parental kidnapping, guardian ad litem programs, and meeting victims rights under misdemeanor charges.
- This office responds to individual complaints and identifies problem areas. Policies and procedures that differ from county to county and department to department resulting in lack of uniformity and standardization statewide is one area that is being addressed by the State Restitution Task Force.

OUTCOMES:

Minnesota has become a leader in the pursuit of fair treatment of crime victims, evidenced by the creation of the first ever Crime Victims Ombudsman in the nation. This office has been used as a model by other states including those seeking constitutional rights for crime victims.

The office provides a perspective on treatment of victims statewide that contributes to policy making, new legislation, and curriculum development for the Post Board, Supreme Court Racial Bias Task Force, Hennepin County Crime Victims Council, Hennepin County Child Abuse Task Force, and the Minnesota Task Force on Missing Children.

Victims of crime, their families and friends have a right and deserve an opportunity to regain control and power over their lives. Through the work of this agency victims are being treated more fairly and equitably by the criminal justice system. Intervention by this office results in fair and equitable treatment of victims. This is measured by the positive feedback received from victims concerning their experiences and by reports of others working on their behalf.

OBJECTIVES:

The ultimate goal of this program is reduction in the number of complaints registered with the office and more uniform standards and policies statewide regarding implementation of victims rights. Although the ultimate goal is to reduce complaints to this office, the reality is that by the very presence of this office complaints are skyrocketing. A great deal of effort and education is needed before a decline in complaints will ever be seen. The presence of the ombudsman's office is also found to prevent reoccurrence of inappropriate treatment of victims.

The mission of the ombudsman's office is also served by empowering victims, even when they are under proper treatment. Often victims not familiar with the criminal justice system are intimidated and unable to articulate their concerns. The Victim's Bill of Rights places the obligation of victim's input in the hands of the criminal justice professionals. As a result, victims feel they are a legitimate part of the process, and they report that positive changes occurred once this office became involved.

There are many factors which play a part in determining how many complaints are received by this office.

- Education regarding victim's rights and the role of the ombudsman's office historically has been shown as a factor increasing complaints initially but later serving as a vehicle for reducing complaints.
- The election of a new county attorney may result in an increase or decrease of complaints depending on their commitment to their statutory obligations.
- Establishing a victim service program in a county will initially increase the number of complaints but will ultimately play a role in reducing and preventing complaints.

The office will continue displaying the crime victims ombudsman booth at health fairs, neighborhood involvement fairs and conferences to help inform the public of victims' rights.

The office will strive to inform a larger number of victims statewide of their rights under Minnesota law. The office will reach out to more professionals in the criminal justice system to inform them of the obligations placed on them under Minnesota law.

The office will continue to contribute to policy-making and legislation for bettering the treatment for victims of crime.

PROGRAM PLAN:

This program experienced no budget reductions. Any inflationary increases will be offset by leveraging on a contract with Department of Corrections.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: CRIME VICTIMS OMB

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
CRIME VICTIMS OMB	107	145	155	155	155	153	155	155	153
TOTAL EXPENDITURES BY ACTIVITY	107	145	155	155	155	153	155	155	153
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<2>			<2>
TOTAL GOV'S INITIATIVES						<2>			<2>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	29	61	73	73	73	71	73	73	71
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	78	84	82	82	82	82	82	82	82
TOTAL FINANCING	107	145	155	155	155	153	155	155	153
POSITIONS BY FUND:									
GENERAL	1.0	2.0	2.0	2.0	2.0	2.0	2.0	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	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0

BUDGET ACTIVITY: Crime Victims Ombudsman
PROGRAM: Crime Victims Ombudsman
AGENCY: Public Safety, Department of

ACTIVITY DESCRIPTION:

This activity carries out the mission of the Office of Crime Victims Ombudsman by:

- Conducting investigations of complaints regarding violations of a victim's rights and mistreatment of a victim.
- Acting as a liaison between victims and the criminal justice system.
- Being a source of information for victims and a referral source statewide.
- Informing the public and service professionals of crime victims' rights.
- Monitoring compliance with statutory requirements.
- Providing leadership in policy making and planning regarding services to victims.

BUDGET ISSUES:

The staff complement required to ensure quality service has not been determined. Each month 25 to 30 investigations are opened, plus 35 to 40 information/referral calls are received. As a result of educational and outreach efforts, the caseload is growing and turnaround time is getting slower. This does not appropriately serve the crime victim complainants who have already been waiting too long for service in a cumbersome criminal justice system.

EFFICIENCY MEASURES:

Complaints are currently being handled by the Ombudsman, assistant Ombudsman and complaint investigator. Complaints require anywhere from 1 to 40 hours of communication between the agency, victims and professionals in the criminal justice system.

	F.Y. 1991	F.Y. 1992
Number of complaints	583	640

If the number of complaints submitted continues to increase at the same rate, the hours spent on the cases would also need to increase. Also, if the number of complaints continues to increase at the same rate, by F.Y. 1995 the agency will receive 852 new complaints.

- The ombudsman's office has handled over 1,200 complaints resulting in varying degrees of resolution, In addition some 3,500 calls for referral and information have been received and processed.
- The office distributes 15,000 brochures annually and utilizes free air time statewide for public service announcements.
- The Ombudsman has conducted training for approximately 800 law enforcement personnel regarding their statutory responsibilities.
- Speaking engagements provided victims rights information to 200 judge, 9 social service agencies, 25 county attorneys, 175 community correction agents, 8 university classes, 2 high school classes, 4 police academy classes, 3 public forums, and several hundred advocates.

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Special	$78	$84	$82	$82	$82

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PUBLIC SAFETY, DPT OF
PROGRAM: CRIME VICTIMS OMB
ACTIVITY: CRIME VICTIMS OMB

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	91	111	137	137	137	135	137	137	135
EXPENSES/CONTRACTUAL SRVCS	8	8	8	8	8	8	8	8	8
MISC OPERATING EXPENSES	7	11	9	9	9	9	9	9	9
SUPPLIES/MATERIALS/PARTS	1	6	1	1	1	1	1	1	1
CAPITAL EQUIPMENT		9							
SUBTOTAL STATE OPERATIONS	107	145	155	155	155	153	155	155	153
TOTAL EXPENDITURES	107	145	155	155	155	153	155	155	153
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<2>			<2>
TOTAL GOV'S INITIATIVES						<2>			<2>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	29	61	73	73	73	71	73	73	71
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	78	84	82	82	82	82	82	82	82
TOTAL FINANCING	107	145	155	155	155	153	155	155	153
POSITIONS BY FUND:									
GENERAL	1.0	2.0	2.0	2.0	2.0	2.0	2.0	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	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0

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AGENCY: Minnesota Safety Council (MSC)
(Continuation)

OBJECTIVES:

1. Reduce traffic crashes and fatalities: Provide behavior modification training for licensed drivers through the Defensive Driving Course and other courses.

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of drivers trained	23,500	23,563	25,000	27,000	29,000

2. Reduce unintentional injury to children: Conduct safety camps in communities around the state to provide injury prevention training to children.

Number of safety camps	8	15	20	25	30
Number of children reached	1,000	2,300	3,000	3,500	3,900

Produce and distribute program manuals on community bicycle and safety camp programs.

Number of manuals distributed	-0-	-0-	200	200	150

3. Workers compensation cost control: Develop and conduct training to assist public and private sector employers to meet safety and health needs, and to comply with occupational safety and health regulations.

Number of people trained	10,020	11,813	13,000	14,500	16,000

Expand audio-visual library and availability to small business, local government units and schools.

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of audio visuals available	318	340	360	380	400
Number of bookings	3,500	3,700	3,850	4,100	4,400

Conduct safety and health conferences as updates on major issues, and to introduce new concepts to private and public sector employers, labor, enforcement and the general public.

Number of attendees	1,183	1,230	1,300	1,400	1,500

4. Programs in Greater Minnesota: Develop and support local volunteer safety organizations to provide programs at community level.

Number of organizations	15	18	20	22	24

Develop and support Minnesota Safe Kids community coalitions to deliver childhood injury prevention programs at the local level.

Number of community coalitions	-0-	2	5	7	9

Continue toll-free telephone line to provide access to program development and consultation staff.

Number of toll-free calls received/month	700	825	950	1,100	1,300

OUTCOMES:

1. Traffic crashes: the largest cause of death and injury to Minnesotans to age 37, and a significant cause of death and injury to all Minnesotans. Minnesota Department of Public Safety collects data to measure performance

	F.Y. 1981	F.Y. 1987	F.Y. 1991	F.Y. 1995
Traffic fatality rate per 100,000,000 miles traveled	2.67	1.67	1.35	1.29

2. Unintentional injury to children: The number 1 health risk to children. The Minnesota Department of Health collects data to measure performance in reducing injuries and fatalities to children from unintentional causes.

	F.Y. 1981	F.Y. 1987	F.Y. 1991	F.Y. 1995
Fatality rate/100,000 population to children under age 15 from unintentional injury	14.3	12.0	11.7	10.5

3. Workers compensation cost control: One way of controlling workers compensation costs is to reduce workplace accidental injuries and fatalities. The Department of Labor and Industry maintains data to measure performance in reducing on-the-job injuries and fatalities.

Workplace fatalities	73	63	40	35

4. Programs in Greater Minnesota: Since almost half of Minnesota's population is outside of the metropolitan area, programming in greater Minnesota is critical to impacting outcomes previously listed. No specific additional outcomes are identified.

AGENCY BUDGET PLAN:

State funds are used as seed money for new-program development, Minnesota Safe Kids activities and as a base for funding services in Greater Minnesota and minority communities. Since 1967 when MSC first received statutory funding, MSC has significantly increased its gross budget, from $75,000 to approximately $2.6 million in 1992. Each state dollar is matched with over $6 in private-sector contributions. MSC funds the balance of its activities through revenues from training and sale of training-related materials. Current funding sources: corporate contributions - 15%, training - 55%, state appropriation - 3%, grants - 7%, other earned income - 21%. MSC requests same-level funds for operations, less a 5% reduction mandated by the Department of Finance.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

AGENCY: Minnesota Safety Council (MSC)

MISSION:
To promote safety and health by providing programs, resources and services to prevent or reduce personal and economic loss associated with injuries, accidents and health hazards occurring throughout Minnesota.

Our vision is that by the year 2002, MSC will be the most effective, well-respected and well-recognized champion for improving the safety and health of people in the Upper Midwest. MSC will:

- Be the recognized leader in providing safety, health and risk avoidance education, training and technical services.
- Be recognized for creating and executing innovative strategies including far-reaching public and private partnerships, to prevent unintentional incidents which result in human and economic loss.
- Provide a forum for debate regarding problems and solutions in injury and environmental illness loss avoidance.
- Conduct research and develop programs to identify new concepts, systems, educational methods and materials for risk avoidance safety and health enhancement.
- Address the needs of a diverse population of individuals, organizations and communities in terms of geography, age and culture.
- Have and support creative, skilled, committed and empowered staff and volunteers.
- Be recognized for our commitment to quality, service and program excellence.
- Provide programming at a state-of-the-art headquarters facility and a network of regional offices, serving 200,000 individuals and organizations per year.
- Have successfully placed ourselves on the cutting edge of advanced technology applicable to the advancement of safety and health.

MINNESOTA MILESTONES:
The MSC's work supports several of the Milestones goals and vision themes:

- Minnesotans will be healthy.

  Accidents are the primary health hazard to our children, the primary cause of death to Minnesotans to age 37, and the 4th leading cause of death in Minnesota. Studies show more years of life lost from accidents than heart disease, cancer and strokes. National experts estimate at least 100 disabling injuries for each fatality recorded. Reducing unintentional injury dramatically increases Minnesotans' chances to lead healthy lives. MSC provides training to drivers, employees and families to decrease accidental death and injury.

- Our communities will be friendly and caring.

- MSC develops grass roots programs for children, parents and other caregivers to reduce unintentional injury to Minnesota's young people. We provide public education regarding injury prevention and health hazards on and off the job. We organize and provide program support to a network of volunteer community safety councils which bring safety and health programming to cities and counties across the state.

- Minnesota will be the preferred place to do business in the Midwest and a strong competitor in world markets.

  In 1991, accidents cost Minnesota more than $3 billion. Minnesota employers' share was almost $2 billion. MSC assists employers to build strong workplace safety and health programs to free dollars wasted on accidents for investment in growth and competitiveness.

- The world will know Minnesota for the quality of its work force.

  Any measure of the quality of a work force includes a measure of its productivity. Studies show that businesses which have strong occupational safety and health programs also enjoy increased productivity with reduced absenteeism, less downtime due to accidents and health hazards, and a more motivated work force. MSC provides the training to employers and employees to strengthen workplace safety and health, whether it is in the plant or on the road.

CLIMATE:

1. Traffic fatalities: Minnesota posted the lowest traffic mileage death rate in state history in 1991, and the lowest in the nation, but traffic crashes are still the primary killer of Minnesotans to age 37 and the primary cause of personal injury. Key causes are driver errors. MSC trains licensed drivers in accident avoidance skills. We train almost 20,000 drivers a year in Defensive Driving Courses around the state, including courses for drivers age 55 and over, who qualify for a 10% reduction in auto insurance rates after completing the course.

2. Unintentional injury to children: This is the top health hazard to children, yet studies show that parents think their children are more at risk from disease, drug abuse, child abuse and abduction. There has been a lack of coordinated effort to reduce childhood accidental injuries and deaths. MSC's Minnesota Safe Kids program involves a coalition of more than 140 agencies and organizations working in injury reduction or children's issues. The organizations assist to plan and implement programs aimed at children, parents and other caregivers such as teachers, health care professionals, pre-school staff and more. Minnesota Safe Kids has twice been recognized nationally for excellence and effectiveness in programming.

3. Workers compensation cost control: Workers compensation reform has concentrated on changes in the insurance system, a critical need acknowledged by government, labor and employers. There is another side of the issue, and that is control through reduction of workplace injuries, reduction of claims and resultant costs. MSC provides workplace safety and health consultants who may be accessed through our toll-free telephone line. They assist workers and employers to develop and implement programs to reduce on-the-job accidents. In addition, MSC develops and conducts training to assist in policy development, regulatory compliance, and employee and management skills-building to support workplace safety and health programs.

4. Programs in Greater Minnesota: Almost half of Minnesotan's population is outside of the metropolitan area, and requires accident prevention services. In 1991, MSC conducted training in 125 different Minnesota communities. In addition, our toll-free telephone line provides access to program consultants without charge from anywhere in Minnesota. Our Minnesota Safe Kids program has worked with agencies throughout the state to build grassroots childhood injury prevention programs. MSC is in the second year of a program funded by a private national foundation to develop and implement a comprehensive injury reduction program on the Red Lake Indian Reservation. The program focuses on traffic and home safety. It is receiving national recognition, and if successful, will be used as a model for reservation communities around the country.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: SAFETY COUNCIL
PROGRAM: MINN SAFETY COUNCIL
ACTIVITY: MINN SAFETY COUNCIL

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	71	71	71	71	67	67	71	67	67
TOTAL EXPENDITURES	71	71	71	71	67	67	71	67	67
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
TRUNK HIGHWAY	71	71	71	71	67	67	71	67	67
TOTAL FINANCING	71	71	71	71	67	67	71	67	67
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

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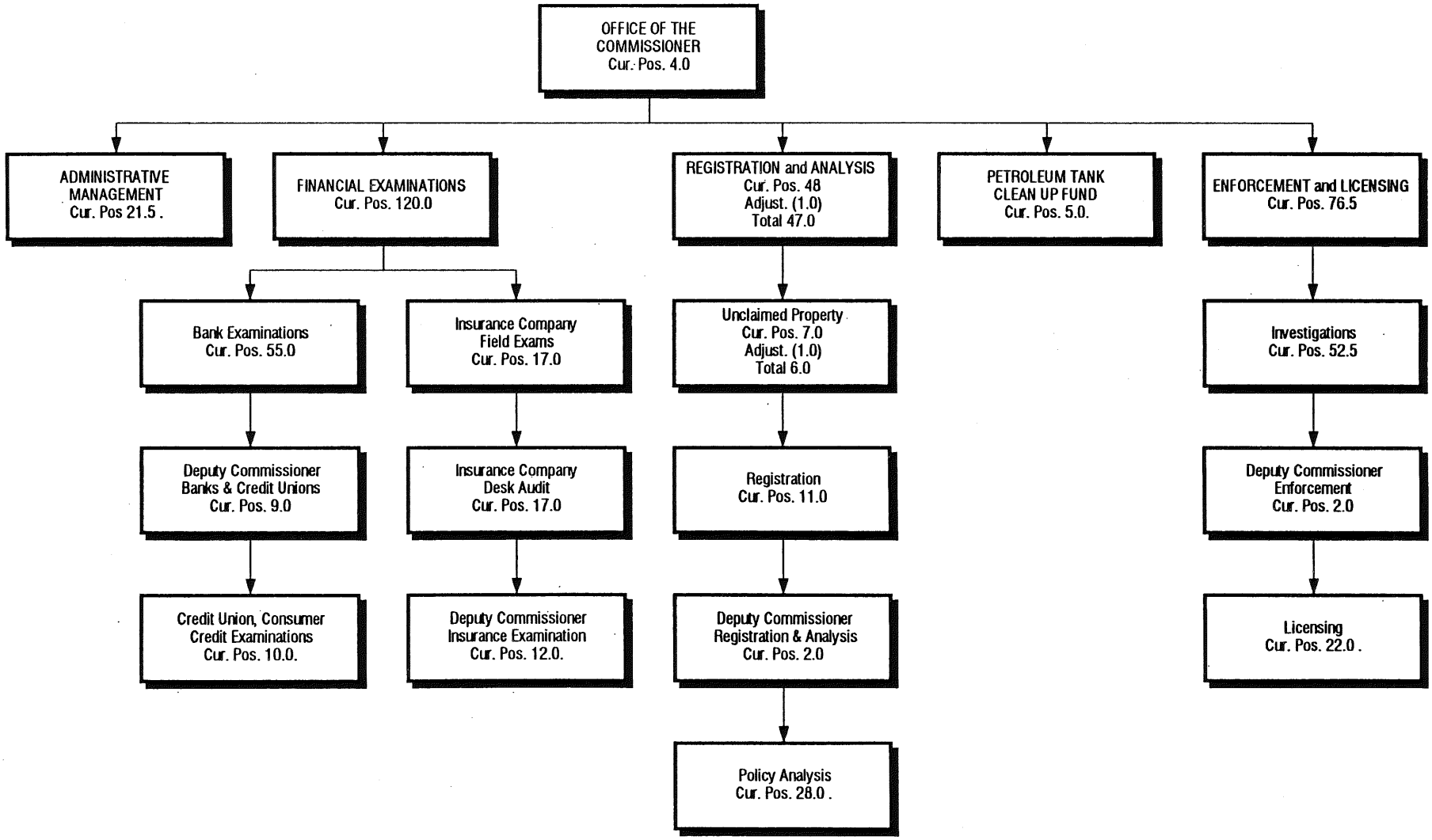
1994-95 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: COMMERCE, DEPARTMENT OF

Department of Commerce
Organization Chart as of 7/1/92



Department of Commerce

Position and Employee Status Information

Position Reconciliation:

Authority	Current F.Y. 1993	Requested for 6/30/95
Legislative Complement:		
General Fund	247.0	256.0
Special Revenue	3.0	3.0
Environmental	5.0	5.0
Health Care Access	0.0	10.0
LAC Approved:		
General	10.0	
Health Care Acess	10.0	___
Total Permanent Positions	275.0	274.0
Other Complement (FTE)	0.0	
TOTAL Positions	275.0	274.0
Employees on 6/30/92	257.0	

Employees by Employment Status:

	6/30/92
Full-Time Unlimited	248.0
Full-Time Temporary	7.0
Part-Time Unlimited	2.0
TOTAL	257.0

1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Commerce, Department of **Fund:** General

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$13,594	$13,629	$27,223
Forecast Adjustments	306	151	457
AGENCY BASE	$13,900	$13,780	$27,680
Inflation Cost Increase	399	852	1,251
Agency Management Decisions			
Anticipated turnover	$(337)	$(348)	$(685)
Financial Examinations Banks			
Change in bank exam procedures	(60)	(80)	(140)
Reduction in exam staff	(89)	(166)	(255)
Reduction of support staff	(29)	(63)	(92)
Travel Reductions	(20)	(21)	(41)
Financial Examinations Insurance			
Reduction in exam staff	(76)	(116)	(192)
Reduce NAIC participation		(19)	(19)
Training reductions	(2)	(14)	(16)
Registration and Analysis			
Unclaimed Property Advertising	(134)	(107)	(241)
Position reductions and classification changes	(58)	(155)	(213)
Administrative Services			
Elimination of support services to non-health boards	(33)	(34)	(67)
Reduction in hearings	(16)	(16)	(32)
Operational changes	(62)	(107)	(169)
Enforcement and Licensing			
Licensing changes	(58)	(70)	(128)
Salon inspections	(37)	(38)	(75)
Increase in complaint response time	(57)	(149)	(206)
Training reductions	(26)	(37)	(63)
Subtotal	$(1,094)	$(1,540)	$(2,634)
Total Agency Plan	$13,205	$13,092	$26,297
Governor's Initiatives			
Restore Agency Reduction	$198	$316	$514
Transfer HealthRight funding to General Fund	816	831	1,647
Transfer Abstracting Regulation to Commerce	-0-	-0-	-0-
Salary Planning Estimates	(352)	(353)	(705)
Subtotal	$662	$794	$1,456
GOVERNOR'S RECOMMENDATION	$13,867	$13,886	$27,753

Brief Explanation of Agency's Overall Actions:

The department's planning phase included the initial approach of reviewing the operations to determine any and all non-essential or non-mission based functions within the department. After careful review of operations, the realization was made that after 10 years of continual reorganization, the department was in effect running a lean and efficient operation that focuses on the department mission. No programs that were unnecessary were in existence to eliminate or functions performed deemed non-essential. After review of this information, the department's management made the decision that reductions for the 5% base concept and funding of inflation would have to occur within the existing programs. The challenge would then be made to as best as possible provide the same or similar services within a reduced environment.

While some of the management decisions made will have a less severe impact on operations or the clientele of the department, some decisions could have a major impact on the department's outcomes. Following is a brief summary of the decisions made to meet the challenge.

The department has proposed making some changes in operations that would increase efficiencies and allow us to decrease our same level need for F.Y. 1994-95 by $607,000.

- The first of these changes would be to change procedures for the processing of examination reports for bank, credit union and consumer credit companies. These changes would increase efficiencies in processing examinations and decrease the time required to actually do an examination allowing the division to increase some of its productivity. The department will also implement change in travel expense reimbursement policy to allow for savings in this area.
- The department will reduce the financial examinations program by 2 clerical positions responsible for processing charters and license documents for licensees, new applications for license or charter, and support to office staff. This may cause delays in processing of applications.
- The department would reduce funds for travel to conferences of the National Association of Insurance Commissioners (NAIC). This would not eliminate our participation but limit the

number of individuals attending. It may affect the ability to attend all aspects of the conferences as meetings are held concurrently. However, by F.Y. 1995 it is hopeful that technological advancements will allow the department to continue some participation by use of teleconference resources.

- The department would make some reductions to staff development budgets that would decrease the availability of training to some areas. Training programs would be reviewed, prioritized and the benefits maximized to keep costs to a minimum and benefits to the maximum. Some efforts will be pursued to have cooperative efforts on training between divisions, departments and other regulatory bodies to provide cost effective training efforts and allow for this reduction in funding.
- The department will propose changes in statutes to allow for a change in the unclaimed property advertising requirement. It is the intent to change the minimum advertising requirement from $25 to $100 which will save substantial money in advertising costs and data base recordkeeping.
- Savings will occur in continuing to fill vacant positions at entry level classifications and from eliminating a position that has been identified to not have a significant impact on operations.
- To meet the challenge for administrative services, the department proposes to eliminate services provided to the non-health licensing boards as required in M.S. Ch. 214. Also, a reduction can be made in the budget for administrative hearing as our expenditure history has indicated a change in the utilization of this service. In addition, changes in procedures and reductions in operating costs in administrative services will allow us to meet our remaining challenge for this program.
- The department will propose changes in the statutes to produce increased efficiencies in our enforcement and licensing program. These include changing the license renewal for insurance and real estate from annual to biennial. The plan would include fee changes that should only affect cash flow and not the overall revenue received for a biennium. Also, the reference to timely renewal would be deleted from statute to allow for additional processing time and eliminate the need to add additional staff for renewal periods. The requirement to inspect all salons on an annual basis would be deleted and inspections would be done as needed or within an 18 to 24 month timeframe. Notary licenses would be changed from a 6 year appointment to a lifetime appointment. Finally, the data practices act must be amended to allow the department to release complaint information eliminating a substantial amount of time spent by staff on the phone trying to explain why the information is not available to them.
- The final area is the reduction in investigation staff in the enforcement area which will have an impact on our ability to investigate complaints made by consumers receiving services by regulated financial services industries. The division will have to set priorities for complaints based on the level of economic impact. This will decrease assistance services received by Minnesotans from the department when they are concerned that they have been defrauded by licensees.

The changes identified above, while they will produce some minor hardships, will not have a major impact on the outcomes of the department. Most of these changes will produce increased efficiency and effectiveness for the department and its regulatory programs.

The following changes must be made to meet the department challenge. However, they will have an impact on the outcomes of the department. Those impacts are discussed below with each item.

- Reduction in staff in the examinations division for banks, credit unions and consumer credit companies are proposed in the amount of $89,000 in F.Y. 1994 and $166,000 in F.Y. 1995. This will require reduction in the metro area crew, and reducing 2 rural area bank crews from 4 person to 3 person. These crews are responsible for the examination of 243 banks with $10.8 billion of assets.

The effect of these reductions on the outcomes of the department will be to delay some examinations beyond the 12 to 18 month congressional and statutory mandate for F.Y. 1994 and an additional 21 or 110 examinations delayed for F.Y. 1995. As long as Minnesota banks stay in the current health condition and examinations are only delayed, the department would be able to meet examination objective but not within the 12 to 18 month congressional and statutory mandate.

The reductions may also result in a reduction in compliance examinations in F.Y. 1995. Compliance examinations of 36 motor vehicle sales finance companies and 16 insurance premium finance companies scheduled for F.Y. 1995 would not be completed. The result could present a risk of insolvency and losses to Minnesotans receiving services from these companies.

- Reductions in staff of the financial examination program for insurance companies would be required in order for the department to meet the challenge. This program has been significantly changed over the last 2 years as a result of a major piece of legislation protecting Minnesota's insurance company solvency. The solvency legislation was enacted to protect Minnesota insured from the event of major insolvencies and losses. The program is funded by the General Fund and reimbursed by the insurance industry through fees charged for examination and transaction. The reduction amounts to $76,000 for F.Y. 1994 and $116,000 for F.Y. 1995.

Currently the field examination function of this program has not met the statutory targeted 3 year examination cycle. It was the intent of the additional staff to attempt to achieve and maintain current status on examinations. The desk audit function was designed to be an early warning function to allow the department to be pro-active in solvency regulation. The legislature intended to add additional staff to the department to achieve the goals of the solvency legislation. The idea was for a phase in approach to allow for implementation of new programs. We are in the middle of the implementation phase and these reductions could cause difficulty in achieving the desired outcomes of the solvency legislation, but since the program is still in a form of implementation and design, the effect is immeasurable.

	F.Y. 1994	F.Y. 1995
2. Impact on Staffing:		
Positions Left Vacant or Eliminated		
Financial Examinations	6.0	10.0
Registration & Analysis	1.0	3.0
Administrative Services	1.0	1.0
Enforcement & Licensing	4.0	6.0
Total Agency Impact	12.0	20.0

	F.Y. 1994	F.Y. 1995	TOTAL
3. Impact on Revenue Generation			
Agency Plan			
Bank Examination Fees	$(180)	$(338)	$(518)
Assessment	(156)	(176)	(332)
Insurance Examination Fees		(55)	(55)
Desk Audit Fee	(134)	(140)	(274)
Insurance Biennial License	2,390	(2,390)	-0-
* Real Estate Biennial License	-0-	784	784
Non-Health Board Fees	(33)	(34)	(67)
Subtotal	$(503)	$(743)	$(1,246)
	$1,887	$(2,349)	$(462)
Governor's Initiatives:			
Restore Agency Reductions	$347	$567	$914
Transfer Abstracting Regulation to Commerce	26	26	52
Subtotal	$373	$593	$966
Governor's Recommendation	$(130)	$(150)	$(280)
	$2,260	$(1,756)	$504

* The Real Estate biennial license renewal, which is effective in F.Y. 1995, will result in a one-time revenue increase in the General Fund, because 3 years of license fees will be collected in the 1994-95 biennium, rather than 2 years.

4. **Affected Statutes:**
Minnesota Statutes Chapters 13; 60A.17; 82.20, subds. 7 and 8; 345.41(b)(3); and 359.05.

5. **Governor's Recommendation:**

The Governor recommends funding levels as requested in the agency's budget plan, except for the following adjustments: a biennial increase of $514,000 to restore funding reductions proposed in the agency's plan for banking and insurance examination staff and for administrative support services to the non-health boards; a biennial decrease of $705,000 due to revised salary planning estimates, the transfer of $1,647,000 and 10 positions from the Health Care Access Fund to the General fund for increased regulatory responsibilities resulting from the MnCare reform bill, because the insurance industry pays for the cost of this regulation through fees which are deposited in General Fund; and the transfer of responsibility for regulating the abstracting profession from the Board of Abstracters to the Commerce Department effective 7/1/93. The Commerce Department will absorb the cost of this regulation within existing funding levels.

1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Commerce, Department of **Fund:** Health Care Access

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$816	$831	$1,647
Forecast Adjustments	-0-	-0-	-0-
AGENCY BASE	$816	$831	$1,647
Inflation Cost Increase	38	59	97
Agency Management Decisions			
Agency Operations:			
Miscellaneous Expense Reductions	(38)	(59)	(97)
TOTAL AGENCY PLAN	$816	$831	$1,647
Governor's Initiatives			
Transfer to General Fund	(816	(831)	(1,647)
GOVERNOR'S RECOMMENDATION	$-0-	$-0-	$-0-

Brief Explanation of Agency's Overall Actions:

The department has identified supply and expense reductions that can be made without affecting the efficiency or effectiveness of this program.

2. Impact on Staffing:

	F.Y. 1994	F.Y. 1995
None.		

3. Impact on Revenue Generation:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
Agency Plan	$-0-	$-0-	$-0-

5. Governor's Recommendation:

The Governor concurs with the agency's plan, but recommends the transfer of $1,647,000 and 10.0 positions from the Health Care Access Fund to the General Fund. Since the insurance industry pays for the cost of this regulation through fees which are deposited in the General Fund, the appropriation should be made from the General Fund.

1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Commerce, Department of **Fund:** Environmental

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$224	$224	$448
Forecast Adjustments	-0-	-0-	-0-
AGENCY BASE	$224	$224	$448
Inflation Cost Increase	8	16	24
Agency Management Decisions			
Agency Operations:			
Miscellaneous Expense Reductions	(8)	(16)	(24)
TOTAL AGENCY PLAN	$224	$224	$448
Governor's Initiatives			
Transfer Program to PCA	(224)	(224)	(448)
GOVERNOR'S RECOMMENDATION	$ -0-	$ -0-	$ -0-

Brief Explanation of Agency's Overall Actions:

The department will reduce its training budget and make other supply and expense reductions.

2. Impact on Staffing:
None.

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
3. Impact on Revenue Generation:			
Agency Plan	$-0-	$-0-	$-0-

4. Affected Statutes:
MS. 115C.07, Subd. 2

5. Governor's Recommendation:

The Governor recommends that the responsibility for providing administrative support to the Petroleum Tank Release Compensation Board be transferred from the Commissioner of Commerce to the Commissioner of the Minnesota Pollution Control Agency (MPCA). This transfer will facilitate the services to tank owners and operators by housing the entire program in a single agency. The board structure is recommended to remain intact and maintain its present role, but the administrative budget for the board, including 5.0 positions, is recommended to transfer to MPCA.

1994-1995 B I E N N I A L B U D G E T
INVESTMENT INITIATIVES
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF

ITEM DESCRIPTION:	FUND	EXPENDITURES FY 1994	EXPENDITURES FY 1995	EXPENDITURES BIENNIUM	REVENUES FY 1994	REVENUES FY 1995	REVENUES BIENNIUM
(A) RESTORE AGENCY REDUCTION	GEN	198	316	514	347	567	914
(A) SALARY PLANNING ESTIMATES	GEN	<352>	<353>	<705>			
	SR	<4>	<4>	<8>			
(A) TRANSFER ABSTRACTING REGULATION TO COMMERCE	GEN				26	26	52
(A) TRANSFER HEALTH RIGHT FUNDING TO GEN FUND	GEN	816	831	1,647			
	HCA	<816>	<831>	<1,647>			
(P) TRANSFER PETRO PROG FROM COMMERCE TO PCA	ENV	<29,504>	<29,504>	<59,008>			
TOTAL BY FUND	GEN	662	794	1,456	373	593	966
	HCA	<816>	<831>	<1,647>			
	SR	<4>	<4>	<8>			
	ENV	<29,504>	<29,504>	<59,008>			
TOTAL INVESTMENT INITIATIVES		<29,662>	<29,545>	<59,207>	373	593	966

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AGENCY: Commerce, Department of

MISSION STATEMENT:

The mission of the Department of Commerce is to serve the citizens of Minnesota by: enforcing state laws and safeguarding consumers' rights and investments; resolving conflicts between consumers and industry; enhancing the stability and strength of the financial and other regulated industries.

These goals, pursued in a professional manner, contribute to a fair and equitable marketplace.

To achieve the department mission, the programs of the department review issues of financial solvency for the regulated financial services industries; assure that investment products and insurance policies sold meet minimum standards of fairness and understandability; and assure policy holder and investor protection and understanding through enforcement of statutes and rules regulating the financial services industries.

The department is organized into 5 programmatic areas: financial examinations, registration and analysis, petroleum tank release clean-up fund, administrative services and enforcement and licensing.

These programs perform the functions identified in this document in order to achieve the following objectives:

- to ensure consumer trust and confidence in banks, thrift institutions, insurance companies and other lending institutions;
- to ensure the investor, borrowing consumer, policyholders and depositors safe and solvent financial institutions;
- to investigate complaints from the general public to determine whether the activities constitute violations of law and to take appropriate administrative disciplinary action;
- to assure the general public that persons engaged in the sale of financial services and products meet minimum standards of expertise and moral character;
- to constantly monitor rapidly changing market conditions and practices;
- to limit the sale of illegal business investments;
- to administer state laws affecting securities and insurance products through the review of policy forms to ensure that they are not inadequate or unfairly discriminatory;
- to ensure that the rates charged for insurance products are not excessive;
- to assure that all securities products are in compliance with merit and disclosure standards as required by law; and
- to assure that the cost of clean-up of leaking underground storage tanks are reimbursed pursuant to the Petroleum Fund statutes and rules.

MINNESOTA MILESTONES:

The mission of the Commerce Department directly supports two of the Minnesota Milestones themes: "A Prosperous People" and "Our Surroundings". The department contributes to the following Milestone goals:

- by enforcing state laws and safeguarding consumer rights and investments the department contributes to a strong and stable financial system to support sustained, above average economic growth that will provide all Minnesotans the economic means to maintain a reasonable standard of living;
- through effective regulation of the financial services industries supports a strong and well capitalized economy that will allow Minnesotans the economic means to a reasonable standard of living;
- the regulation of the insurance industry contributes to the citizens of the state of Minnesota being able to have a decent, save and affordable housing as it allows citizens the peace of mind to know that if they suffers a loss in personal insured property they will have a means to recover their monetary loss; and
- the Petroleum Tank Release Clean Up Fund provides a way for clean up of our environment in the event of petroleum leaks from storage tanks to provide improvement of our quality of air, water and earth through its reimbursement programs supporting leak clean-up. It is estimated that the department receive each year, approximately 2,000 applications for reimbursement totaling approximately $45,000,000.00.

CLIMATE:

Several economic influences affect the climate of this department. Much is controlled by the various conditions existing in the financial services industries.

Overall a major influence in this department's activities is the solvency of companies in the financial services business community. Solvency of banks, credit unions, consumer lending companies and insurance companies is a major focus of the mission of the Commerce Department. The solvency of these companies directly affects Minnesotans in business and their personal lives. It is necessary to assure the continued solvency of these areas in order to protect substantial investments of Minnesota citizens.

An additional affect on the activities of this department is Minnesota's aging population. The aging population combined with the volatile economic environment means that the level of attention the citizens of the state will demand from this department will increase. The aging population will increase in utilization of medical services and as a result increase the number of insurance transactions for health coverage. Also, an increase in utilization of services of the financial services industries as citizens attempt to establish a secure economic future.

AGENCY: Commerce, Department of
(Continuation)

As the economy changes, the market place changes. This creates variety and sophistication in the products that are displayed in the marketplace for Minnesotans to invest in. When new and innovative products are being designed, the challenge presents itself to develop consumer awareness and knowledge in an effort to protect their investments. The globalization of markets will present new and exciting challenges for the regulators regarding financial standards, preemption concerns and protection efforts.

In response to some of the economic factors that have had major impact on the solvency of insurance companies, the legislature passed the 1991 Solvency Act which increased the department staffing by 17 positions and appropriated the budget for solvency regulation. This bill, sponsored by the department and industry contained major changes in solvency regulation. The solvency bill was a result of a industry task force and a management evaluation performed by KPMG Peat Marwick recommending changes in insurance company financial solvency regulation staffing. The solvency bill contained several new reporting requirements for insurance companies and established a desk audit review function within the department to continually monitor the financial situation of the 1500 insurance companies doing business in Minnesota.

The 1991 Legislature also added the responsibility to regulate the activities of residential building contractors. The department has had to develop examination, licensing and trade practice criteria and implement a whole new regulatory program for this area. Problems have occurred in informing individuals of the need for licensing as many have not been registered or been members of trade associations in the past. Local officials have supplied resources to inform individuals of the need to be licensed when they have sought building permits for residential construction projects.

Finally, the 1992 Legislature through the HealthRight bill added insurance policy contract and rate review to the department's responsibility The bill creates the small employer health care plan. Small employers with 2 to 29 employees can purchase 1 of the 2 small employer plans created by this legislation. The department will oversee the formation of the 2 options for small employers. The department is responsible for creation of a mechanism for transferring risk in regard to the small employer market and has established a reinsurance association for that purpose. The Reinsurance Association is established under the supervision of the Commissioner to accomplish this goal. Various studies of insurance coverage, rate and marketplace conditions are required to be produced as a part of this legislation.

AGENCY BUDGET PLAN:

The general fund challenge for this agency amounts to $1,094,000 in F.Y. 1994 and $1,540,000 in F.Y. 1995. This includes unfunded inflationary cost increases of $399,000 in F.Y. 1994 and $852,000 in F.Y. 1995; and a 5% base reduction of $695,000 in F.Y. 1993 and $688,000 in F.Y. 1995.

Specific action to be taken is detailed in the various program plans with details on the impact on each area. Following is a summary of the overall impact of the decisions made in an effort to meet the F.Y. 1994-95 General Fund challenge.

	Dollars in Thousands	
	F.Y. 1994	F.Y. 1995
Salaries, fringe benefits, related expenses for 12 positions in F.Y. 1994 and 20 positions in F.Y. 1995	$497	$871
Salary savings from turnover	337	348
Unclaimed property advertising threshold change	134	107
Miscellaneous supply and expense reductions	126	214
	$1,094	$1,540

Non-general fund challenges are to fund the same level needs plus inflation with F.Y. 1993 funding as the base. The department has funding from 3 non-general funds listed below and identifying the F.Y. 1993 funding available, the needs and the challenges are:

Fund	94-95 BASE	94-95 NEEDS	94-95 CHALLENGE
Real Estate Fund	$663	$688	$25
Petro Fund	448	472	24
MinnesotaCare Fund	1,647	1,744	97

To meet the challenge for these funds the department has identified supply and expense reductions that can be made without affecting the efficiency or effectiveness of the programs involved.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the agency's budget plan, except for the following adjustments: a biennial increase of $514,000 to restore funding reductions proposed in the agency's plan for banking and insurance examination staff and for administrative support services to the non-health boards; and a biennial decrease of $705,000 due to revised salary planning estimates.

The Governor recommends the transfer of $1,647,000 and 10 positions from the Health Care Access Fund to the General Fund for increased regulatory responsibilities resulting from the MnCare reform bill, because the insurance industry pays for the cost of this regulation through fees which are deposited in the General Fund.

The Governor recommends the transfer of responsibility for regulating the abstracting profession from the Board of Abstracters to the Commerce Department effective 7/1/93. The Commerce Department will absorb the cost of this regulation within existing funding levels.

After review of organizational and program requirements, the Governor recommends transferring the administrative support and funding for the Petroleum Tank Release Cleanup Program from the Department of Commerce to the Minnesota Pollution Control Agency effective 7/1/93.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF

PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
FINANCIAL EXAMINATIONS	4,533	5,949	6,537	6,562	6,297	6,289	6,562	6,316	6,424
REGISTRATION & ANALYSIS	1,882	1,927	2,563	2,579	2,715	2,661	2,594	2,575	2,523
PETROLEUM TANK CLEANUP FUND	15,679	38,540	27,539	27,539	29,504		27,539	29,504	
ADMINISTRATIVE SERVICES	1,471	1,695	2,162	2,241	2,139	2,139	2,276	2,174	2,173
ENFORCEMENT & LICENSING	3,793	3,562	4,572	4,589	4,186	4,090	4,590	3,925	3,829
TOTAL EXPENDITURES BY PROGRAM	27,358	51,673	43,373	43,510	44,841	15,179	43,561	44,494	14,949
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	10,511	12,517	13,466	13,594	13,205	13,867	13,629	13,092	13,886
HEALTH CARE ACCESS			809	816	816		831	831	
SPECIAL REVENUE	261	345	329	331	331	327	332	332	328
ENVIRONMENTAL	61	216	224	224	224		224	224	
OPEN APPROPRIATIONS:									
SPECIAL REVENUE	784		895	895	650	650	895	400	400
ENVIRONMENTAL	15,618	38,324	27,315	27,315	29,280		27,315	29,280	
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	123	271	335	335	335	335	335	335	335
TOTAL FINANCING	27,358	51,673	43,373	43,510	44,841	15,179	43,561	44,494	14,949
POSITIONS BY FUND:									
GENERAL	229.0	255.0	257.0	257.0	257.0	267.0	256.0	256.0	266.0
HEALTH CARE ACCESS	.0	.0	10.0	10.0	10.0	.0	10.0	10.0	.0
SPECIAL REVENUE	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
ENVIRONMENTAL	2.0	5.0	5.0	5.0	5.0	.0	5.0	5.0	.0
TOTAL POSITIONS	234.0	263.0	275.0	275.0	275.0	270.0	274.0	274.0	269.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: COMMERCE, DEPT OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	43,373	43,373	13,466	13,466	29,907	29,907		
TECHNICAL ADJUSTMENTS								
DOCUMENTED RENT/LEASE INC/DEC	83	134	74	109	9	25		
INSURANCE PREMIUM HOLIDAY	54	54	54	54				
SUBTOTAL TECH. ADJ.	137	188	128	163	9	25		
CURRENT SPENDING	43,510	43,561	13,594	13,629	29,916	29,932		
FORECAST ADJUSTMENTS								
ANNUALIZING NEW PROG COSTS	306	151	306	151				
OPEN APPROPRIATION ADJUSTMENT	12,442	12,192			12,442	12,192		
SUBTOTAL FORECAST ADJ.	12,748	12,343	306	151	12,442	12,192		
AGENCY BASE	56,258	55,904	13,900	13,780	42,358	42,124		

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Commerce, Department of
PROGRAM: Agency-wide
ACTIVITY: Agency-wide

ITEM TITLE: Transfer Abstracting Regulation to Commerce

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$-0-	$-0-	$-0-	$-0-
Revenues: ($000s)				
General Fund	$26	$26	$26	$26

Statutory Change? Yes X **No** ____
If yes, statute affected: M.S. 386.63 to 386.70

GOVERNOR'S RECOMMENDATION:

The Governor recommends that regulation of the abstracting profession be transferred from the Board of Abstracters to the Commissioner of Commerce. An Abstracters' Advisory Board will be created to advise the Commissioner on matters affecting the abstracting profession.

No funding will be transferred to the Commerce Department, because they can absorb the cost of this regulation within their existing resources. However, the Commerce Department will collect the licensing and examination revenue which is currently being collected by the board.

The Board of Abstracters is one of the smallest autonomous agencies in state government. The board only meets once a year, it has no staff, and it contracts with an employee of a title insurance company to act as its Executive Secretary. The board's office is located in Anoka, but the Commerce Department, which is located in St. Paul, provides it with administrative support.

The legislative auditor recently completed an audit of the board and found that controls over the issuance of licenses are weak, but the board is unable to correct this problem because of its small size.

In the past, the board has indicated a need to develop professional abstracting standards, as well as a course curriculum for the education of prospective abstracters, but apparently lacks the staff and the expertise to complete these tasks.

The Commissioner of Commerce is the appointing authority for a number of boards and special task forces that represent a variety of regulated professions, including the real estate advisory task force, and the real estate appraiser advisory board. The Commerce Department routinely issues and renews licenses, investigates complaints, develops continuing education requirements and sets standards for the regulated professions.

PROGRAM OUTCOMES:

This recommendation will not diminish the services to the abstracting profession. The Commerce Department has the knowledge, the experience and the expertise to effectively regulate this profession.

LONG-TERM IMPACT:

This recommendation will improve service and provide ongoing cost savings.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Commerce, Department of
PROGRAM: Agency-wide
ACTIVITY: Agency-wide

ITEM TITLE: Transfer Health Right Funding to General Fund

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$816	$831	$831	$831
Health Care Access				
- State Operations	$(816)	$(831)	$(831)	$(831)
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-
Health Care Access	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes _____ No __X__
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that funding to the Commerce Department for increased regulatory responsibilities resulting from the MnCare reform bill be transferred from the Health Care Access Fund to the General Fund. This includes 10.0 positions and $1,647,000 for the biennium.

The 1992 legislature took a major step toward providing universal health care coverage and reducing health care costs for all Minnesotans with passage of Chapter 549, the Health Right law. The new law addressed a number of issues: cost containment, small employer insurance reform, individual market insurance reform, Children's Health Plan expansion, rural health initiatives, health professional education, data collection and research initiatives, and medical malpractice.

Appropriations were made from the Health Care Access Fund to various agencies to implement the new law. However, the appropriation to the Commerce Department should have been made from the General Fund, and not from the Health Care Access Fund, because the insurance industry pays for the cost of this regulation through various fees which are deposited in the general fund.

PROGRAM OUTCOMES:

This initiative has no impact on program outcomes. It corrects an appropriation error that was made in the 1992 legislation.

LONG-TERM IMPACT:

This initiative will reduce costs in the health care access fund, and increase costs in the General Fund.

PROGRAM: Financial Examinations
AGENCY: Commerce, Department of

PROGRAM PURPOSE:

The purpose of this program is to enhance the stability and strength of state chartered depository institutions and insurance companies and to monitor compliance with Minnesota statutes as they relate to the financial regulation of these industries. The program is also responsible for granting charters, special powers and licenses to qualified applicants to deliver financial services and insure Minnesotans throughout the state. The monitoring of financial solvency of these entities protects depositors and insureds and assures sound local sources of credit. Additionally, the program is responsible to prevent violations of state consumer protection laws when individuals do business with depository institutions, insurance companies or consumer credit licensees.

The program priorities include: maintaining the divided examination program with the Federal Deposit Insurance Corporation (FDIC); maintaining Conference of State Bank Supervisors (CSBS) accreditation; maintaining NAIC accreditation; assuring the financial solvency of banks, credit unions, consumer lending companies and insurance companies; providing competitive business environment through licensing and chartering activities; to guarantee investment protection to Minnesota consumers utilizing services of the regulated industries.

The program contributes directly to the milestone theme "A Prosperous People". A strong, stable, well capitalized system of credit and investment is essential to a growing economy. A strong and stable financial system is essential to a growing economy. Without a strong vibrant economy, the citizens, companies and government of the state of Minnesota would not have the resources to achieve any of the individual milestones. Without a system where owner's capital and personal and business deposits are leveraged into personal and family earnings and credit, the citizens of the state of Minnesota would not have the means to establish decent standards of living. Through the system of monitoring state laws regarding financial solvency, this program enhances and promotes the stability and strength of the financial system as it relates to insurance companies, depository institutions and consumer lending.

BANKS, CREDIT UNIONS AND CONSUMER LENDING

PROSPECTS:

Minnesota's 650 state banks, credit unions and other depository institutions have experienced potential losses from the remnants of the state's worst agricultural economic crisis during the 1980's and to a lesser degree, the real estate oversupply that exist today. Many of the problem institutions are in work out status. Margins between costs of funds and income from loans that are performing are fueling a recovery. In most cases, solid earnings and capital reserve is building across the state.

Continued credit availability is supported by these recovery factors and below average loan to deposit ratios are at 60% today. This provides an additional $600 million to $1 billion into Minnesota's business, family, farm credit and personal credit system over the next biennium. Only 2 communities lost banks due to longstanding weaknesses. New bank facilities were approved immediately to continue services to both communities.

Consolidation in the number of banks and credit unions has occurred at a rapid rate of from 950 to 620 since 1980. By contrast, the number of banking offices (including branches) has remained relatively constant (700 locations). Total assets have actually grown to $17 billion, up from $12 billion in 1980. Prospects for continued growth in assets is good. Congress has mandated a 12 month examination cycle for all banks except those with the high (CAMEL 1 & 2) ratings. The effect of increased federal banking regulation and cost of FDIC insurance on community banks is uncertain.

State banks have reported strong 1991 performance. 1992 second quarter results show continued improvement. Net income is ahead of all of last year, net income to equity capital is at 13.3%, loan to deposit ratios continue to improve and the number of state banks reporting losses is 10 which is down from 24 last year end. However, even though the industry's overall strength is good, problems do occur. In July, 1992 the department was forced to close a bank, the first closing of a state bank in 18 months. The problems found relate mostly to poor quality loans and poor credit administration.

OUTCOMES: (EFFECTIVENESS INDICATORS)

In November, 1990, the department received accreditation from (CSBS). As one of only 23 states in the nation to have achieved accreditation, this is a major accomplishment for the department. The accreditation process is a complete review of the department's examination functions, staff qualifications, training programs, education requirements and management practices. Similar to a management audit, the accreditation process has strict criteria for approval of accreditation. Recently, CSBS conducted its first review of Minnesota's accreditation and continuation of our accreditation has been approved. This is an important accomplishment as the accreditation allows Minnesota to share regulatory reports with federal bank regulatory authorities providing increased effectiveness for bank regulation.

The percentage of financial institutions in the 1 and 2 rated categories has increased over the past 2 years due in part to the frequency and consistency of full-scope examinations.

More formal follow-up procedures and remedial plans in the form of formal and informal action have improved the migration rate from 3 to 4 rated institutions to 2 ratings over the past 2 years.

Loan to deposit ratios have experienced a modest increase in F.Y. 1992-93 due in part to the focus of comprehensive lending policies required and reviewed by the department in examinations and follow up. General economic influences carry the most weight in determining the propensity to lend. This has become viewed as a nationwide constriction in credit availability but believed to be less severe in the Upper Midwest. Alternate sources of credit including equity, commercial paper or debt instruments have become more available as interest rates trend downward.

More serious problem level institutions that may have failed in the past have been significantly improved by the department's creative problem solving approach through new and existing controlling ownership. Credit unions have always tended to solve industry problems through mergers with strong credit unions. Now banks are more valued investments than in the 1980's. At that time banks traded for book value in comparison to today where banks are trading for more than book value and in fact for profit.

While there is a trend to consolidate banks to realize economies of scale, there is an increase in banking services available at the local level through increases in the numbers of detached facilities and electronic financial terminals.

The examination of companies for consumer compliance laws have been assigned a lower priority than safety and soundness examinations over the past two years. Despite this change, the level of compliance with consumer protection laws, based on examination results and written complaints, indicates relatively few problems in this area.

OBJECTIVES:

A major objective for this program is to maintain the current divided examination program with the

PROGRAM: Financial Examinations
AGENCY: Commerce, Department of
(Continuation)

FDIC. This provides maximum efficiency for the examination of highly rated banks with the least cost to the state and industry as the program allows for state examiners to perform the examination in one 18 month time period and the FDIC to do the examination in the next 18 month period. If the state did not have the divided examination program, 22 additional examiners would be needed to do the work done by the FDIC. The cost of regulation of this industry is fully reimbursed through fees and assessments charged to the regulated industry. As a result, the increased need for staffing if we did not have the divided examination program would be a burden on the regulated industries. Banks would be forced to pay for both the federal examination and the state examination in the same time period increasing the cost of doing business in Minnesota.

Another objective is to maintain the CSBS accreditation which allows for increased effectiveness and coordination and cooperation with Federal bank regulators.

The program continues to maintain the objective of maintaining productive working relationships with the Minnesota banking community. This allows for a continuation of positive developments and innovative solutions to concerns in bank regulation.

Finally, an important objective is to maintain the current examination schedules which are essential to assuring continued safety and soundness of Minnesota institutions.

ACTIVITIES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
% of 1 and 2 rated financial institutions:				
Banks	79	80	82	82
Credit Unions	80	82	85	85
Consumer Credit Companies	97	95	95	95
Number of financial institutions rated CAMEL 5:				
Banks	5	2	2	2
Credit Unions			1	1
Consumer Credit Companies			1	1
Number of financial institutions:				
Banks	447	435	430	420
Credit Unions	171	168	165	160
Consumer Credit Companies	150	160	170	180
Average banks loan to deposit ratio	60.5	62.0	65.0	65.0
Average examination hours per $1 million of assets	8.9	8.5	8.0	8.0
Number of institutions on watch list	129	125	125	125

PROGRAM PLAN:

The General Fund challenge for the banking, credit union and consumer credit portion of this program is $303,000 in F.Y. 1994 and $438,000 in F.Y. 1995. This includes a base reduction of $184,000 in F.Y. 1994 and $181,000 in F.Y. 1995, as well as unfunded inflationary cost increases.

To meet this challenge, the program will have to reduce 4.0 positions from 1994 and related supply and expense items and 7.0 positions with related supply and expense items from F.Y. 1995.

To achieve the challenge levels, a plan of reductions in level of effort and procedural changes are necessary. We recognize that over 90% of the divisions personnel is in the personnel areas. While the number of banks has declined over the past several years, total assets have continued to grow. It is the asset volume that dictates the number of people need to examine an institution.

The facts that 1) the number of banks continues to decrease, 2) level of problem banks continues to decrease, 3) automation of banks and bank examinations procedures has produced some time savings, 4) more frequent examinations mandate by Congress can be managed within the divided examination program with the FDIC, 5) the FDIC will maintain an adequate presence in Minnesota, and 6) the higher cost of supervision for national banks by the Office of the Comptroller of the Currency (OCC) will not result in significant conversions of national banks to state charters will contribute to this program's ability to approach the challenge set forth in the F.Y. 1994-95 budget funding proposals.

However, in meeting this challenge, the impact on the program responsibilities will be as follows:

- Eighty-nine examinations scheduled for the affected bank crews may go beyond the 12 - 18 month schedule. A total of 23 banks may not be examined in the F.Y. 1994 schedule;
- the program would also have to make changes in the examination process and discontinue the special surveillance/internal fraud deterrent portion of the examination, discontinue the unclaimed property portion, reduce detail in report write-up on certain classified assets, and curtail or eliminate examination of bank internal EDP centers. Most of the information provided by these areas of the examination report is used by the bank board of directors and officers and officials. When provided, the information has been valuable to bank officials in deterring fraudulent activities which cost banks significantly large amounts when undetected. The information the department uses for evaluation of financial condition will still be available as part of an examination report and because of the proposed reductions, the department will have to set priorities and focus on supervisory responsibilities. Banks will have to develop their own process to replace the eliminated parts of the examination report; and
- the program would curtail or eliminate consumer compliance examinations of 72 motor vehicle sales finance companies, 16 insurance premium finance companies and increase examinations for 4 crews from 89 to 110.

INSURANCE

PROSPECTS:

The recent past has been one of tremendous change, upheaval and uncertainty for the insurance industry. As a result of these changes, the 1991 Legislature passed a major reform bill to regulate the solvency of insurance companies. The changes set national trends for insurance solvency regulation. The solvency act was the result of a joint task force of industry and regulatory representatives recommendations as well as the product of a study done by KPMG Peat Marwick which made recommendations for staffing changes to improve the effectiveness of insurance solvency regulation.

Over the last 2 years, several large life insurance companies have become insolvent as a result of

large investments in non-investment grade bonds and real estate. There are many life insurers, while not insolvent today, that remain in a weakened condition as a result of similar investments. These problems will continue over the near term as highly leveraged companies continue to struggle in today's economic environment and the real estate market remains depressed.

Property and casualty insurers also appear to be headed for lower earnings and weakened condition in the near future. This will result from continued intense competition as companies lower premiums to maintain market share and have the need to build reserves over the next few years.

The long-term outlook for the insurance industry will be one of change, competition and uncertainty. This will result from continued globalization of financial markets and deregulation of other segments of the financial industry in the United States. As a result, insurers in the United States will be forced into increased competition with insurance companies in other countries as well as from other segments (banks for example) of the financial services industries. To meet the competition, insurance companies will develop new products and some will make riskier investments in an attempt to offer higher returns on their products.

In the wake of recent insurance company failures, Congress has held hearings regarding the effectiveness of state insurance regulation. Certain members of Congress would like to see federal regulation of insurance companies. The possibilities of Congress taking action in this area as well as the affect on state insurance regulations is unpredictable.

OUTCOMES: (EFFECTIVENESS INDICATORS)

The NAIC is in the process of accrediting state insurance departments on a nation-wide basis. States will have to be accredited in order to share examination information between the NAIC and other states. To earn accreditation, an insurance department must meet standards in quality and timeliness of its field and desk examination as well as continuing education of staff and participation in NAIC committees. This department received its accreditation in 1992. This accreditation is subject to annual review.

The implementation of the desk audit function added as a result of the solvency legislation has been a major outcome over the past 2 years. The addition of 23 new staff positions to implement the legislation and training of this new staff has been a major accomplishment. The build up of the department's actuarial staff has increased the effectiveness and efficiency of financial solvency regulation. The actuarial staff includes a valuation actuary, casualty and life actuary as well as 2 actuarial assistants. Most states have not been able to achieve the level of on staff credential and expertise the Minnesota department has achieved. Several of our new staff members are certified public accountants, a credential which was highly praised by the NAIC accreditation team.

In addition to the staffing achievements, many new processes for financial screening have been developed as the desk audit function has been implemented. The screens allow for review of financial condition ratios and indicators which allows the department to have early warning of potential solvency concerns.

The department has made significant advances and improvements in insurance company solvency regulation since implementation of the solvency bill. These standards have been recognized by other states and many are using Minnesota's solvency legislation as a role model.

OBJECTIVES:

The maintenance of the insurance examination accreditation is a major objective of this division. Accreditation will be mandated for the department to share information and examination reports with other state insurance regulators.

To minimize assessments made by Minnesota guarantee associations is another objective. Proactive solvency regulation will mean less insolvent companies which result in less paid out by guarantee associations. As guarantee association losses are assessed to all insurers doing business in Minnesota, this is a significant savings for Minnesota insurers. When insolvencies are avoided, guarantee associations do not have to assess insurers for the cost of claims relating to the activities of the insolvent companies.

Minimize the number of domestic companies for which regulatory action needs to be taken is another objective. By proactive solvency review accomplished by the audit staff, the department can recognize potential problems with insurance companies financial condition before they occur. As a result appropriate action can be taken to avoid a problem of critical nature.

The objective to minimize the number of foreign insurers who are placed under supervision will provide a wider marketplace by not restricting those insurers to Minnesota business. This is to be accomplished again through regular financial review of the condition of the insurer in an attempt to avoid financial solvency problems.

ACTIVITIES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
% of 1 and 2 rated insurance companies	77	75	75	79
Number of domestic insurance companies				
CAMEL 5				
CAMEL 4	8	10	9	7
CAMEL 3	26	27	27	25
Number of foreign companies				
CAMEL 5	24	28	29	25
CAMEL 4	80	90	90	80
CAMEL 3	214	230	230	215
Number of insurance company locations	1,537	1,534	1,525	1,515
Average examination hours per $1 million of premium dollars	4	5	5	4
Number of SARC actions or monitoring current restrictions	62	63	64	60

PROGRAM PLAN:

The General Fund challenge for the insurance company portion of this program is $140,000 in F.Y. 1994 and $214,000 in F.Y. 1995. This includes a base reduction of $81,000 in F.Y. 1994 and $65,000 in F.Y. 1995, as well as unfunded inflationary cost increases.

To meet this challenge, the program will have to reduce 2.0 positions from 1994 and related supply and expense items and three positions with related supply and expense items from F.Y. 1995.

PROGRAM: Financial Examinations
AGENCY: Commerce, Department of
(Continuation)

need to address the following issues:

- limit the review of township mutual insurance companies. These companies have the ability to assess members to make up any deficits incurred by the company. Because of this assessment ability, these companies should always be able to pay obligations of policyholders;

- there are certain insurance companies that are domesticated in Minnesota but have their headquarter offices located in another state and do not do significant business in Minnesota. By redomesticating these companies the division will be able to achieve some of the challenge facing it. However, the savings is not immediate as redomestication does take time;

- changes would be made in the desk audit function that would limit the number and time in which companies are reviewed. By reducing the number of screens reviewed and the detail level of information, the department could reduce the number of desk audit positions authorized in the 1991 insurance company solvency legislation. Also, training plans would be reviewed to attempt to scale back the level of training without risking the department's accreditation or current knowledge of changing trends in insurance regulation.

IMPACT ON REVENUE:

Overall, this program is supported by fees and assessments charged to the regulated industries. Because of the method of collection (fees are established and charged based on cost plus 3% and directly in the case of examinations) there is no way to avoid a loss of revenue to the General Fund. By reducing this program for F.Y. 1994-95, the General Fund will lose $470 and $709 in F.Y. 1994-95 non-dedicated revenue.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the agency budget plan, except for the following adjustments.

The Governor recommends a biennial increase of $255,000 to restore reductions proposed in the agency plan for banking, credit union and consumer credit examination staff; and a biennial increase of $192,000 to restore reductions proposed in the agency plan for insurance company examination staff. This action is necessary to assure that these financial institutions are examined on a timely basis, and that Minnesota consumers are protected from losses that could occur through insolvencies.

The Governor recommends the transfer of $280,000 and 2.0 positions from the Health Care Access Fund to the General Fund for increased regulatory responsibilities resulting from the MnCare reform bill. Since the insurance industry pays for the cost of this regulation through fees which are deposited in the General Fund, the appropriation should be made from the General Fund.

The governor recommends that proposed funding be reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF
PROGRAM: FINANCIAL EXAMINATIONS

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
BANK EXAMINATIONS	2,559	2,805	2,867	2,878	2,698	2,710	2,878	2,696	2,784
DEP_COM_FIN_EXAM_BANKS	654	668	446	448	448	434	448	433	419
CREDIT UNION, CONSUMER CREDIT EXAM	461	496	527	529	525	509	529	545	528
INSURANCE COMPANY FIELD EXAMINATIO	859	1,980	1,064	1,067	1,066	1,043	1,067	1,050	1,066
INSURANCE COMPANY DESK AUDIT			813	816	738	796	816	756	816
DEP COM INS EXAM			820	824	822	797	824	836	811
TOTAL EXPENDITURES BY ACTIVITY	4,533	5,949	6,537	6,562	6,297	6,289	6,562	6,316	6,424
GOV'S INITIATIVES:		FUND							
(A) RESTORE AGENCY REDUCTION		GEN				165			282
(A) TRANSFER HEALTH RIGHT FUNDING TO GEN FUND		GEN				140			140
(A) TRANSFER HEALTH RIGHT FUNDING TO GEN FUND		HCA				<140>			<140>
(A) SALARY PLANNING ESTIMATES		GEN				<173>			<174>
TOTAL GOV'S INITIATIVES						<8>			108
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	4,419	5,688	6,062	6,087	5,822	5,954	6,087	5,841	6,089
HEALTH CARE ACCESS			140	140	140		140	140	
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	114	261	335	335	335	335	335	335	335
TOTAL FINANCING	4,533	5,949	6,537	6,562	6,297	6,289	6,562	6,316	6,424
POSITIONS BY FUND:									
GENERAL	93.0	109.0	118.0	118.0	118.0	120.0	118.0	118.0	120.0
HEALTH CARE ACCESS	.0	.0	2.0	2.0	2.0	.0	2.0	2.0	.0
TOTAL POSITIONS	93.0	109.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0

BUDGET ACTIVITY: Bank Examinations
PROGRAM: Financial Examinations
AGENCY: Commerce, Department of

ACTIVITY DESCRIPTION:

The bank examinations activity performs on-site field examinations of commercial banks, trust companies and trust departments of banks, thrift companies and certificate investment companies throughout the state. This activity also reviews examination reports, regularly submitted data, complaints and compiles results on decisions made by the agency to initiate informal or formal supervisory action.

BUDGET ISSUES:

This activity relies heavily on an arrangement with the FDIC to share the examination of commercial banks and thrift companies. Essentially each bank, depending upon its CAMEL rating (5 in danger of failing/l excellent), is examined by the state each 6 to 18 months and the FDIC the next 6 to 18 months. Effective in 1993, Congress has mandated all banks be examined at least every 12 months except for those in excellent condition, which may extend to 18 months.

To achieve that mandated budget challenge of 95% of the F.Y. 1993 budget as the funds available to continue this program, this activity will have to reduce its current examination staff by 5.0 positions in 1994 and 3.0 additional positions in 1995. This will mean that by 1995 the activity will have decreased its complement level by eight positions and decreased the budget for the related costs of those positions.

It is anticipated that there will be continued sharing of examination work with the FDIC and Federal Reserve Bank of Minneapolis on a 50/50 basis. This has been ongoing since 1980 and has effectively reduced our field staffing needs dramatically from the 70's. There are no assurances that the divided examination program will continue beyond the current biennium. With Congress having made new 12 month mandates and the proposed reduction in the department's staffing to meet the budget challenge, we may risk the continuation of this very effective program of examination. If the divided examination agreement is canceled by the FDIC, the state would be required to pick up the examinations that would have been scheduled to be done by the FDIC. This would require additional staff and resources to address these examinations.

EFFICIENCY MEASURES:

On-site examinations:	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Banks - Average cost per $1 million assets				
CAMEL 1, 2	$243	$262	$250	$250
CAMEL 3, 4, 5	343	370	350	350
Average hours per $1 million				
CAMEL 1, 2	8.1	8	7.5	7.0
CAMEL 3, 4, 5	11.5	11.5	11.0	11.0

REVENUE:

This activity generates non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$2,815	$3,162	$3,704	$3,704	$3,704

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF
PROGRAM: FINANCIAL EXAMINATIONS
ACTIVITY: BANK EXAMINATIONS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,188	2,300	2,458	2,469	2,295	2,289	2,469	2,311	2,378
EXPENSES/CONTRACTUAL SRVCS	10	10	14	14	14	14	14	14	14
MISC OPERATING EXPENSES	283	313	362	362	337	355	362	337	358
SUPPLIES/MATERIALS/PARTS	31	161	25	25	25	25	25	26	26
CAPITAL EQUIPMENT	47	21	8	8	27	27	8	8	8
SUBTOTAL STATE OPERATIONS	2,559	2,805	2,867	2,878	2,698	2,710	2,878	2,696	2,784
TOTAL EXPENDITURES	2,559	2,805	2,867	2,878	2,698	2,710	2,878	2,696	2,784
GOV'S INITIATIVES:		FUND							
(A) RESTORE AGENCY REDUCTION		GEN				89			166
(A) SALARY PLANNING ESTIMATES		GEN				<77>			<78>
TOTAL GOV'S INITIATIVES						12			88
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,559	2,805	2,867	2,878	2,698	2,710	2,878	2,696	2,784
TOTAL FINANCING	2,559	2,805	2,867	2,878	2,698	2,710	2,878	2,696	2,784
POSITIONS BY FUND:									
GENERAL	56.4	56.4	55.0	55.0	55.0	55.0	55.0	55.0	55.0
TOTAL POSITIONS	56.4	56.4	55.0	55.0	55.0	55.0	55.0	55.0	55.0

BUDGET ACTIVITY: Deputy Commissioner, Financial Examinations Bank, Credit Unions and Consumer Finance
PROGRAM: Financial Examinations
AGENCY: Commerce, Department of

ACTIVITY DESCRIPTION:

The deputy commissioner activity acts on the examination and investigation report findings, recommendations and data received from examiners, and develops contacts with all financial institutions and consumer finance licensees. The focus of this activity is results. By instituting remedial action plans, the goal of early intervention to avoid and reverse conditions of substantially weakened financial institutions or non-compliant licensees. Its actions are either recommended to the agency head or initiated under delegated authority. Also, this activity is responsible for processing qualified applications for charters, special powers, and licenses by recommendation to the agency head or approved under delegated authority.

BUDGET ISSUES:

The activity faces ever increasing paper flow as changes occur in the banking industry and the value of services provided by banks continue to demonstrate profitability. The activity must do a thorough analysis of resources, both human and fiscal, and make strategic plans to address an ever changing economic environment.

Some legislative changes will be sought to effectively reduce the paper flow without a loss of control or judgment to help effectively manage the programs performance. An example of a proposed change would be substituting a prior notification requirement for a financial institution to establish an electronic financial terminal rather than an application and approval process.

Additionally, staff assignments must be assessed to guarantee all resources are most effectively and efficiently utilized and that the dvision' budget challenge is met with the least amount of disruption to work flow and product.

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Examination and Supervision				
Examination report processing time (work days)				
Bank 1, 2	35.5	33	33	33
Bank 3, 4, 5	35.4	33	30	30
Credit Union 1, 2	32.0	32	31	31
Credit Union 3, 4, 5	36.5	32	30	30
Business Development Application				
Processing Time (Days)				
Branches	104	95	82	75
Mergers	115	110	100	95
Consumer Complaint Handling				
% of written complaints				
- responded to in 10 days	85	100	100	100
- % of written complaints successfully resolved in 30 days	80	85	85	85
Employee Training and Advancement				
% of assistant examiners achieving commissioned examiner status in				
- 3 years or less	44	50	60	70
- 5 years or less	78	100	100	100
Retention of Entry Level Through 5th year				
% of employees 0 - 5 years resigning	100	94	95	95
Safety, Soundness and Problem Solving				
Number of problem institutions CAMEL 4 and 5	22	15	10	10

REVENUE:

This activity generates non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$86	$81	$48	$48	$48

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF
PROGRAM: FINANCIAL EXAMINATIONS
ACTIVITY: DEP_COM_FIN_EXAM_BANKS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	576	631	429	431	431	417	431	416	402
EXPENSES/CONTRACTUAL SRVCS	10	10	4	4	4	4	4	4	4
MISC OPERATING EXPENSES	20	21	10	10	10	10	10	10	10
SUPPLIES/MATERIALS/PARTS	4	4	3	3	3	3	3	3	3
CAPITAL EQUIPMENT	44	2							
SUBTOTAL STATE OPERATIONS	654	668	446	448	448	434	448	433	419
TOTAL EXPENDITURES	654	668	446	448	448	434	448	433	419
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<14>			<14>
TOTAL GOV'S INITIATIVES						<14>			<14>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	654	668	446	448	448	434	448	433	419
TOTAL FINANCING	654	668	446	448	448	434	448	433	419
POSITIONS BY FUND:									
GENERAL	12.0	12.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
TOTAL POSITIONS	12.0	12.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0

BUDGET ACTIVITY: Credit Union, Consumer Finance Examination
PROGRAM: Financial Examinations
AGENCY: Commerce, Department of

ACTIVITY DESCRIPTION:

The credit union and consumer finance examination activity performs the on-site field examinations of credit unions, regulated lenders, industrial loan companies, insurance premium finance companies, debt prorate companies, and safe deposit companies throughout the state. This activity also reviews examination reports, regularly submitted data, complaints, and compiles results on which decisions are made by the agency to initiate informal or formal supervisory action.

BUDGET ISSUES:

State credit union examinations by the National Credit Union Administration (NCUA) are not uniform or predictable but do account for approximately 20% of the 12 month examination cycle as they concentrate on CAMEL rated 3, 4 and 5 rated credit unions. No reliance can be given to the NCUA's level of response, however, we have a close working arrangement, coordinating efforts whenever possible. Ongoing discussions are underway with the NCUA to develop a divided examination program similar to the proposal with the FDIC for banks. It is expected that an agreement will be developed and implemented within the next year. If implemented, this will assist in meeting the budget challenge.

To meet the challenge for this activity, we will propose to eliminate the consumer protection licensing and examination of 16 insurance premium finance companies who only finance for commercial and business clients. As these are compliance examinations and not safety and soundness, we will have to rely on information (complaints) supplied by consumers using the services of these companies to keep us informed on the business activities. Legislative action will be necessary to carve out the exception in M.S. Ch. 59A.

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
On-site examinations				
Average cost per $1 million assets				
CAMEL 1, 2	$213	$231	$215	$215
CAMEL 3, 4, 5	424	460	435	434
Average hours per $1 million				
CAMEL 1, 2	7.1	7.1	6.8	6.5
CAMEL 3, 4, 5	14.2	14.2	14.0	14.0
No. Problem Credit Unions				
CAMEL 4, 5	2	2	2	2
Watch List: 3, 4, 5	34	30	28	25

REVENUE:

This activity generates non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$532	$665	$627	$627	$627

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF
PROGRAM: FINANCIAL EXAMINATIONS
ACTIVITY: CREDIT UNION, CONSUMER CREDIT EXAM

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	426	457	471	473	473	457	473	493	476
EXPENSES/CONTRACTUAL SRVCS		1	2	2	2	2	2	2	2
MISC OPERATING EXPENSES	34	35	51	51	47	47	51	47	47
SUPPLIES/MATERIALS/PARTS	1	3	3	3	3	3	3	3	3
SUBTOTAL STATE OPERATIONS	461	496	527	529	525	509	529	545	528
TOTAL EXPENDITURES	461	496	527	529	525	509	529	545	528
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<16>			<17>
TOTAL GOV'S INITIATIVES						<16>			<17>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	461	496	527	529	525	509	529	545	528
TOTAL FINANCING	461	496	527	529	525	509	529	545	528
POSITIONS BY FUND:									
GENERAL	10.6	10.6	10.0	10.0	10.0	10.0	10.0	10.0	10.0
TOTAL POSITIONS	10.6	10.6	10.0	10.0	10.0	10.0	10.0	10.0	10.0

BUDGET ACTIVITY: Insurance Company Field Examinations
PROGRAM: Financial Examinations
AGENCY: Commerce, Department of

ACTIVITY DESCRIPTION:

This activity performs comprehensive and targeted examinations of Minnesota domiciled insurance companies. The examinations cover compliance with Minnesota statutes, financial reporting and company solvency. This activity is performed on a cyclical and as-needed basis. The on-site comprehensive examination is where the division has an opportunity to examine the operations of a company, perform a detail review of compliance with solvency statutes and examine the documents and assumptions that underlie the annual statement. On-site targeted examinations, which are lesser in scope, are used where specific problems have been identified by desk audit review staff.

The primary clients of this activity are the insurance consumer of Minnesota domestic insurance companies. Since the department is the primary regulator of these companies clients include both individuals and businesses in Minnesota and other states. This activity is particularly important to those consumers who lack the resources and/or knowledge to identify potentially troubled insurers. This activity is also very important to those consumers who have made investments in life insurance products and cannot access their investments without substantial penalty.

BUDGET ISSUES:

The agency's budget plan may effect the quality of the services provided. The reduction in staff will make it difficult to meet the statutory requirements for examination of insurance companies. The activity is currently behind in its examination schedule. Eliminating positions in this activity will make it difficult, if not impossible, to achieve a current status on the examination schedule.

Staying abreast of industry developments will present new challenges. The budget plan calls for the reduction in the amount of training received by the field examiners. It is the intent to attempt to coordinate training efforts with Minnesota's domestic insurance industry. To the extent this reduction cannot be replaced from other sources it will affect their ability to stay current with developments in the insurance industry. This includes new types of solvency risks resulting from new products and innovations in industry developments.

Staying abreast of regulatory developments will also be difficult as there is a reduction intended in the budget for travel to NAIC conferences. This will limit the examiners ability to stay current as to developments from a regulatory standpoint such as model laws, new examination manuals etc. This will also limit the examiners exposure to new regulatory technology.

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Cost per domestic company is	*	$7,176	$7,176	$7,216
Number of examinations				
Comprehensive	21	24	25	26
Targeted	17	12	13	13
% of scheduled examinations completed	84	86	87	87
Number of companies with identified problems on examination reports	9	12	12	14

For purposes of this calculation domestic companies exclude township mutuals. June 30, 1992 domestic companies are used in this calculation and are assumed to remain constant.

* Information not available for this fiscal year.

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Special*	$237	$728	$897	$900	$900

* Balance of this account, less $25,000 start up cost which carries forward to the next fiscal year, cancels at the end of the fiscal year to the General Fund.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF
PROGRAM: FINANCIAL EXAMINATIONS
ACTIVITY: INSURANCE COMPANY FIELD EXAMINATIO

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	628	1,177	677	680	679	656	680	669	685
EXPENSES/CONTRACTUAL SRVCS	44	225	105	105	105	105	105	105	105
MISC OPERATING EXPENSES	124	229	264	264	264	264	264	258	258
SUPPLIES/MATERIALS/PARTS	63	237	18	18	18	18	18	18	18
CAPITAL EQUIPMENT		112							
SUBTOTAL STATE OPERATIONS	859	1,980	1,064	1,067	1,066	1,043	1,067	1,050	1,066
TOTAL EXPENDITURES	859	1,980	1,064	1,067	1,066	1,043	1,067	1,050	1,066
GOV'S INITIATIVES:		FUND							
(A) RESTORE AGENCY REDUCTION		GEN							38
(A) SALARY PLANNING ESTIMATES		GEN				<23>			<22>
TOTAL GOV'S INITIATIVES						<23>			16
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	745	1,719	729	732	731	708	732	715	731
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	114	261	335	335	335	335	335	335	335
TOTAL FINANCING	859	1,980	1,064	1,067	1,066	1,043	1,067	1,050	1,066
POSITIONS BY FUND:									
GENERAL	14.0	30.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
TOTAL POSITIONS	14.0	30.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0

BUDGET ACTIVITY: Insurance Company Desk Audit
PROGRAM: Financial Examinations
AGENCY: Commerce, Department of

ACTIVITY DESCRIPTION:

The insurance company desk audit activity performs annual desk audits of all domestic insurance companies and potentially troubled foreign companies. This activity also insures that all required annual and quarterly filings have been made by insurance companies licensed in Minnesota. To the extent possible this activity also monitors compliance with Minnesota statutes. The activity is a direct result of the solvency legislation passed to improve the department's solvency regulation efforts.

Annual desk audits with quarterly updates are performed on all domestic insurance companies. Foreign companies that have been identified as troubled or display characteristics of a troubled company also receive annual desk audits. Those foreign insurance companies that are considered to be weak, based on the annual desk audit, also receive quarterly updates. Based on the outcome of the desk audits this activity may recommend regulatory action. This activity also performs financial reviews of insurance companies applying to become licensed in Minnesota.

The primary clients of this activity are the insurance consumers in Minnesota. This includes both businesses and individuals and includes consumers of insurance products of both domestic and foreign companies. This activity is particularly important to those consumers who lack the resources and/or knowledge to identify potentially troubled insurers. This activity is also very important to those consumers who have made investments in life insurance products and cannot access their investments without substantial penalty.

BUDGET ISSUES:

The agency's budget plan may effect the timing, quality and the amount of services provided. The budget plan reduces the number of desk auditors. As a result, the number of foreign companies that would be subject to review will be decreased. Also the amount of time needed to complete the annual desk audits of potentially troubled companies would be lengthened. This reduction will also affect the timeliness of the financial review of applications, the staff reduction will impact the ability to perform a financial review of an application.

The budget plan calls for the reduction in the amount of training received by desk auditors. To the extent that this reduction cannot be replaced from other sources, this reduction will affect their ability to stay current with developments in the insurance industry. This includes new types of solvency risks resulting from developments in the industry.

As in the budget plan for field examinations, the reduction in travel to NAIC conferences will limit the desk auditor's ability to stay current as to developments from a regulatory standpoint. This will also affect the desk auditor's ability to utilize new regulatory technology.

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Cost per licensed company	*	$443	$398	$394
Number of audits performed	545	580	580	570
Number of companies referred for supervisory review	501	529	530	515
Number of supervisory actions and monitoring current situations	62	63	64	60

Number of licensed companies at June 30, 1992 is used in this calculation and is assumed to remain constant.

* Information not available for this fiscal year.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$318	$325	$325	$325	$326
Dedicated - Special*			1,100	880	880

* Balance in this fund cancels at the end of the fiscal year to the General Fund.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF
PROGRAM: FINANCIAL EXAMINATIONS
ACTIVITY: INSURANCE COMPANY DESK AUDIT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES			669	672	594	652	672	619	679
EXPENSES/CONTRACTUAL SRVCS			18	18	18	18	18	18	18
MISC OPERATING EXPENSES			62	62	62	62	62	54	54
SUPPLIES/MATERIALS/PARTS			52	52	52	52	52	53	53
CAPITAL EQUIPMENT			12	12	12	12	12	12	12
SUBTOTAL STATE OPERATIONS			813	816	738	796	816	756	816
TOTAL EXPENDITURES			813	816	738	796	816	756	816
GOV'S INITIATIVES:		FUND							
(A) RESTORE AGENCY REDUCTION		GEN				76			78
(A) TRANSFER HEALTH RIGHT FUNDING TO GEN FUND		GEN				140			140
(A) TRANSFER HEALTH RIGHT FUNDING TO GEN FUND		HCA				<140>			<140>
(A) SALARY PLANNING ESTIMATES		GEN				<18>			<18>
TOTAL GOV'S INITIATIVES						58			60
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL			673	676	598	796	676	616	816
HEALTH CARE ACCESS			140	140	140		140	140	
TOTAL FINANCING			813	816	738	796	816	756	816
POSITIONS BY FUND:									
GENERAL		.0	15.0	15.0	15.0	17.0	15.0	15.0	17.0
HEALTH CARE ACCESS		.0	2.0	2.0	2.0	.0	2.0	2.0	.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF
PROGRAM: FINANCIAL EXAMINATIONS
ACTIVITY: INSURANCE COMPANY DESK AUDIT

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TOTAL POSITIONS	.0	.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0

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BUDGET ACTIVITY: Deputy Commissioner, Financial Examinations
Insurance Companies
PROGRAM: Financial Examinations
AGENCY: Commerce, Department of

ACTIVITY DESCRIPTION:

The deputy commissioner activity primarily supports the field examination and desk audit functions. Included in this activity are the deputy and assistant commissioners, the actuary and licensing functions. Actuaries provide support in determining the adequacy of insurance liabilities for both field examinations and desk audits. The valuation actuary also makes a determination of the adequacy of a life insurance company's projected cash flow to meet insurance payment requirements.

This activity also processes licenses, merger applications, changes in by-laws, holding company filings and monitors compliance with Minnesota statutes in these areas. The activity provides coordination between the field examination activity, the desk audit activity, the NAIC and legal interpretations from the attorney general. This activity sets priorities for the other activities and implements the regulatory recommendations of the other activities. This activity is also the department's primary liaison with the NAIC.

The primary clients of this activity are the insurance consumers in Minnesota. This includes both businesses and individuals and consumers of insurance products from both domestic and foreign insurance companies. To a lesser extent insurance companies seeking to be licensed in Minnesota are also clients.

BUDGET ISSUES:

The agency's budget plan will effect the quality of the field examinations and desk audits and input into NAIC positions. The budget plan calls for a reduction in the budget for travel to NAIC conferences. This will limit Minnesota's ability to have a substantial input on positions taken by the NAIC as well as the development of model laws.

Currently certain forms filed are reviewed by an actuary. With the proposed reduction in staffing in the field and desk examination functions, there may not be the availability of actuarial time to continue review of all forms currently receiving actuarial attention. This would require these forms to be reviewed by desk auditors. As a result the review would be performed by someone less knowledgeable in these areas as well as slow down the annual desk audits.

Additionally, the budget plan calls for the reduction in the amount of training received. This reduction will affect the activity's ability to stay current with developments in the industry.

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Costs per licensed company	*	$540	$511	$512
Application processing time (hrs)				
New licenses	9.5	9.5	9.5	9.5
Renewal licenses	.16	.16	.16	.16
By-law & Article changes	1	1	1	1
Mergers/Acquisitions	40.5	40.5	40	40
Actuarial review time	5,555	7,363	7,750	7,750

Number of licensed companies at June 30, 1992 is used in this calculation and is assumed to remain constant.

* Information not available for this fiscal year.

REVENUE:

This activity generates non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$876	$958	$1,055	$1,053	$1,053

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF
PROGRAM: FINANCIAL EXAMINATIONS
ACTIVITY: DEP COM INS EXAM

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES			726	730	728	703	730	759	734
EXPENSES/CONTRACTUAL SRVCS			14	14	14	14	14	9	9
MISC OPERATING EXPENSES			63	63	63	63	63	51	51
SUPPLIES/MATERIALS/PARTS			15	15	15	15	15	15	15
CAPITAL EQUIPMENT			2	2	2	2	2	2	2
SUBTOTAL STATE OPERATIONS			820	824	822	797	824	836	811
TOTAL EXPENDITURES			820	824	822	797	824	836	811
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<25>			<25>
TOTAL GOV'S INITIATIVES						<25>			<25>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL			820	824	822	797	824	836	811
TOTAL FINANCING			820	824	822	797	824	836	811
POSITIONS BY FUND:									
GENERAL	.0	.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
TOTAL POSITIONS	.0	.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0

PROGRAM: Registration and Analysis
AGENCY: Commerce, Department of

PROGRAM PURPOSE:

The registration and analysis program exists to ensure that investment products and insurance policies sold in Minnesota meet minimum standards of fairness and understandability. The division is also responsible for ensuring that companies which self-insure their automobile liability and workers' compensation obligations possess the financial ability to assume such obligations. In addition, the division is responsible for identifying abandoned property and returning to its right owners and heirs.

This program contributes directly to the milestone theme of "A Prosperous People". Indirectly, the program supports the goal that "all families and household will have the economic means to maintain a reasonable standard of living". One of the principle methods of achieving economic means is saving and investing and insuring ourselves against unforeseen risk.

PROSPECTS:

The common thread of the program is money. Whenever money is involved be it for investments to earn a rate of return or the purchase of an insurance product to insure against calamity, there will always be the unscrupulous who attempt to separate the unsuspecting, unsophisticated citizen from his money by not returning value.

This being the case, the prospects for this divisions and the need for its outcomes is timeless. In fact, for reasons such as the following, the prospects are for need that is growing.

Senior Population Growth: In the next 20 years, seniors will double as a percent of Minnesota's population from 13 to 26%. Their medigap, long-term care, annuity, automobile and homeowners insurance needs will continue to expand and insurers will be attempting to tailor programs to meet the unique needs of our senior population. Review of senior products, participation in senior forums and increasing consumer awareness of insurance products must be a main focus of the department in coming years.

Registration of Investment Products: The securities market and other financial industries will continue to become more sophisticated. New and innovative financial products will require more in-depth review and analysis by department staff. Further, the globalization of the securities markets will raise new and difficult issues regarding financial standards and, potentially, preemption concerns.

Increase in Self-Insurers: The number of auto and workers' compensation self-insurers has been steadily increasing. Self-insuring liability is an attractive and, oftentimes, less costly alternative to purchasing insurance in the private market. While in 1986 there were 121 such self-insurers, 375 companies self-insured their auto liability and workers' compensation obligations in 1992. Because self-insurers are continually monitored, an increasing number of self-insurers causes a corresponding decrease in the level of monitoring of each self-insurer. Resources may have to be reallocated to ensure that self-insurers are effectively being monitored and that any problems are detected while they can still be corrected.

OUTCOMES: (EFFECTIVENESS INDICATORS)

It is very difficult to objectively measure the outcomes of this division. One way to determine the effectiveness of the division is to document the number of applications and filings which were identified by staff as not providing the benefits or protection required under Minnesota law. In other words, many unlawful investment products or insurance policies would have been sold in Minnesota if not for review by department staff.

With respect to insurance policy and rate filings, the following were filed in F.Y. 1992:

TYPE OF FILING	NUMBER OF FILINGS
Life and Health	5,099
Property Casualty	6,780
Workers' Compensation	432
TOTAL	12,311

Of the above rate and form filings, over 50% required changes in order to comply with Minnesota law.

Revisions with regard to life and health products were most often required because the products provided inadequate coverage for children or spouses; provided unlawful limitations on the care of newborns; or did not adequately disclose the surrender charges payable by an insured if he or she surrenders the policy before maturity. Property and casualty products were most often found deficient in that underwriting standards were unfairly discriminatory or policy provisions permitted companies to cancel policies for illegitimate reasons.

With respect to securities and other investment products, the following outlines the number of applications received during F.Y. 1992.

TYPE OF INVESTMENT	APPLICATIONS RECEIVED
Common Stock	77
Mutual Funds/Unit Investment Trusts	462
Limited Partnerships	44
Debt Instruments/Preferred Stock	285
Camping & Subdivided Land Registration	20

Approximately 75% of the initial applications filed are found to be deficient but are corrected by the applicant as a result of the examiner's work. Approximately 25% of the total submitted to the department for review were withdrawn or denied. Reasons for withdrawal or denial include excessive fees being paid to insiders, inadequate investment by insiders, inadequate voting rights or investors, and partnership agreement terms which permitted program sponsors to take advantage of investors.

PROGRAM: Registration and Analysis
AGENCY: Commerce, Department of
(Continuation)

The self-insurance section monitors the financial integrity of approximately 346 self-insurers to ensure that each company's financial condition remains stable and insurance obligations continue to be paid. Because of careful department monitoring, only 1 self-insurer was unable to pay its claim during the past biennium. As the number of self-insures continues to increase, additional emphasis must be placed on close monitoring of the financial condition of self-insurers.

The amount of unclaimed property reported to the state continues to increase. In F.Y. 1992, over $9 million was reported. During the same period over $4.5 million was returned to rightful owners and heirs. The remaining $4.5 million remains in the General Fund until such time, if ever, that it is claimed. During the 1992 Legislative Session, the term of abandonment for unclaimed property has been changed from 5 years to 3 years effective July 1, 1992. Fiscal year 1994 revenue will see the windfall effect of that legislative change in that an additional $4 million revenue will be submitted to the General Fund. The work load will also increase for that year as we will have increased reporting for the additional property.

The division has spent significant time and resources over the last year in the development of program responsibilities as they relate to the new HealthRight legislation passed in 1992. The legislation requires the department to produce several studies relating to health insurance rates, market availability and rating plan as well as the requirement to establish a small employer health care plan and a guarantee fund. In addition to these responsibilities, changes were made that have required additional review of all policy form and rate filings submitted to the department for approval. The effect of this legislation is to attempt to bring affordable health care to Minnesotan's who may have been uninsured in the past.

OBJECTIVES:

Investment Products

- Review all common stock, preferred stock, limited partnership, mutual fund and municipal bond prospectuses and financial statements applying readability and fairness standards to ensure that bogus investment schemes are not sold in Minnesota;
- review all franchise agreements offered in Minnesota to ensure that all material information about the franchise and franchisor is disclosed to prospective purchasers so that they are able to make an informed decision;
- prevent the sales of real estate interest in fraudulent land schemes by reviewing all subdivided land and membership camping club offerings made in Minnesota; and
- protect the public from unscrupulous salespersons and advisers by licensing and monitoring all broker-dealers, securities agents and investment advisers doing business in this state.

Insurance Products

- Enforce readability and fairness standards with respect to life and health policies and property and casualty insurance policies to protect the public from illusory coverage and policies which do not provide the benefits mandated by law;
- provide consumer education through the completion of insurance cost comparison surveys and participation in senior citizen workshops and other civic forums;
- protect small businesses from financially unstable insurance providers by reviewing risk retention and purchasing groups seeking to solicit insurance business in Minnesota;
- provide guidance and technical assistance to four risk pools, i.e., the Fair Plan, the Auto Plan, the Auto Assigned Claims Plan and the Minnesota Comprehensive Health Association, to ensure that the pools are fulfilling their legislative purpose of providing insurance coverage to the uninsurable.
- enforce statutory financial requirements and liquidity tests to all applicants for self-insurance authority;
- protect self-insurers from dishonest claims payor and processors by licensing third party administrators which provide management services to self-insures; and
- annually review the financial condition of self-insurers to ensure the solvency and liquidity standards continue to be met.

Abandoned Property

- Enforce reporting requirements to ensure that banks, insurance companies and other organizations which hold abandoned property report and remit that property to the state; and
- search for owners of abandoned property through advertising and individual investigations.

ACTIVITIES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Life & Health Filings	5,099	5,384	5,500	5,500
Property Casualty Filings	6,780	8,247	8,750	8,750
Workers Compensation Filings	932	629	750	750
Self Insurance Filings	35	472	51	59
Common Stock Applications	77	85	100	100
Mutual Fund/UIT Applications	462	500	500	500
Limited Partnership Applications	44	40	40	40
Debt Instruments/Preferred Stock Applications	285	350	350	350
Camping & Subdivided Land Applications	20	21	21	21
Abandoned Property Reported	$9,100,000	$9,500,000	$19,000,000	$11,000,000
Abandoned Property Remitted	$4,700,000	$5,000,000	$10,000,000	$5,900,000

PROGRAM: Registration and Analysis
AGENCY: Commerce, Department of
(Continuation)

PROGRAM PLAN:

The General Fund challenge for this program amounts to $243,000 in F.Y. 1994 and $314,000 in F.Y. 1995. This includes a base reduction of $170,000 each year, as well as unfunded inflationary cost increases.

The first effort of the program to meet this challenge is to raise the threshold for the requirement of advertising for unclaimed property from $25 to $100. This will provide savings in advertising and the need for record retention and data input so that, additionally, a clerical position can be deleted.

The remaining savings will be from position reductions. The policy analysis section would be losing one managerial position and the registration division will lose one supervisory position. This loss in policy analysis will be difficult to absorb as there is only one director level position in this section. However, the outcomes can be managed and maintained.

The agency plan includes a base adjustment of $306,000 in F.Y. 1994 and $151,000 in F.Y. 1995 to implement changes made by the 1992 legislature for the unclaimed property program. Since the legislation to change the term of abandonment from 5 years to 3 years could not be implemented until F.Y. 1994, the appropriation was not needed in F.Y. 1993, but it will be needed in F.Y. 1994 and beyond.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the agency budget plan, except for the following adjustments:

The Governor recommends the transfer of $1,367,000 and 8.0 positions from the Health Care Access Fund to the General Fund for increased regulatory responsibilities resulting from the MnCare reform bill. Since the insurance industry pays for the cost of this regulation through fees which are deposited in the General Fund, the appropriation should be made from the General Fund.

The Governor recommends that proposed funding be reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF
PROGRAM: REGISTRATION & ANALYSIS

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
REGISTRATION	465	479	494	497	446	433	497	461	447
DEP COMR REGIST & ANALYSIS	115	119	122	124	125	121	124	129	125
UNCLAIMED PROPERTY	395	460	365	366	553	545	366	413	406
POLICY FORM ANALYSIS	907	869	1,582	1,592	1,591	1,562	1,607	1,572	1,545
TOTAL EXPENDITURES BY ACTIVITY	1,882	1,927	2,563	2,579	2,715	2,661	2,594	2,575	2,523
GOV'S INITIATIVES:		FUND							
(A) TRANSFER HEALTH RIGHT FUNDING TO GEN FUND		GEN				676			691
(A) TRANSFER HEALTH RIGHT FUNDING TO GEN FUND		HCA				<676>			<691>
(A) SALARY PLANNING ESTIMATES		GEN				<54>			<52>
TOTAL GOV'S INITIATIVES						<54>			<52>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,882	1,927	1,894	1,903	2,039	2,661	1,903	1,884	2,523
HEALTH CARE ACCESS			669	676	676		691	691	
TOTAL FINANCING	1,882	1,927	2,563	2,579	2,715	2,661	2,594	2,575	2,523
POSITIONS BY FUND:									
GENERAL	42.0	42.0	40.0	40.0	40.0	48.0	39.0	39.0	47.0
HEALTH CARE ACCESS	.0	.0	8.0	8.0	8.0	.0	8.0	8.0	.0
TOTAL POSITIONS	42.0	42.0	48.0	48.0	48.0	48.0	47.0	47.0	47.0

BUDGET ACTIVITY: Registration
PROGRAM: Registration and Analysis
AGENCY: Commerce, Department of

ACTIVITY DESCRIPTION:

The registration activity supports directly the milestone theme of "A Prosperous People" by working to ensure that investment products sold in Minnesota meet fairness and disclosure standards. Note that the activity does not attempt to guarantee a rate of return or even the soundness of the investment. Rather, it attempts to protect the unsuspecting, unsophisticated citizen from the unscrupulous who work to separate them from their money by not returning value. An investment can still be risky, however, the corresponding potential rate of return should be fair and the risks fully disclosed. The activity works toward the goal through a complete review of disclosure documents for all investment offerings sold in Minnesota.

The activity applies merit standards to all common stock, preferred stock, limited partnership, mutual fund and debt applications for registration to assure that unfair and inequitable, fraudulent and illegal investments are not sold in Minnesota. In addition, franchise agreements sold in Minnesota are reviewed to determine that all material information about the franchise is disclosed and that the agreement contains no unfair or inequitable practices.

Subdivided land and membership camping club offerings made in Minnesota are reviewed to determine that there is full and fair disclosure and that the sellers do not engage in fraud, misrepresentations or unfair practices.

Finally, applications for licenses of securities broker-dealers, agents and investment advisers seeking to do business in Minnesota are reviewed to assure that they have met the minimum standards for testing, experience and financial requirements.

BUDGET ISSUES:

Because of the ever changing economy, the need for continual and comprehensive review of the items offered to sale to Minnesotans as investments for their future increases. The only way to continue to assure that investment offerings sold to Minnesota investors remain in compliance with statutes and are safe and sound is to maintain the level of performance of this activity. It is expected that market activity will increase as the economy improves.

More and more products will be offered for sale. Information available indicates an increase in all types of filings handled by the registration activity. As a result, there are no proposed reductions made in this activity.

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Percent of applications found initially not in compliance	75	75	75	75
Percent eventually withdrawn or denied	25	25	25	25
Registrations				
Common stock	72	25	100	100
Mutual funds/Unit investment trust	462	500	500	500
Limited partnerships	44	40	40	40
Debt and Preferred Stock	285	350	350	350
Exemption Filings	629	700	700	700
Franchise	181	200	200	200
Subdivided land	78	75	75	75
Camping Memberships	2	1	1	1
Filings				
Securities Annual Reports	2,024	2,100	2,100	2,100
Franchise Annual Reports	478	500	500	500
Subdivided Land Annual Reports	72	75	75	75
Camping Membership Annual Reports	2	2	2	2

REVENUE:

This activity generates non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$8,405	$10,617	$9,692	$9,775	$9,663

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF
PROGRAM: REGISTRATION & ANALYSIS
ACTIVITY: REGISTRATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	421	413	443	446	395	382	446	410	396
EXPENSES/CONTRACTUAL SRVCS	13	6	10	10	10	10	10	10	10
MISC OPERATING EXPENSES	14	13	29	29	29	29	29	29	29
SUPPLIES/MATERIALS/PARTS	11	14	12	12	12	12	12	12	12
CAPITAL EQUIPMENT	6	33							
SUBTOTAL STATE OPERATIONS	465	479	494	497	446	433	497	461	447
TOTAL EXPENDITURES	465	479	494	497	446	433	497	461	447
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<13>			<14>
TOTAL GOV'S INITIATIVES						<13>			<14>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	465	479	494	497	446	433	497	461	447
TOTAL FINANCING	465	479	494	497	446	433	497	461	447
POSITIONS BY FUND:									
GENERAL	13.0	13.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
TOTAL POSITIONS	13.0	13.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0

BUDGET ACTIVITY: Deputy Commissioner, Registration and Analysis
PROGRAM: Registration and Analysis
AGENCY: Commerce, Department of

ACTIVITY DESCRIPTION:

The deputy commissioner activity sets priorities for the program, establishes methods and standards for the program and provides day to day management and direction to the overall operation of the registration and analysis program. The deputy commissioner is also responsible for developing and implementing this program to ensure consistent, fair and equitable decisions are made that affect the industries regulated.

BUDGET ISSUES:

The deputy commissioner activity is affected by all of the program budget decisions made to meet the challenge presented in the development of the department's budget for this program. Particularly the decision to eliminate a managerial position in the policy analysis activity. This will require the deputy commissioner's activity to become more involved with the daily operations of that function to assure all statutory requirements to protect Minnesota citizens relating to the purchase of insurance products are adhered to.

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
No. of policy and rate filings approved	12,311	14,260	15,000	15,000
No. of registrations approved	1,696	1,896	1,911	1,911
Amount of abandoned property returned to owners	$4,700,000	$5,000,000	$10,000,000	$5,900,000
No. of licensed self-insurers	364	409	458	515

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF
PROGRAM: REGISTRATION & ANALYSIS
ACTIVITY: DEP COMR REGIST & ANALYSIS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	108	112	113	115	116	112	115	120	116
EXPENSES/CONTRACTUAL SRVCS	2	2	3	3	3	3	3	3	3
MISC OPERATING EXPENSES	2	2	3	3	3	3	3	3	3
SUPPLIES/MATERIALS/PARTS	3	3	3	3	3	3	3	3	3
SUBTOTAL STATE OPERATIONS	115	119	122	124	125	121	124	129	125
TOTAL EXPENDITURES	115	119	122	124	125	121	124	129	125
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<4>			<4>
TOTAL GOV'S INITIATIVES						<4>			<4>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	115	119	122	124	125	121	124	129	125
TOTAL FINANCING	115	119	122	124	125	121	124	129	125
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

BUDGET ACTIVITY: Unclaimed Property
PROGRAM: Registration and Analysis
AGENCY: Commerce, Department of

ACTIVITY DESCRIPTION:

The unclaimed property activity identifies and returns abandoned property held by financial institutions, insurance companies and corporations to the rightful owners or heirs. This is accomplished as a result of business in the state being required to report and remit abandoned property (unclaimed safe deposit box contents, monies from abandoned checking and savings accounts, unclaimed insurance premiums and policies and corporate stocks and bonds) to the activity. The activity then attempts to locate owners of the property through advertisements, direct mail and active research.

Increased awareness has led to more Minnesotans receiving funds that are rightfully theirs. In an effort to simplify the unclaimed property reporting process, Minnesota has signed reciprocal agreements with other states, thus enabling holders to report to the state of their principal place of business.

BUDGET ISSUES:

In order for the program to meet its budget challenge, a proposal is made to raise the reporting threshold for the advertising of abandoned property from the current level of $25 to $50. The affect of this proposal is that individuals with property reported between $25 and $49 will no longer have their names advertised in the newspaper pursuant to the statutory requirement to advertise owners names once each year.

The harm in increasing the threshold to the individual is slight, he forgoes the possible return of a maximum of $49.00 of his property, but the societal savings in not having to expend resources to track, advertise, investigate the claim, and pay the claim, far outweigh the lost to the individual. Additionally, the state will accumulate the money in the General Fund to assist in carrying out societal objectives for the benefit of all including the person who did not get the value of his property under $50.00.

The change in the period of abandonment from 5 years to 3 occurred in the 1992 Legislative Session. The reporting date for this change took effect on July 1, 1992. As a result, the property will be reported and remitted to the state in the F.Y. 1994 instead of the originally intended F.Y. 1993. This will mean that a windfall of additional names and required advertising and maintenance of those names will occur in 1994. This change will increase the number of names reported and advertised each fiscal year after the windfall as it is anticipated that more accounts will have no activity in the 3rd to 5th year which was previously held in the holders business activities.

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Property reported	$9,100,000	$9,500,000	$19,000,000	$11,000,000
Amount remitted to owners	$4,700,000	$5,000,000	$10,000,000	$5,900,000
Amount remitted as % of amount reported	51	52	53	54
Number of holders contacted	19,000	19,000	19,000	19,000
Number of owners advertised	26,500	27,000	50,000	30,000
Number of claims paid	2,684	3,000	5,000	3,200

REVENUE:

This activity generates non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$6,061	$7,533	$8,256	$13,058	$9,058

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF
PROGRAM: REGISTRATION & ANALYSIS
ACTIVITY: UNCLAIMED PROPERTY

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	191	167	180	181	246	238	181	200	193
EXPENSES/CONTRACTUAL SRVCS	184	213	157	157	228	228	157	165	165
MISC OPERATING EXPENSES	17	18	22	22	28	28	22	29	29
SUPPLIES/MATERIALS/PARTS	3	38	6	6	42	42	6	19	19
CAPITAL EQUIPMENT		24			9	9			
SUBTOTAL STATE OPERATIONS	395	460	365	366	553	545	366	413	406
TOTAL EXPENDITURES	395	460	365	366	553	545	366	413	406
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<8>			<7>
TOTAL GOV'S INITIATIVES						<8>			<7>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	395	460	365	366	553	545	366	413	406
TOTAL FINANCING	395	460	365	366	553	545	366	413	406
POSITIONS BY FUND:									
GENERAL	6.0	6.0	7.0	7.0	7.0	7.0	6.0	6.0	6.0
TOTAL POSITIONS	6.0	6.0	7.0	7.0	7.0	7.0	6.0	6.0	6.0

BUDGET ACTIVITY: Policy Form Analysis and Rate Review
PROGRAM: Registration and Analysis
AGENCY: Commerce, Department of

ACTIVITY DESCRIPTION:

The policy form analysis and rate review activity supports the milestone theme of "A Prosperous People". It does so by working to protect the consumer's investment in insuring themselves against unforeseen risk. The principle activity is assuring that citizens have meaningful access to difficult to find coverage through assigned risk pools and plans.

The goals are accomplished through review of policy forms and rates to assure they are reasonable, non-discriminatory and fair. This activity performs a detailed review of each filing for compliance with related statutes and rules for lines of insurance including; auto, fire, commercial, life and health.

The newest responsibility for this activity was enacted during the 1992 Legislative Session as part of the HealthRight bill. This new activity will implement the reforms contained in the legislation regarding small employer and individual market health insurance with the outcome goal of providing affordable and accessible health care for all Minnesotans. To this end, many studies were required to analyze and assess the current market conditions, affordable and available coverage for Minnesota citizens.

The small employers pool and guarantee fund provisions of the legislation establish 2 basic plans the department must create and a guarantee association to provide reinsurance for the small employer plans. The plans will provide an insurance pool for small employers with 25 or less employees to purchase health insurance coverage with basic deductible and co-payment type plans with specified benefits. Initially premiums are allowed to have a variance of up to 50% above or below the index rate with a phase out of the variances by 1997. This program will be created and managed by the department in the same manner as the other plans and pools discussed below.

This activity also regulates the functions of various assigned risk plans and pools established to make available the insurance coverage needed by citizens as required by law. These plans include; the Fair Plan, the Auto Plan, the Auto Assigned Claims Plan, the Comprehensive Health Association, the Workers Compensation Assigned Risk Plan, the Workers' Compensation Insurers' Rating Association, the Medical Malpractice Insurance Plan, and Liquor Liability Assigned Risk Plan.

The activity is responsible for review of certain non-insurance functions such as, auto warranty contracts and preferred provider organizations. Finally, this activity responds to consumer and other regulatory authority inquiries regarding insurance coverage and rates.

Finally, the activity also conducts studies and surveys to increase consumer awareness of financial products. During the past biennium, the department distributed the following updated editions to thousands of Minnesotans:

- Medigap Insurance Cost Comparison Study
- Long Term Care Insurance Cost Comparison Study
- Auto Insurance Cost Comparison Study
- Homeowners Cost Comparison Study

Funds expended to conduct the above studies are greatly exceeded by the money consumers can save by shopping around for insurance and comparing costs as recommended in the studies.

BUDGET ISSUES:

A major affect on this activity is the aging of Minnesota's population. As indicated in the program page, the fact that seniors will double as will have an impact on the challenges to this division to review new and innovative products that are developed to attract a senior marketplace. Medigap, long-term care, annuity products and the affect on auto and homeowners insurance with an aging population will directly affect the workload of this activity.

Also, the implementation of all the provisions on the policy review of health insurance contracts have not been fully identified yet. The new requirements for review will have an impact on procedures of the activity. To the best of the department's ability, this increase in work load will be managed within the limits of the budget challenge.

The 1992 HealthRight legislation appropriated funds for the insurance regulatory aspects of the bill to the department from the HealthRight appropriation. Consideration should be given to this appropriation being made from the General Fund and supported by the fees charged for regulation of the insurance industry as all other regulatory costs are recovered. It would seem appropriate that these costs of regulation should be charged back to the insurance industry and should not come from the funding mechanism designed to fund the HealthRight program.

To achieve the challenge of this program, it is planned that one managerial position will be eliminated in this activity. This will require the activity to assign more responsibility for management of day to day operations to supervisory staff of the activity.

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Policy and rate filings returned	1,500	1,600	1,600	1,600
Life and Health	750	800	800	800
Property and Casualty	700	700	700	700
Workers' Compensation	100	100	100	100
% of filings responded to within statutory time limits	99	99	99	99
Number of filings submitted	12,311	14,260	15,000	15,000
Life and Health	5,099	5,384	5,500	5,500
Property and Casualty	6,780	8,245	8,750	8,750
Workers Compensation	432	629	750	750

REVENUE:

This activity generates non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$1,144	$1,292	$1,251	$1,300	$1,331

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF
PROGRAM: REGISTRATION & ANALYSIS
ACTIVITY: POLICY FORM ANALYSIS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	768	811	1,226	1,229	1,226	1,197	1,229	1,190	1,163
EXPENSES/CONTRACTUAL SRVCS	42	8	155	162	162	162	177	177	177
MISC OPERATING EXPENSES	26	18	99	99	101	101	99	103	103
SUPPLIES/MATERIALS/PARTS	9	29	62	62	62	62	62	62	62
CAPITAL EQUIPMENT	62	3	40	40	40	40	40	40	40
SUBTOTAL STATE OPERATIONS	907	869	1,582	1,592	1,591	1,562	1,607	1,572	1,545
TOTAL EXPENDITURES	907	869	1,582	1,592	1,591	1,562	1,607	1,572	1,545
GOV'S INITIATIVES:		FUND							
(A) TRANSFER HEALTH RIGHT FUNDING TO GEN FUND		GEN				676			691
(A) TRANSFER HEALTH RIGHT FUNDING TO GEN FUND		HCA				<676>			<691>
(A) SALARY PLANNING ESTIMATES		GEN				<29>			<27>
TOTAL GOV'S INITIATIVES						<29>			<27>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	907	869	913	916	915	1,562	916	881	1,545
HEALTH CARE ACCESS			669	676	676		691	691	
TOTAL FINANCING	907	869	1,582	1,592	1,591	1,562	1,607	1,572	1,545
POSITIONS BY FUND:									
GENERAL	21.0	21.0	20.0	20.0	20.0	28.0	20.0	20.0	28.0
HEALTH CARE ACCESS	.0	.0	8.0	8.0	8.0	.0	8.0	8.0	.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF
PROGRAM: REGISTRATION & ANALYSIS
ACTIVITY: POLICY FORM ANALYSIS

				FY 1994			FY 1995		
ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TOTAL POSITIONS	21.0	21.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0

PROGRAM: Petroleum Tank Release Clean-up Fund
AGENCY: Commerce, Department of

PROGRAM PURPOSE:

The petroleum tank release compensation fund was established to provide partial reimbursement to tank owners and operators for the cost of investigating and cleaning up petroleum releases. The reimbursement program provides an incentive for the timely reporting of petroleum releases which may be hazardous to the public health and environment if left unreported. The program also assists tank owners who wish to cooperate in cleaning up a release but who otherwise may not have adequate financial resources to do so.

Subsequent to the establishment of the fund, the federal Environmental Protection Agency (EPA) adopted regulations requiring most non-residential tank owners to, generally, maintain a net worth of $1,000,000 or purchase insurance coverage in that amount. The Petrofund has received EPA certification allowing the fund's statutory charge to reimburse Minnesota tank owners up to $1,000,000 of costs resulting from a petroleum release thus satisfying the above EPA requirements.

The Petroleum Tank Release Compensation Board administers the fund and is staffed by the department. The board consists of 2 representatives of the petroleum industry and 1 representative of the insurance industry, all appointed by the Governor. The Minnesota Pollution Control Agency (MPCA) commissioner and the Commerce commissioner also serve on the board. The board's staff currently consists of 3 analysts and 2 secretaries.

The Petroleum Tank Release Clean-up Fund is funded by a fee of 1¢ per gallon for petroleum products. This is imposed by the board at the distributor level. Applicants are reimbursed 90% of their costs up to $1,000,000 per release, or up to $2,000,000 per site (tank facility).

"The Petroleum Tank Release Clean Up Program" reflects the combined "Minnesota Milestones" themes of "Our Surroundings", with the primary focus on "Improving the quality of the air, water and earth." This is accomplished by the incentive offered to tank owners/operators in the form of a reimbursement program for clean-up costs incurred as a result of petroleum releases.

CLIMATE:

The ultimate "customer" or beneficiary of the program is the tank owner/operator who has the responsibility of cleaning up the leak site. The ultimate "goal" of the program is to assist in returning the owner/operator to a stable financial condition after the site has been restored to a level of 'clean' acceptable to the MPCA. This demands the prudent expenditure of limited Petrofund dollars and continued vigilance against fraud and abuse by conscientious and trained analysts working in cooperation with the technical experts of the MPCA and the investigative efforts of the attorney generals' office.

The 1992 legislation has further refined the current program to require 1) a "registration" process for all environmental consultants and contractors participating in the program, 2) allowing the board to apply sanctions and fines when fraud and abuse have been found and, 3) facilitating the reimbursement process and eliminating penalties for non-compliance for counties, cities, townships and foreclosing financial institutions.

Federal legislation requires the replacement of approximately 40,000 Minnesota underground storage tanks on over 15,000 sites over the next 6 years and will directly impact this program since it is likely that releases that have gone unnoticed for years will be discovered upon replacement of the tanks. The number of applications has steadily increased since the inception of the program and the increase is expected to continue until at least 1996 at which time the number of applications should plateau.

BUDGET ISSUES:

Based on the current funding level of 1¢ per gallon per month on petroleum products the fund expects to generate $30,000,000 per year in revenue.

	Revenue	Expenditure	Deficit
F. Y. 1994	$30,000,000	$45,000,000	($15,000,000)*
F. Y. 1995	$30,000,000	$45,000,000	($15,000,000)*

* The deficit represents claims paid only, and does not include transfers of funds to MPCA or Commerce appropriation.

The 1¢ per gallon fee could be raised to 2¢ per gallon, with the board having the authority to reduce the fee back to 1¢ when the fund eliminates the deficit. The board could also temporarily turn off the fee if the fund balance is maintained at the $2,000,000 floor. In other words, the 2¢ fee is *not* necessarily continuous or permanent.

The following illustrates the number of applications annually received during the first 5 years of the program and the number of applications *estimated* to be received in the current fiscal year through 1997.

FISCAL YR	SUBMITTED APPLICATIONS	NUMBER OF SUPPLEMENTAL APPLICATIONS	PAYMENT AMOUNT
1988 (act.)	3	0	$78,986
1989 (act.)	33	0	$818,576
1990 (act.)	314	113	$11,307,569
1991 (act.)	400	167	$15,617,643
1992 (act.)	1785	800	$44,378,382
1993 (est.)	2000	1600	$45,000,000
1994 (est.)	1500	3000	$45,000,000
1995 (est.)	1200	2400	$45,000,000
1996 (est.)	1000	2000	$45,000,000
1997 (est.)	900	1800	$36,000,000

Because of the short history of this program, it is difficult to accurately estimate the number of applications which will be received and the amount of reimbursements that will be made. It must be stressed that the actual number of applications and reimbursements may be significantly less than or greater than the estimates. This is predominantly due to the new legislation in 1991 (M.S. 115C.09, subd.2) which allows the responsible person to submit applications more frequently. As the corrective action continues, unlimited supplemental applications may be submitted for reimbursement as long as the incurred costs for each phase exceeds $2,000. Consequently, the staff

anticipates the supplemental applications to exceed the initial applications by a minimum of 2 to 1, for the next few years.

As noted previously, the costs of the fund and reimbursements to tank owners are paid from monies derived from a fee of 1¢ per gallon for petroleum products which is imposed on petroleum distributors. Based on past experience, the maximum amount of annual revenues from this fee is between $30,000,000 and $33,600,000. As is evident, the actual reimbursements for F.Y. 1992 significantly exceeded this amount.

The estimates assume, through 1997, that adequate staff exist at the PCA and the fund to promptly review corrective action plans and applications for compliance with reimbursement requirements. The MPCA estimates that it is able to review approximately 1000 corrective action plans per year. Applications for Petrofund reimbursement must have an MPCA-approved corrective action plan to be eligible for reimbursement. In 1991, the revised time to review a CAD by the MPCA has been reduced from 700 to only 200 days from date of release notice. This will, in turn, directly impact the number of applications received by Petrofund, especially if the MPCA process is further accelerated.

OUTCOMES:

The Minnesota Petrofund program has been hailed as a prototype for other similar programs throughout the United States. It should be noted that several states are also experiencing the difficulties that we see in Minnesota, including a fund deficit, threat of removal of EPA approval, under-staffing, huge influx of applications, and potential for fraud and abuse. The Petrofund board is committed to addressing and resolving these issues in a more proactive manner than ever before. The aim is to continue the program to its ultimate end in the early 2025, thereby reaching our goal of replacing all leaking petroleum storage tanks.

In recent months, the staff/board has been able to process an average of 150 claims for each of the 9 annual meetings held every 6 weeks. The reimbursements average about $4,944,739 per meeting. (This does not include the monthly transfer of funds to MPCA for their emergency or ordered clean-ups.) With an average of nine meetings per year, the estimated annual reimbursements approved should reach or exceed $45,000,000 through 1996.

OBJECTIVES:

Assuming that no artificial cap is placed on the number of applications received and reviewed or on the amount of reimbursement because of an inadequate number of staff persons, the projected amount of reimbursements significantly exceeds amounts available to fund reimbursements in F.Y. 1994-95. Some alternatives exist to remedy this problem.

The first alternative is to reimburse responsible parties as funds are made available. The delay could continue to be quite lengthy. Accordingly, the incentive for prompt clean-ups could be delayed or eliminated and small tank owners could experience severe financial hardship if applications are not reviewed or reimbursement made in a timely manner.

A second alternative is to limit the total amount which the fund will reimburse for any single site. The cap is presently $1,000,000 per release and $2,000,000 per site (facility). Presently, the average payout per site is significantly less. The largest request received to date is in excess of $850,000. Therefore, the cap would have to be significantly reduced to have any impact. This alternative is not recommended since the fund will lose its EPA certification if the cap is reduced, forcing tank owners to purchase insurance. The availability of such insurance is questionable and even where it is available, may be costly. Further, many policies would be written on a "claims made" basis and may not cover for past releases or clean-ups currently reported and in progress.

Other possibilities are to reduce the percentage reimbursed, reimburse only small tank owners who are unable to get bridge financing and/or prioritize based on need for reimbursement

PROGRAM PLAN:

The same level needs for this program including inflation is $232,000 and $240,000 for F.Y. 1994 and F. Y. 1995 respectively. Based on the challenge of 100% of the 1993 base as the funding level for F.Y. 1994 and F.Y. 1995, the funding available for each fiscal year is $224,000. To achieve this challenge this program will be required to reduce its inflated base level expenditures by $8,000 and $16,000 for F.Y. 1994 and F. Y. 1995. This will be accomplished by reductions in the program's budget for training staff and miscellaneous supply and expense reductions.

Because of the increase in the number of applications there is a backlog of applications and a slow down in the processing of applications. The result will be delays in reimbursing tank owners. Because many tank owners are unable to obtain "bridge financing" to finance a clean-up prior to the actual receipt of monies from the Petrofund, clean-up efforts will be hampered by tank owners. The potential for harming public health and the environment may increase.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the responsibility for providing administrative support to the Petroleum Tank Release Compensation Board be transferred from the Commissioner of Commerce to the Commissioner of the Minnesota Pollution Control Agency (MPCA). This transfer will facilitate the services to tank owners and operators by housing the entire program in a single agency. The board structure is recommended to remain intact and maintain its present role, but the administrative budget for the board, including 5.0 positions, is recommended to transfer to MPCA.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF
PROGRAM: PETROLEUM TANK CLEANUP FUND
ACTIVITY: PETROLEUM TANK CLEANUP FUND

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	61	163	171	171	171		171	171	
EXPENSES/CONTRACTUAL SRVCS		23	18	18	18		18	18	
MISC OPERATING EXPENSES	15,618	38,333	27,341	27,341	29,306		27,341	29,306	
SUPPLIES/MATERIALS/PARTS		15	9	9	9		9	9	
CAPITAL EQUIPMENT		6							
SUBTOTAL STATE OPERATIONS	15,679	38,540	27,539	27,539	29,504		27,539	29,504	
TOTAL EXPENDITURES	15,679	38,540	27,539	27,539	29,504		27,539	29,504	
GOV'S INITIATIVES:		FUND							
(P) TRANSFER PETRO PROG FROM COMMERCE TO PCA		ENV				<29,504>			<29,504>
TOTAL GOV'S INITIATIVES						<29,504>			<29,504>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENTAL	61	216	224	224	224		224	224	
OPEN APPROPRIATIONS:									
ENVIRONMENTAL	15,618	38,324	27,315	27,315	29,280		27,315	29,280	
TOTAL FINANCING	15,679	38,540	27,539	27,539	29,504		27,539	29,504	
POSITIONS BY FUND:									
ENVIRONMENTAL	2.0	5.0	5.0	5.0	5.0	.0	5.0	5.0	.0
TOTAL POSITIONS	2.0	5.0	5.0	5.0	5.0	.0	5.0	5.0	.0

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Commerce, Department of
PROGRAM: Petroleum Tank Release Clean-up Fund
ACTIVITY: Petroleum Tank Release Clean-up Fund

ITEM TITLE: Transfer of Petroleum Tank Release Clean-up Program from Commerce to PCA

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
Environmental Fund				
- State Operations	$(224)	$(224)	$(224)	$(224)
- Reimbursements *	$(29,280)	$(29,280)	$(29,280)	$(29,280)
Revenues: ($000s)				
Environmental Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes X **No** ____
If yes, statute affected: 115c.07. Subd 2

* Reimbursements are not direct appropriated - information only.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the state's Petroleum Tank Release Compensation Program, which includes 5.0 positions, be transferred from the Department of Commerce to the Pollution Control Agency to improve services to the tank owners by making a single state agency responsible and accountable for the entire program. Currently, the responsibility is divided among the Petroleum Tank Release Cleanup Board, Commissioner of the Minnesota Pollution Control Agency, and the Commissioner of Commerce, which has the potential to reduce accountability and performance.

There are several reasons for recommending the program be consolidated in the Pollution Control Agency:

1. The Commerce Department provides administrative support to the board, but the program does not fit with the mission of the Commerce Department. The Commerce Department is the primary state regulator of the financial services industry in Minnesota. Its major programs fall into the areas of financial examination, enforcement and licensing. Its clientele are the financial institutions, insurance securities and real estate businesses in Minnesota. The Petroleum Tank Clean-up Program does not fit with the department's mission to enhance the stability and strength of the financial industries and to protect consumers investments.

2. PCA's current staffing and resources for administering the Petroleum Tank Clean-up program is several times the size of the understaffed, and relatively small budget in the Commerce Department. Merging the segments of the program under MPCA provides flexibility to adjust resources between technical review and claims processing for balancing the resources and thus minimizing bottlenecks in the work flow.

3. Consolidation of the program within a single agency means that tank owners will work with only one state agency instead of 2. A one-stop shop for responding should lessen confusion and provide for more responses to the program and to the tank owners.

PROGRAM OUTCOMES:

Consolidation of the program in MPCA offers the following advantages:

1. Improvement in communication and an increase in program efficiency between technical support and the financial assistance unit.

2. Greater team work for developing new ideas, solutions, and approaches for achieving program goals.

3. Roles of the 2 staffs can be redefined offering an opportunity for streamlining the overall process.

4. It offers an opportunity to combine the MPCA environmental data base with the financial records, currently in the Department of Commerce, to track program expenditures and facilitate cost control.

LONG-TERM IMPACT:

The long-term impact is a more efficient and focused program that balances the environmental attributes of the program with the need to provide a responsible financial assistance program.

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PROGRAM: Administrative Services
AGENCY: Commerce, Department of

PROGRAM PURPOSE:

The administrative services program is integral to the department's overall objectives. The program assures that all department programs are administered and implemented in an efficient and cost effective manner. The program is also responsible for setting priorities for the overall department to assure overall management consistency. The program coordinates administrative support functions including development and implementation of fiscal policy, human resource services and management information systems support. The program also provides legal support services to the department.

The program exists to provide day to day administrative support in order that the departments statutory responsibilities are carried out in an efficient and effective manner. The basic activities of this program are carried out in the areas of; fiscal management, human resource management, administrative management, information systems and data processing, legal services and the commissioner's office.

The commissioner's office is responsible for defining and implementing the policy agenda for the department.

All financial transactions of the department are approved and processed by the financial management and administrative management personnel. This area is also responsible for implementing spending priorities and monitoring the financial status of the department. This includes ongoing monitoring of expenditure levels and collection of fees and assessments. All internal and external accounting reports are generated from this area. Administrative functions include mail distribution, phone receptionist and maintenance and upkeep of department office equipment.

Screening of applicants of classified and unclassified positions, processing of personnel documents, training, job counseling, labor relations and affirmative action activities are performed as part of the personnel and procurement responsibilities. Management information systems and local area network administration is coordinated though this area to assure efficient and effective operation and security control of access to information.

Legal services segregates funding for the Office of Administrative Hearings and the Office of the Attorney General.

PROSPECTS:

The prospects for this division develop around the events that affect the other programs of the department. In order to provide effective regulatory policy the administrative service program must be able to effectively address the issues facing a department that regulates a variety of financial services industries. The ever changing economy has the greatest impact on the needs and services to be provided by the department and leadership of this program.

The results of the proper implementation of the administrative service program will be central coordination and implementation of the department's statutory responsibilities and oversight to individual divisions to assure effective and efficient day to day operations.

OUTCOMES: (EFFECTIVENESS INDICATORS)

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Cost of Administrative program per employee	6	8	8	8
Vendor payments processed within 30 days (%)	97	96	98	99
% of staff turnover	3.04	3.27	10.55	3
Cost of Department operations per employee	$50,809.89	$55,138.18	$54,225.45	$54,025.55
ACTIVITIES:				
Total positions	263	275	275	274
Department budget	$13,363	$15,163	$14,912	$14,803
No. of employees hired	46	25	10	10
No. of examinations administered	10	12	10	8
No. of examination candidates	1,232	1,800	1,500	1,000
Total leased space	48,669	53,669	53,669	53,669
Total systems operational	6	8	8	8
No. of LAN users	120	155	160	170
Total Revenue Deposited	$31,798	$31,944	$38,949	$34,529

OBJECTIVES:

The overall objective of this program is to assure that all operations of the Department of Commerce comply with applicable statutes, rules, regulations and procedures as well as to assure that operations are effective, efficient and economical.

The program will provide services to the department to minimize the loss of resources (both human and fiscal) and program inefficiencies as a result of not having the necessary tools to accomplish the program objectives and department mission.

PROGRAM PLAN:

The General Fund challenge for this program amounts to $142,000 in F.Y. 1994 and $189,000 in F.Y. 1995. This includes a base reduction of $102,000 in F.Y. 1994 and $102,000 in F.Y. 1995, as well as unfunded inflationary cost increases.

In order to effectively administer this programs budget, the administrative services provided to the non-health licensing boards assigned to the Commerce Department must be eliminated. This action will allow the program to eliminate one position in an attempt to meet the challenge while continuing to provide effective and efficient services to the overall department.

Other supply and expense reductions will be made to meet the challenge and continue the support to the department.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the agency plan except for the following adjustments: The Governor recommends a biennial increase of $67,000 to restore funding for administrative support services to the non-health boards, because the non-health boards do not have the staff or the expertise to provide these services on their own; and the Governor recommends that proposed funding be reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF
PROGRAM: ADMINISTRATIVE SERVICES
ACTIVITY: FINANCE & ADMINISTRATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	842	888	1,016	1,021	989	989	1,021	1,029	1,028
EXPENSES/CONTRACTUAL SRVCS	559	718	1,034	1,108	1,036	1,036	1,143	1,029	1,029
MISC OPERATING EXPENSES	32	37	74	74	75	75	74	76	76
SUPPLIES/MATERIALS/PARTS	25	28	38	38	39	39	38	40	40
CAPITAL EQUIPMENT	13	24							
SUBTOTAL STATE OPERATIONS	1,471	1,695	2,162	2,241	2,139	2,139	2,276	2,174	2,173
TOTAL EXPENDITURES	1,471	1,695	2,162	2,241	2,139	2,139	2,276	2,174	2,173
GOV'S INITIATIVES:		FUND							
(A) RESTORE AGENCY REDUCTION		GEN				33			34
(A) SALARY PLANNING ESTIMATES		GEN				<33>			<35>
TOTAL GOV'S INITIATIVES									<1>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,471	1,695	2,162	2,241	2,139	2,139	2,276	2,174	2,173
TOTAL FINANCING	1,471	1,695	2,162	2,241	2,139	2,139	2,276	2,174	2,173
POSITIONS BY FUND:									
GENERAL	24.0	25.0	25.5	25.5	25.5	25.5	25.5	25.5	25.5
TOTAL POSITIONS	24.0	25.0	25.5	25.5	25.5	25.5	25.5	25.5	25.5

PROGRAM: Enforcement and Licensing
AGENCY: Commerce, Department of

PROGRAM PURPOSE:

The enforcement and licensing program exists to ensure policyholder, investor and consumer protection, increase policyholder and investor understanding, and to maintain investor and public confidence in the areas of capital formation, insurance, securities, franchising, real estate, real estate appraising, residential contracting, currency exchange, debt collection, consumer finance, and cosmetology.

The program investigates complaints brought by both consumers and/or industry practitioners to determine if violations of existing statutes and rules have occurred. If violations are identified, disciplinary sanctions are imposed. In addition, the unit attempts to secure the payment of claims, refund of investments and/or provision of services for individuals victimized by licensee misconduct. The department's involvement in resolving misconduct or disputes within the regulated industries generates millions of dollars in refunds and claim payments to Minnesota consumers each year.

The program also provides educational materials and programs to licensees and Minnesota consumers, describing the standards, concepts and practices within the regulated industries and nature and effect of statutory and regulatory changes.

In 1991 the legislature enacted legislation requiring the department to license and regulate the activities of residential building contractors and remodelers. The department has been required to develop and implement licensing, enforcement, investigation and examination procedures and criteria for residential building contractors and remodelers. The program was established by the legislature in order to provide protection for consumers interacting with the residential construction industry, uniformity in licensing, bonding and insurance requirements on a statewide basis and to ensure minimal competence for industry practitioners.

In addition the program establishes and maintains systems designed to ensure that the approximately 190,000 individuals and companies practicing within the regulated industries and professions meet basic competency standards, thereby ensuring that Minnesota consumers transacting business within the regulated areas will be treated in a fair, efficient and consistent manner.

This program supports and contributes to the department's mission of: enforcing state laws and safeguarding consumer's rights and investments; resolving conflicts between consumers and industries; enhancing the stability and strength of the financial and other regulated industries. All of which, when pursued in a professional manner, contribute to a fair and equitable marketplace.

The program also contributes directly to the following two Minnesota milestones: "A Prosperous People" and "A Caring and Secure Community". Both of these milestones are to a great extent dependent on the maintenance of consumer and business confidence in the safety and soundness of financial industries and the economy in general. Historically, investors have refused or at least shied away from investing in unregulated markets. The industries regulated by the department employ thousands of Minnesota residents. A reduction in the level, nature and/or consistency of regulation would likely result in a significant withdrawal and/or transfer of investment capital to locations outside of the state. Such transfers would result in the loss of jobs and economic opportunities necessary to ensure a "Prosperous People" and "A Caring Community."

The program is currently divided into three sections and/or activities: investigations, licensing and deputy commissioner.

PROSPECTS:

Due to the aging of our population and the volatile and ever changing economic environment, the level of citizen participation with the regulated industries is likely to increase dramatically in future years. An aging population will result in increasing utilization of medical services and subsequently, increased insurance transactions relating to coverage and reimbursement. An aging population will also result in increased participation in the financial industries as our citizens attempt to establish and/or ensure their future economic security.

The continuing growth of the regulated industries and the increasing complexity of their products and services will require increased understanding and sophistication from licensees, regulators and consumers.

Periods of economic stagnation and/or recession will result in increased levels of unemployment. As a result, more and more Minnesota residents who cannot find employment in the conventional marketplace will turn to the regulated professions as a method of achieving their economic goals and objectives. The program's "licensing" activity must ensure that these individuals are provided with the skills and knowledge necessary to assure that their participation in the regulated industries will not result in disservice to Minnesota consumers.

The continuing trend of federal deregulation and the subsequent reliance on state regulatory systems will put increased pressure on the program to handle additional regulatory responsibilities while at the same time trying to freeze or reduce the program's overall costs. For example, the Securities and Exchange Commission (SEC) is increasingly relying on individual states to regulate the conduct of securities broker dealers in the offer and sale of investment products to the public. In addition, the increased emphasis on capital formation within the financial marketplace when combined with the continuing trend of federal deregulation will likely result in a substantial increase in the number and complexity of consumer complaints alleging that broker dealers have engaged in the sale of unsuitable and/or inappropriate investments.

Also, with the continued budget shortfalls at the local levels of government, it is anticipated that many of the cities currently providing inspection services and complaint handling services relating to residential construction will attempt to shift this responsibility to the state.

The number of individuals currently regulated under the licensing program for building contractors will increase specifically, specialty contractors (contractors with 1 skill) which are currently exempt from licensing requirements. The legislature has expressed an interest in licensing specialty contractors in the near future. As part of the residential contractor and remodeler legislation, the department was responsible for recommending to the legislature which specialty contractors should be licensed in the future. If specialty contractor licensing becomes a reality, it is estimated that approximately 20,000 specialty contractors will be subject to the licensure requirements. Specialty contractors licensing will require the department to develop and implement additional licensing,

education and examination criteria for a multitude of trades.

If interest rates remain low, a surge of new construction can be expected. The increased interaction between Minnesota consumers and the contracting industry will significantly increase the number of complaints and/or requests for information forwarded to the department.

OUTCOMES: (EFFECTIVENESS INDICATORS)

The enforcement and licensing program responds to over 268,000 telephone calls and 8,000 to 10,000 written complaint/inquiries each year. These contacts are generated by consumers and licensees who are transacting business within the regulated industries. The program's "investigation" activity is designed to provide consumers and licensees with access to knowledgeable and impartial expertise and direction when engaging in "regulated activities." In addition this activity ensures compliance with the applicable statutes and rules by investigating allegations of misconduct and when necessary, initiating disciplinary action. Finally, this activity attempts to secure compliance with contractual obligations and/or refunds for consumers who have sustained financial loss as a result of misconduct by practitioners within the regulated industries.

Two years ago, the department implemented the Consumer Response Team (CRT) in an effort to resolve consumer complaints with industries in an over-the-phone manner. Industries established a contacts list with people authorized by the companies to look into complaints and resolve problems over the phone. Now approximately 20% of what used to be formal complaints or inquiries taking weeks to investigate and resolve are handled over the phone in a matter of days. This provides the consumer with a faster, less stressful resolution to their problems and eliminates a paper flow process for the department. This has been a very successful program to manage the increased workload of the division as a result of a difficult economy. Where we may have had to ask for increased staffing, the CRT has allowed us to resolve more problems for Minnesota consumers with the same level of staff.

The program also provides licensing services to approximately 190,000 Minnesota residents who earn part or all of their livelihood by engaging in regulated activities. In addition to providing testing and educational services to licensees, the "licensing" activity also provides numerous support services including: 1) license certifications, 2) the recording of appointments and terminations, 3) reciprocal licensing programs, and 4) license renewal services.

The following data identifies the activities undertaken by the department in its attempts to meet the needs of licensees and Minnesota consumers in general.

ACTIVITY

	F.Y. 1991	F.Y. 1992	(Est.) F.Y. 1993	(Est.) F.Y. 1994	(Est.) F.Y. 1995
No. of complaints investigated	7,917	7,944	7,994	8,044	8094
No. of inquiries responded to	73,458	83,671	84,171	84,671	85,171
No. of criminal referrals	12	20	25	35	45
No. of pro-active audits, inspections and examinations	5,401	5,156	5,213	5,273	5275
No. of regulatory actions initiated	252	230	235	240	245
Amt. of recoveries resulting from department activities	$4,157,425	$3,307,425	$3,688,500	$3,750,000	$3,750,000
Instances where licensing services were provided	658,971	750,730	790,975	825,000	825,000
No. of informational brochures distributed	18,250	22,000	30,000	30,000	30,000
No. of educational programs sponsored by the department	35	40	45	50	50

OBJECTIVES:

The basic objective for the enforcement and licensing programs during the upcoming biennium will be to maintain and/or improve the level of services currently provided to licensees and Minnesota consumers. The division hopes to compensate for the reduction in resources through increased efficiencies. Specifically, the division intends to increase its use of computers, consolidate and coordinate services with other divisions and departments within state government as well as other states and the federal government, to work with and encourage increased self regulation and increase prioritization of division activities in order to maximize program effectiveness. By maintaining and/or improving the overall level of efficiency of regulatory services, the program will contribute to the aforementioned Minnesota milestones; while still complying with the identified budget challenge.

PROGRAM PLAN:

The General Fund challenge for this program is $266,000 in F.Y. 1994 and $385,000 in F.Y. 1995. This includes a base reduction of $158,000 in F.Y. 1994 and $170,000 in F.Y. 1995, as well as unfunded inflationary cost increases.

In order to meet this budget challenge, the department will need the following statutory changes to both meet the challenge and achieve the program objective of maintaining or improving the current level of service provided to Minnesota consumers and licensees:

- annual license renewals for real estate and insurance agents will have to be changed to biennial licenses;
- the references to "timely renewal" will have to be deleted from existing statutes because the timely renewal process has been found to increase costs of program administration and delays rather than expedites the renewal of license;
- the requirement that the commissioner inspect all cosmetology salons on an annual basis must be deleted. The salons will be inspected at least once during their licensed period (3 years). Salons evidencing compliance problems will be inspected as often as necessary to assure compliance and consumer protection;

- the requirement that notary licenses be renewed every 6 years must be deleted and language added that will allow implementation of a lifetime appointment to reduce the unnecessary administration costs of this appointment. In addition, the fee for said appointment should be increased to $100.00;

- all changes in licensing information and/or requests for licensing information which requires the department to produce documentation should be assessed a fee of $20.00. As an example, the licensing activity currently maintains appointment information for insurance companies. Although there is no charge for this service, the activity requires at least one full time position to respond to the appointments activity; and

- the Data Practices Act (Chapter 13) must be amended to authorize the commissioner to release complaint information relating to licensees. The division currently expends hundreds of hours per year dealing with data practices requests. The change would eliminate much of the time and cost associated with analyzing each data request.

Finally, the loss of investigator and attorney positions will significantly impact the division's ability to provide timely response to its clients. The department will be unable to continue the level of service provided to the public and members of regulated industries. In order to maximize the effectiveness of remaining resources the services will be prioritized based on the level of socio-economic impact. This means that a significant number of requests for assistance or complaints which were addressed in the past may not be resolved in the future.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF
PROGRAM: ENFORCEMENT & LICENSING__

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
INVESTIGATIONS	1,805	2,200	2,382	2,391	2,261	2,193	2,391	2,225	2,158
ENFORCEMENT DEPUTY COMR	116	121	122	124	124	120	124	127	123
LICENSING	1,872	1,241	2,068	2,074	1,801	1,777	2,075	1,573	1,548
TOTAL EXPENDITURES BY ACTIVITY	3,793	3,562	4,572	4,589	4,186	4,090	4,590	3,925	3,829
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<92>			<92>
(A) SALARY PLANNING ESTIMATES		SR				<4>			<4>
TOTAL GOV'S INITIATIVES						<96>			<96>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,739	3,207	3,348	3,363	3,205	3,113	3,363	3,193	3,101
SPECIAL REVENUE	261	345	329	331	331	327	332	332	328
OPEN APPROPRIATIONS:									
SPECIAL REVENUE	784		895	895	650	650	895	400	400
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	9	10							
TOTAL FINANCING	3,793	3,562	4,572	4,589	4,186	4,090	4,590	3,925	3,829
POSITIONS BY FUND:									
GENERAL	70.0	79.0	73.5	73.5	73.5	73.5	73.5	73.5	73.5
SPECIAL REVENUE	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL POSITIONS	73.0	82.0	76.5	76.5	76.5	76.5	76.5	76.5	76.5

BUDGET ACTIVITY: Investigations
PROGRAM: Enforcement and Licensing
AGENCY: Commerce, Department of

ACTIVITY DESCRIPTION:

The purpose of this activity is to enforce standards of conduct, established by statute and regulation, for the various individuals and entities practicing within the regulated industries. As such, this activity has been designed to provide protection for Minnesota consumers interacting with the regulated industries.

This activity receives approximately 80,000 written and telephone complaints/inquiries annually relating to companies and individuals licensed to engage in regulated activities. The program seeks to identify violations, refer cases for criminal prosecution, and to clarify misunderstandings by providing both consumers and licensees with information regarding their duties and responsibilities when engaging in regulated transactions.

Whenever possible, this activity also attempts to obtain performance of contractual obligations or refunds or reimbursement for consumers who have been victimized by violations committed within the regulatory industries. This activity is a primary resource for local, state, and federal law enforcement agencies pursuing the prosecution of white collar criminal activity within the securities, banking, insurance, and real estate industries.

This activity uses 9 investigators which comprise the CRT. The CRT is charged with answering the majority of telephone inquiries, complaints and questions that are received by the enforcement division regarding the laws which govern conduct in the regulated industries. The CRT is designed to utilize the resources of the division to resolve as may issues as possible without having to engage in time consuming, lengthy investigations of allegations of misconduct. The CRT takes telephone complaints and, whenever possible, resolves the problems between consumers and regulated industries through quick and effective intervention by contacting industry representatives after receiving the initial complaint. Since inception of the program, the number of format investigations has been reduced by 20%.

BUDGET ISSUES:

The reduction in complement and other support services necessary to achieve the division's budget challenge will have a material effect on the division's ability to continue providing services at a level which meets or exceeds current standards. The following budget decisions will impact this activity:

Although the elimination of the attorney position should not have a major impact on the unit's ability to provide investigative services, it will significantly impair its ability to provide timely legal support as the position handles approximately 40% of the legal issues facing the division. This in turn will extend the time necessary to complete investigations. The division will attempt to reduce the impact of this loss by assigning the responsibilities formerly performed by this position to the Director of Enforcement.

The proposed reduction in the training appropriation and other support services will not materially impact the unit's current ability to fulfill its statutory and regulatory obligations. However, it will significantly impair the unit's future ability to maintain the level of expertise necessary to effectively regulate the ever changing financial industries.

The proposed elimination of 2 investigator positions in F.Y. 1995 will result in an approximate 10% reduction in available investigative resources. The impact of this reduction will mean additional work for remaining staff and a proportional reduction in the level of investigative services provided to clients.

EFFICIENCY MEASURES:

The efficiency indicators used to measure the activity's success will be the reduction in the average cost of providing the same level of complaint/inquiry services to the department's clientele.

	F.Y. 1991	F.Y. 1992	(est.) F.Y. 1993	(est.) F.Y. 1994	(est.) F.Y. 1995
Average cost of each complaint/inquiry	$19.08	$24.04	$25.02	$24.05	$23.50
% of cases resolved	90	90	90	90	88

REVENUE:

This activity generates non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$262	$261	$301	$248	$198

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF
PROGRAM: ENFORCEMENT & LICENSING__
ACTIVITY: INVESTIGATIONS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,627	1,802	2,104	2,113	2,005	1,937	2,113	1,989	1,922
EXPENSES/CONTRACTUAL SRVCS	31	74	73	73	73	73	73	73	73
MISC OPERATING EXPENSES	79	94	165	165	142	142	165	122	122
SUPPLIES/MATERIALS/PARTS	24	132	38	38	39	39	38	39	39
CAPITAL EQUIPMENT	44	98	2	2	2	2	2	2	2
SUBTOTAL STATE OPERATIONS	1,805	2,200	2,382	2,391	2,261	2,193	2,391	2,225	2,158
TOTAL EXPENDITURES	1,805	2,200	2,382	2,391	2,261	2,193	2,391	2,225	2,158
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<68>			<67>
TOTAL GOV'S INITIATIVES						<68>			<67>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,805	2,200	2,382	2,391	2,261	2,193	2,391	2,225	2,158
TOTAL FINANCING	1,805	2,200	2,382	2,391	2,261	2,193	2,391	2,225	2,158
POSITIONS BY FUND:									
GENERAL	46.0	54.0	52.5	52.5	52.5	52.5	52.5	52.5	52.5
TOTAL POSITIONS	46.0	54.0	52.5	52.5	52.5	52.5	52.5	52.5	52.5

BUDGET ACTIVITY: Deputy Commissioner, Enforcement and Licensing
PROGRAM: Enforcement and Licensing
AGENCY: Commerce, Department of

ACTIVITY DESCRIPTION:

The purpose of this activity is to determine and coordinate the priorities, methods and standards used by the enforcement and licensing program and to provide the day-to-day management for the activities involved in the administration of this program. The deputy commissioner for enforcement and licensing is responsible for developing and implementing this program to ensure consistent, fair, equitable and efficient regulation of the industries under the jurisdiction of the department.

The deputy's office activity is also responsible for establishing and maintaining certain basic protection for citizens who interact with these industries. The deputy reviews all major investigations of alleged misconduct and recommends the type, extent and severity of disciplinary sanctions to be imposed. The deputy is responsible for negotiating final settlements consistent with terms and conditions acceptable to the commissioner. In addition, the deputy is responsible for proposing and reviewing legislation to insure it accomplishes its intended purpose. This activity includes the deputy's secretary who also serves as the supervisor of all clerical positions assigned to the investigation activity.

BUDGET ISSUES:

The proposed budget will impact this activity in that the loss of the Attorney III position will result in the deputy having to assume a greater role in coordinating the legal services provided by the program.

EFFICIENCY MEASURES:

This activity is responsible for the assurances that those who become licensed to do business in any of the industries regulated by the department meet certain standards and criteria for licensure.

	F.Y. 1992	F.Y. 1993 (Est.)	F.Y. 1994 (Est.)	F.Y. 1995 (Est)
Number of Consent Orders	140	150	160	170
Number of Administrative Proceedings	93	100	105	112
Number of Cases Assigned	8,768	9,258	9,760	10,200
Number of informal warnings	147	150	155	160
Number of Disciplinary Sanctions	230	235	240	245
Number of cases opened	8,668	8,800	8,920	9,150

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF
PROGRAM: ENFORCEMENT & LICENSING__
ACTIVITY: ENFORCEMENT DEPUTY COMR

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	111	116	115	117	117	113	117	120	116
EXPENSES/CONTRACTUAL SRVCS	4	3	4	4	4	4	4	4	4
MISC OPERATING EXPENSES	1	1	2	2	2	2	2	2	2
SUPPLIES/MATERIALS/PARTS		1	1	1	1	1	1	1	1
SUBTOTAL STATE OPERATIONS	116	121	122	124	124	120	124	127	123
TOTAL EXPENDITURES	116	121	122	124	124	120	124	127	123
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<4>			<4>
TOTAL GOV'S INITIATIVES						<4>			<4>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	116	121	122	124	124	120	124	127	123
TOTAL FINANCING	116	121	122	124	124	120	124	127	123
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

BUDGET ACTIVITY: Licensing
PROGRAM: Enforcement and Licensing
AGENCY: Commerce, Department of

ACTIVITY DESCRIPTION:

The primary purpose of the licensing activity is to insure that licensees practicing within the regulated industries have demonstrated an adequate level of competence necessary to ensure continuing consumer protection and public confidence in the regulated industries. The activity accomplishes its objective by processing applications for licensure, coordinating the administration of licensing examinations, and reviewing and approving pre- and post-licensing educational programs.

This activity currently provides the aforementioned services for the following industries and/or professions: real estate brokers and salespersons, residential building contractors, subdivided land agents, campground membership brokers and agents, insurance agents, adjusters, and agencies, reinsurance intermediaries, utilization review organizations, premium finance companies, cosmetologists, cosmetology salons and schools, collection agents and agencies, real estate appraisers, currency exchanges, motor vehicle sales finance companies, regulated lenders, and thrift companies.

This activity also responds to over 190,000 written and telephone requests for information regarding the regulated industries and the licensing requirements for participation. In addition, this activity maintains and updates licensing information for approximately 187,000 active licensees. The activity also administers initial and continuing education programs for insurance, real estate, cosmetology, and residential building contractors.

BUDGET ISSUES:

The department is recommending that a vacant Law Compliance Representative I position not be funded in the F.Y. 1994-95 biennial budget. The loss of this position will require a change in the existing statutes which require mandatory annual inspections of all cosmetology salons. By deleting the "annual" inspection requirement, the department will have the flexibility to target its compliance program towards salons who have historically demonstrated a lack of compliance. It is important to note that the proposed change will not "eliminate" salon inspections rather it will abolish the requirement that "every" salon be inspected on a 12-month cycle.

The department is also recommending that a Clerical I position be eliminated. The department anticipates that the loss of this position will be offset by the labor-savings generated by proposed statutory changes and increased automation of licensing procedures.

EFFICIENCY MEASURES:

The proposed plan calls for elimination of 1 clerical position within the licensing section. It is anticipated that the department can compensate for the loss of this position through increased utilization of automated procedures, a shift from annual to biennial licensing requirements for real estate and insurance agents, the elimination of renewal requirements for notary commissions and internal organizational restructuring.

By automating the renewal process, including the use of bar codes and scanners, and by converting annual professional licenses to biennial licenses, the division should be able to complete the renewal process for each of the regulated industries without significantly impairing the level of service provided to other regulated industries. Success in this endeavor will be measured by the time necessary to provide licensing services.

Average length of time (No. of person hours) required to process real estate agent license renewals.

	F.Y. 1991	F.Y. 1992	(Est.) F.Y. 1993	(Est.) F.Y. 1994	(Est.) F.Y. 1995
Average length of time (No. of person hours) required to process real estate agent license renewals.	.27	.25	.22	.20	.20
Average length of time (No. of person hours) required to process insurance agent license renewals.	.18	.12	.10	.10	.10

Although the proposed reduction of 1 position in the salon inspection program will reduce the number of persons dedicated to this activity by 25%, the division anticipates being able to continue fulfilling its responsibilities of consumer protection by shifting from a reactive to proactive regulatory approach. Success in this area will be measured by the number of administrative actions against cosmetology licensees and salons completed during the course of each fiscal year.

	F.Y. 1991	F.Y. 1992	(Est.) F.Y. 1993	(Est.) F.Y. 1994	(Est.) F.Y. 1995
Cosmetology Administrative Actions:	0	1	12	18	18

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	$5,494	$6,877	$6,688	$8,615	$8,525
Dedicated - Special	$395	$817	$1,837	$1,062	$1,019

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF
PROGRAM: ENFORCEMENT & LICENSING__
ACTIVITY: LICENSING

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	708	761	744	748	721	697	748	743	718
EXPENSES/CONTRACTUAL SRVCS	163	261	197	199	198	198	200	196	196
MISC OPERATING EXPENSES	103	127	158	158	157	157	158	158	158
SUPPLIES/MATERIALS/PARTS	83	54	68	68	69	69	68	70	70
CAPITAL EQUIPMENT	29	34							
OTHER	2	4	6	6	6	6	6	6	6
SUBTOTAL STATE OPERATIONS	1,088	1,241	1,173	1,179	1,151	1,127	1,180	1,173	1,148
AIDS TO INDIVIDUALS	784		895	895	650	650	895	400	400
TOTAL EXPENDITURES	1,872	1,241	2,068	2,074	1,801	1,777	2,075	1,573	1,548
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<20>			<21>
(A) SALARY PLANNING ESTIMATES		SR				<4>			<4>
TOTAL GOV'S INITIATIVES						<24>			<25>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	818	886	844	848	820	800	848	841	820
SPECIAL REVENUE	261	345	329	331	331	327	332	332	328
OPEN APPROPRIATIONS:									
SPECIAL REVENUE	784		895	895	650	650	895	400	400
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	9	10							
TOTAL FINANCING	1,872	1,241	2,068	2,074	1,801	1,777	2,075	1,573	1,548

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COMMERCE, DEPT OF
PROGRAM: ENFORCEMENT & LICENSING__
ACTIVITY: LICENSING

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
POSITIONS BY FUND:									
GENERAL	22.0	23.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
SPECIAL REVENUE	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL POSITIONS	25.0	26.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0

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AGENCY: Abstracters, Board of

MISSION:

The mission of the Board of Abstracters is to protect the public by assuring that individuals preparing abstracts of title are qualified and comply with the rules and regulations governing the industry. The board supervises the industry, examines, licenses, and renews individuals, firms or corporations that make or extend abstracts of title which show ownership of, interest in, or debts encumbrances against any real estate in the state of Minnesota.

The board maintains complete records on all licensed abstracters to be assured that competent persons are preparing and certifying Abstracts of Title; assures that all licensees post a bond, or carry Errors and Omissions Insurance, so that consumers will be protected against losses; and examines all prospective licensees through a process of written and oral examinations. The board investigates any complaints concerning fraudulent, deceptive or dishonest practices and seeks compliance with standards of conduct through a letter of reprimand, admonition, suspending or revoking a license, or censuring an abstractor holding a license for rules violation.

MINNESOTA MILESTONES:

The board contributes towards the Minnesota Milestones theme of a prosperous people. The practice of abstracting directly relates to the Milestone goal, "All Minnesotans will have decent, safe and affordable housing." In order for Minnesotans to purchase a home, an abstract must be prepared to identify the property. The board certifies that persons preparing those abstracts have the knowledge and ability to do so.

CLIMATE:

The economy and events in the real estate industry are driving factors for the boards activities. In a soft real estate market the needs for services of licensed individuals decreases. As well, when real estate activity increases, the activity for licensees increases.

OUTCOMES:

The board has examined and licensed individuals with optimum efficiency.

OBJECTIVES:

The board will continue to maintain access to all those interested in examinations for the abstracting profession.

STATISTICS:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Examinations	43	43	40	40
Initial Licenses	110	110	100	100
License Renewals	533	500	475	475

REVENUE:

This activity generates non-dedicated revenue in the General Fund by fees charged for examination and licensing.

	F.Y.91	F.Y.92	F.Y.93	F.Y.94	F.Y.95
Type of Revenue:					
Non-dedicated - General	$24	$28	$26	$26	$26

AGENCY BUDGET PLAN:

The board will continue to operate within the appropriation level. The budget is small enough and there is no staff so inflation is not a factor.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that regulation of the abstracting profession be transferred from the Abstracters Board to the Commissioner of Commerce. An Abstracters Advisory Board will be created to advise the Commissioner on matters affecting the abstracting profession. The Commerce Department will absorb the cost of this regulation within their current funding levels.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: BOARD OF ABSTRACTORS
PROGRAM: ABSTRACTORS
ACTIVITY: ABSTRACTORS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1	1	1	1	1		1	1	
EXPENSES/CONTRACTUAL SRVCS	4	4	5	5	5		5	5	
MISC OPERATING EXPENSES	1		1	1	1		1	1	
SUPPLIES/MATERIALS/PARTS			1	1	1		1	1	
SUBTOTAL STATE OPERATIONS	6	5	8	8	8		8	8	
TOTAL EXPENDITURES	6	5	8	8	8		8	8	
GOV'S INITIATIVES:		FUND							
(A) TRANSFER ABSTRACT REGULATION TO COMMERCE		GEN				<8>			<8>
TOTAL GOV'S INITIATIVES						<8>			<8>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	6	5	8	8	8		8	8	
TOTAL FINANCING	6	5	8	8	8		8	8	
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Abstracters, Board of
PROGRAM:
ACTIVITY:

ITEM TITLE: Transfer Abstracting Regulation to Commerce

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: ($000s)				
General Fund				
- State Operations	$(8)	$(8)	$(8)	$(8)
Revenues: ($000s)				
General Fund	$(26)	$(26)	$(26)	$(26)

Statutory Change? Yes X **No** ____
If yes, statute affected: M.S. 386.63 to 386.70

GOVERNOR'S RECOMMENDATION:

The Governor recommends that regulation of the abstracting profession be transferred from the Board of Abstracters to the Commissioner of Commerce. An Abstracters' Advisory Board will be created to advise the Commissioner on matters affecting the abstracting profession.

No funding will be transferred to the Commerce Department, because they can absorb the cost of this regulation within their existing resources. However, the Commerce Department will collect the licensing and examination revenue which is currently being collected by the board.

The Board of Abstracters is one of the smallest autonomous agencies in state government. The board only meets once a year, it has no staff, and it contracts with an employee of a title insurance company to act as its Executive Secretary. The board's office is located in Anoka, but the Commerce Department, which is located in St. Paul, provides it with administrative support.

The legislative auditor recently completed an audit of the board and found that controls over the issuance of licenses are weak, but the board is unable to correct this problem because of its small size.

In the past, the board has indicated a need to develop professional abstracting standards, as well as a course curriculum for the education of prospective abstracters, but apparently lacks the staff and the expertise to complete these tasks.

The Commissioner of Commerce is the appointing authority for a number of boards and special task forces that represent a variety of regulated professions, including the real estate advisory task force, and the real estate appraiser advisory board. The Commerce Department routinely issues and renews licenses, investigates complaints, develops continuing education requirements and sets standards for the regulated professions.

PROGRAM OUTCOMES:

This recommendation will not diminish the services to the abstracting profession. The Commerce Department has the knowledge, the experience and the expertise to effectively regulate this profession.

LONG-TERM IMPACT:

This recommendation will improve service and provide ongoing cost savings.

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1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Accountancy, Board of **Fund:** General

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$466	$468	$934
Forecast Adjustments	-0-	-0-	-0-
AGENCY BASE	$466	$468	$934
Inflation Cost Increase	16	33	49
Agency Management Decisions			
Agency Operations:			
Hold Position Vacant and Misc	$(16)	$(33)	$(49)
Increased Exam Costs	6	12	18
Limit Access to CPA Exams	(23)	(23)	(46)
Subtotal	$(33)	$(44)	$(77)
TOTAL AGENCY PLAN	$449	$457	$906
Governor's Initiatives			
Restore Agency Reduction	$23	$23	$46
Salary Planning Estimates	(6)	(6)	(12)
Subtotal	$ 17	$ 17	$ 34
GOVERNOR'S RECOMMENDATION	$466	$474	$940

Brief Explanation of Agency's Overall Actions:

The board will hold 1.0 position vacant, reduce board travel expenses and not institute a planned newsletter in order to fund operating cost increases from within its base.

In order to fund a 5% reduction in the base and pay for the rising costs of the CPA examinations, the board would need to reduce the purchase of CPA exam materials, which could limit the number of eligible candidates who would be allowed to take the CPA exams. Since applicants pay for the cost of the exams, this will also reduce non-dedicated General Fund revenue.

2. Impact on Staffing:

	F.Y. 1994	F.Y. 1995
Positions left Vacant	1.0	1.0

3. Impact on Revenue Generation:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
Agency Plan			
Limit Access to CPA Exams	$(23)	$(23)	$(46)
Governor's Initiatives			
Restore Agency Reduction	$23	$23	$46

4. Affected Statutes:

None.

5. Governor's Recommendation:

The Governor recommends funding levels as requested in the agency's plan, except for the following adjustments: the Governor recommends restoring reductions for CPA exams proposed in the agency plan in the amount of $46,000 for the biennium; and the Governor recommends that proposed funding be reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
INVESTMENT INITIATIVES
(DOLLARS IN THOUSANDS)

AGENCY: BRD OF ACCOUNTANCY

ITEM DESCRIPTION:	FUND	EXPENDITURES FY 1994	EXPENDITURES FY 1995	EXPENDITURES BIENNIUM	REVENUES FY 1994	REVENUES FY 1995	REVENUES BIENNIUM
(A) RESTORE AGENCY REDUCTION	GEN	23	23	46	23	23	46
(A) SALARY PLANNING ESTIMATES	GEN	<6>	<6>	<12>			
TOTAL BY FUND	GEN	17	17	34	23	23	46
TOTAL INVESTMENT INITIATIVES		17	17	34	23	23	46

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AGENCY: Accountancy, Board of

MISSION:

The Board of Accountancy's mission is to protect the public and ensure that persons engaged in public accounting meet and maintain the qualifications, standards and professionalism required to competently practice public accounting in Minnesota, as authorized in M.S. 326.165 to 326.231. The board strives to achieve this mission through the following activities:

- Identifies applicants who meet the educational and experience requirements to take the Uniform Certified Public Accountant(CPA) exam.
- Administers the exam twice a year.
- Certifies those applicants who pass all five parts of the exam and pass the Minnesota Ethics Exam.
- Licenses those certificate holders who complete the required public accounting experience.
- Annually renews licenses for individuals, partnerships, and corporations.
- Requires licensees to complete 120 hours of continuing professional education (CPE) every 3 years and maintain high ethical practices.
- Receives and reviews complaints against certificate holders and licensees and takes appropriate action.
- Develops and issues rules governing the practice of accounting.

MINNESOTA MILESTONES:

The board's mission is related to the following Milestone goal:

Minnesotans will have the advanced education and training to make the state a leader in the global economy.

The board supports this goal by assuring all applicants that they will have an opportunity to take the Uniform CPA Exam and become licensed to practice public accounting in Minnesota.

The board also seeks to maintain the high degree of public trust in the profession by strictly enforcing educational and experience requirements and be requiring continuing professional education.

CLIMATE:

The board, in June 1992, created a task force to identify topics of mutual concern to the professional organizations, academic community, and the regulatory authority; to develop study groups for these topics; and provide possible recommendations to the Legislature. Three subcommittees were created to study and report on: regulation of public accounting, peer review, and the 150-hour education requirement. It is anticipated that the accounting profession will be proposing legislation during the 1993 legislative session which would require additional staff at the State Board of Accountancy to establish and monitor the recommendations of the task force.

Licensure: The number of applicants and licensees continues to increase each year. The board has no control over the number of candidates who qualify and apply for the exam. In 1980, 1,323 people applied to take the Uniform CPA Exam; in 1990, the number reached 1,934. This is a 46% increase in 10 years.

An increase in exam candidates increases the cost of the exam papers and the cost of exam site facilities. We anticipate a 15% increase in the cost of exam papers and additional site costs over the next 2 years.

In fiscal year 1992, the board issued new licenses to 481 individuals, 12 partnerships, and 37 corporations. The board also renewed the licenses of 8,283 CPAs and LPAs and 150 partnerships and 335 corporations.

Complaints: The number of complaints has also increased. In fiscal year 1992, the board heard and investigated 89 complaints. The average time to investigate each complaint is approximately 6 months.

OBJECTIVES:

Licensure: All qualifying applicants for the exam will have the opportunity to take the exam and, thus, to become licensed.

Complaints: The average length of time to investigate a complaint will be reduced by 25%. The board will enlist the assistance of volunteers to investigate complaints. The recently passed cease-and-desist legislation will be used in the future.

OUTCOMES:

Licensure: The board has continued to offer the exam to all qualifying candidates in spite of the fact that exam costs have continued to rise along with the number of qualified candidates.

Complaints: The board has taken a very aggressive stance in regard to complaints beginning in 1989. The stepped-up enforcement effort utilized a large amount of investigative time in the Attorney General's office. Phone books were actually reviewed for improper advertising. In addition, the board voted in 1992 to begin publishing notices of ethical violations when they are settled.

Performance Indicators/Effectiveness Measures

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Examinations Given:	1,929	1,960	1,990	2,020
New Licenses granted:	481	500	520	540
CPA and LPA Licenses Renewed:	8,283	8,283	8,283	8,283
New Partnership Licenses Granted:	12	12	12	12
New Corporation Licenses Granted:	37	37	37	37
Partnership Licenses Renewed:	150	150	150	150
Corporation Licenses Renewed:	335	335	335	335
Disciplinary Actions Taken:	89	90	95	100
Avg. Investigate Complaint Time:	6 mos.	6 mos.	4 mos.	4 mos.

AGENCY: Accountancy, Board of
(Continuation)

REVENUE/COSTS

The board is a fee-generating agency that recovers both direct appropriation and indirect costs.

The board's pro-active stance in 1990 in the areas of regulation and enforcement saw a dramatic increase in revenue generated through: fines; or as a result of consent orders entered into by individuals practicing without a license and/or violating state statutes and rules, education of the licensees and reorganization in the Attorney General's office (which leaves the board with less investigation time), revenue from these sources is actually decreasing as compliance with the law increases. The board went from $650 in civil penalties in 1989 to a high of $41,800 in 1990 and expects to collect only about $5000 in F.Y. 1993. The board collected almost 5 times as much money in reinstatement fees in 1991 than we ever did before or after that. This is the why the 1991 revenue is so large.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Direct Costs:					
Appropriation/Minus Cancellations	$362	$404	$458	$466	$474
Refunds	26	19	-0-	10	10
Indirect Costs:					
Statewide	16	7	23	9	9
Attorney General	35	40	40	40	40
Commerce Dept.	17	19	20	20	20
Total Costs:	456	489	541	545	553
Non-Dedicated GF Revenues:					
Current Fees	$575	$507	$485	$486	$486
Increased Fees	-0-	-0-	38	69	69
Total Revenue	$575	$507	$523	$555	$555
Surplus/(Shortfall):	$119	$18	$(18)	$10	$2

In order to cover costs in F.Y. 1993 the board increased the initial fee for taking the CPA examination from $115 to $150, increased the annual license fee for CPA's and LPA's from $30 to $45, and set certain administrative fees.

AGENCY BUDGET PLAN:

The board is being asked to fund inflationary increases, while reducing its base by 5%. In order to meet these reductions, the board will hold 1.0 position vacant, limit board member travel to national meetings, and not institute a badly needed newsletter. In addition, the board will reduce the purchase of CPA exam materials, which may limit the number of eligible candidates who would be allowed to take the exam. Since the CPA exam candidates pay for the full cost of the exam, non-dedicated General Fund revenue would also be reduced.

This action will limit the board's efforts to monitor the professionalism of the accounting profession. The board would be unable to continue its license monitoring efforts, as well, since attorney general investigative time is no longer available and the board would have no staff to do this. Board members would not be able to attend national meetings which are vital for keeping informed on changes in the profession. In addition, the board may not be able to meet its objective of assuring that all qualifying CPA applicants would be allowed to take the CPA exam and, thus, become licensed.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the agency plan, except for the following adjustments: the Governor recommends restoring reductions for CPA examinations proposed in the agency plan in the amount of $46,000 for the biennium; and the Governor recommends that proposed funding be reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: BRD OF ACCOUNTANCY
PROGRAM: ACCOUNTANCY
ACTIVITY: ACCOUNTANCY

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	147	157	185	187	187	181	187	187	181
EXPENSES/CONTRACTUAL SRVCS	64	90	95	101	105	105	103	111	111
MISC OPERATING EXPENSES	28	24	31	31	31	31	31	31	31
SUPPLIES/MATERIALS/PARTS	123	124	147	147	126	149	147	128	151
CAPITAL EQUIPMENT		9							
SUBTOTAL STATE OPERATIONS	362	404	458	466	449	466	468	457	474
TOTAL EXPENDITURES	362	404	458	466	449	466	468	457	474
GOV'S INITIATIVES:		FUND							
(A) RESTORE AGENCY REDUCTION		GEN				23			23
(A) SALARY PLANNING ESTIMATES		GEN				<6>			<6>
TOTAL GOV'S INITIATIVES						17			17
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	362	404	458	466	449	466	468	457	474
TOTAL FINANCING	362	404	458	466	449	466	468	457	474
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

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: BRD OF ACCOUNTANCY

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	458	458	458	458				
TECHNICAL ADJUSTMENTS								
DOCUMENTED RENT/LEASE INC/DEC	6	8	6	8				
INSURANCE PREMIUM HOLIDAY	2	2	2	2				
SUBTOTAL TECH. ADJ.	8	10	8	10				
CURRENT SPENDING	466	468	466	468				
AGENCY BASE	466	468	466	468				

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1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Architecture, Engineering, Land Surveying, Landscape Architecture and Certified Interior Designers (AELSLA), Board of **Fund:** General

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$553	$555	$1,108
Forecast Adjustments	-0-	-0-	-0-
AGENCY BASE	$553	$555	$1,108
Inflation Cost Increase	15	28	43
Agency Management Decisions			
Agency Operations:			
Executive Secretary Salary Savings	$(17)	$(15)	$(32)
Non-recurring Severance Costs	(20)	(20)	(40)
Out of State Travel	(6)	(7)	(13)
Eliminate Part-time Position	-0-	(14)	(14)
Certified Interior Designers	75	50	125
Subtotal	$32	$(6)	$26
TOTAL AGENCY PLAN	$600	$577	$1,177
Governor's Initiatives			
Salary Planning Estimate	$ (9)	$ (9)	$ (18)
GOVERNOR'S RECOMMENDATION	$591	$568	$1,159

Brief Explanation of Agency's Overall Actions:

The board made a large severance payment in F.Y. 1993 that will not reoccur in the 1994-95 biennium and will have savings as a result of filling the Executive Secretary position at a lower salary level. The board will revise its rules in order to improve procedures related to examination, licensure and enforcement. Streamlining these procedures will eliminate the need for a part-time position in F.Y. 1995. The board will propose legislation authorizing it to issue cease and desist orders and to impose civil penalties, in order to control administrative hearings costs and reduce the lengthy and costly injunctive process necessary to revoke licenses of those who are harming the public.

Certified Interior Designers:

During the 1992 session the legislature mandated that the board regulate Certified Interior Designers (M.S. 326.04 to 326.14) in order to safeguard the public life, health and property. The board will incur both direct and indirect costs for rule making, examination, registration and regulation/enforcement activities for this new program. There are approximately 3,000 practicing interior designers in Minnesota. Fees will be assessed to recover both direct and indirect costs of the program.

2. Impact on Staffing:

	F.Y. 1994	F.Y. 1995
Eliminate part-time position in F.Y. 1995.	0.0	0.0

3. Impact on Revenue Generation:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
Certified Interior Designers Fees	$125	$10	$135

4. Affected Statutes:
M.S. 326.02

5. GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

AGENCY: Architecture, Engineering, Land Surveying, Board of

MISSION:

The Minnesota State Board of Architecture, Engineering, Land Surveying, Landscape Architecture and Certified Interior design has been established to safeguard the public, life, health and property and promote the public welfare.

M.S. 326.02 to 326.15 mandates that the board examine, license and regulate individuals practicing in Minnesota by ensuring that persons engaged in the practice of architecture, engineering, land surveying, landscape architect and certified interior design meet the qualifications and maintain the standards required to competently practice their profession in Minnesota. The board strives to achieve its mission by examination, licensure and enforcement.

MINNESOTA MILESTONES:

The board's mission relates to the Minnesota Milestone goals of community by providing for citizen safety and *"we the people"* by providing efficient government management.

The board supports the goal of "community", "our communities will be safe, friendly and caring", through rules and laws that provide measures to assure the safety of the public in occupying buildings and using structures designed by licensees.

The board supports the goal of *"we the people"* "government in Minnesota will be cost-effective and services will be designed to meet the needs of the people who use them", by striving to improve its efficiency in governmental management and thereby serving the public and its licensees more effectively.

CLIMATE:

1. Examination: The board has no control over the number of candidates who apply and qualify for the professional examinations or the number of exam candidates who must retake the examination. The pass rate fluctuates depending on the difficulty of the examination. The number of new candidates may increase as the economy and job market improve.

   New examinations are being developed for specific disciplines. The board will be required to administer these new exams to the candidates who apply and qualify.

   Optimum conditions must be provided to exam candidates. Rental of adequate exam sites is approximately $1,000 to $1,300 per day. The board administers 6 examinations a year. The projected cost for rental is $10,000 to $13,000.

2. Licensure: The board renews approximately 11,500 licensees biennially. 650 to 700 new licenses are issued annually. The number of new licenses may increase as the economy and job market improve.

3. Enforcement: In F.Y. 1992, the board processed 69 complaints. 46 complaints were filed in the 1st quarter of F.Y. 1993. The board anticipates the number of complaints to increase to 60%. Anticipated Administrative Law Judge costs are $5,000 for F.Y. 1994 and $5,000 F.Y. 1995.

4. Rules: Revision, adoption and publication of rules to assist with examination, licensure and enforcement will cost $5.0 in F.Y. 1994 and $5,000 in F.Y. 1995.

5. New Program: During the 1992 session, the legislature mandated that the board regulate Certified Interior Designers, Administration of this new program will include examination, registration and regulation/enforcement activities. The board will incur additional costs for this program during the F.Y. 1994-95 biennium.

OUTCOMES:

1. Examination: The board has continued to examine all applicants who meet the qualifications for examination and reexamine candidates who must retake all or part of the examination.

2. Licensure: The board has continued to grant new licenses to all applicants who meet the qualifications for registration in Minnesota. The board has continued to renew all licenses for those applicants who apply for and meet the qualifications for registration in Minnesota.

3. Enforcement: The board in conjunction with the Attorney General's Office has continued to receive, file and investigate complaints against those who violate board rules and laws.

4. New Program: The board has accepted the legislative mandate to examine, license and regulate Certified Interior Designers.

OBJECTIVES:

1. Examination: The board will examine all qualified applicants and provide the optimum in testing conditions. Procedures will be improved and simplified to assist both first time and reexam candidates in the application process. This will also enable the board staff to process applications more efficiently and promptly.

2. Licensure: Procedures will be improved and simplified to assist new qualified license applicants and qualified applicants for reciprocity in obtaining their Minnesota license. License renewals will be processed within 10 days of receipt by the board. Procedures for verification of Minnesota registrants will be improved enabling the staff to process verifications daily.

3. Enforcement: Procedures will be improved that will enable the Complaint Committee and board staff to investigate complaints more efficiently and resolve them more promptly. Complaints will be acknowledged within 3 days of receipt by the board's office.

4. New Program: The board will examine, license and regulate Certified Interior Designers as mandated by the legislature. The program will be implemented by 8-1-93.

AGENCY: Architecture, Engineering, Land Surveying, Board of (Continuation)

PERFORMANCE INDICATORS:

	F.Y. 1990-91	F.Y. 1992-93	F.Y. 1994-95
Examinations:			
First Time Candidates	1,983	1,854	1,892
Reexam Candidates	846	922	951
Licensure:			
New Licenses Issued	1,557	1,296	1,350
Licenses Renewed	10,753	11,610	12,590
Enforcement:			
Complaints Files	123	115	175
Complaints Closed	108	104	158
New Program:			
Certified Interior Designers	-	-	3,000

REVENUE/COSTS:

This activity generates non-dedicated revenue in the General Fund. Fees are set to cover all direct and indirect costs.

	Dollars in Thousands		
	F.Y. 1990-91	F.Y. 1992-93	F.Y. 1994-95
Direct Cost	$924	$1,033	$1,052
Indirect Cost			
Statewide	$6	$6	$6
Agency/Commerce	20	22	22
Attorney General	43	37	60
TOTAL COSTS	$993	$1,098	$1,140
Revenue:			
Non-dedicated General Fund	$1,151	$1,098	$1,142
Surplus or (ShortFall)	$158	$-0-	$ 2

AGENCY BUDGET PLAN:

The board will review and revise current overall examination, licensure and enforcement procedures to assure efficient and effective administration of these statutorily mandated programs. The board will revise and adopt rules in order to achieve its objectives.

The board will respond to disciplinary complaints as efficiently and effectively as possible utilizing resources such as the Office of Administrative Hearings and Attorney General as necessary.

Passage of legislation authorizing the board to issue cease and desist orders and impose civil penalties would reduce the lengthy and costly injunctive process necessary to revoke licenses of those who are harming the public. Rules will be adopted as necessary.

The board will implement the Certified Interior Designer Program with an increase from the General Fund in the amount of $75,000 in F.Y. 1994 and $50,000 in F.Y. 1995. Fees will be assessed to recover direct and indirect costs.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: BRD OF ARCHIT/ENGRNG
PROGRAM: AELSLA
ACTIVITY: AELSLA

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	231	246	332	334	309	300	334	308	299
EXPENSES/CONTRACTUAL SRVCS	59	104	97	106	127	127	108	118	118
MISC OPERATING EXPENSES	52	52	50	50	77	77	50	68	68
SUPPLIES/MATERIALS/PARTS	108	86	55	55	77	77	55	75	75
CAPITAL EQUIPMENT	29	3	8	8	10	10	8	8	8
SUBTOTAL STATE OPERATIONS	479	491	542	553	600	591	555	577	568
TOTAL EXPENDITURES	479	491	542	553	600	591	555	577	568
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<9>			<9>
TOTAL GOV'S INITIATIVES						<9>			<9>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	479	491	542	553	600	591	555	577	568
TOTAL FINANCING	479	491	542	553	600	591	555	577	568
POSITIONS BY FUND:									
GENERAL	6.5	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
TOTAL POSITIONS	6.5	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: BRD OF ARCHIT/ENGRNG

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	542	542	542	542				
TECHNICAL ADJUSTMENTS								
DOCUMENTED RENT/LEASE INC/DEC	9	11	9	11				
INSURANCE PREMIUM HOLIDAY	2	2	2	2				
SUBTOTAL TECH. ADJ.	11	13	11	13				
CURRENT SPENDING	553	555	553	555				
AGENCY BASE	553	555	553	555				

Board of Barber Examiners

Position and Employee Status Information

Position Reconciliation:

Authority	Current F.Y. 1993	Requested for 6/30/95
Legislative Complement:		
General Fund	2.5	2.5
Total Permanent Positions	2.5	2.5
TOTAL Positions	2.5	2.5
Employees on 6/30/92	2.0	

Employees by Employment Status:

	6/30/92
Full-Time Unlimited	2.0
TOTAL	2.0

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1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Barbers Examiners, Board of **Fund:** General

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$136	$136	$272
Forecast Adjustments	-0-	-0-	-0-
AGENCY BASE	$136	$136	$272
Inflation Cost Increase	5	10	15
Agency Management Decisions			
Agency Operations:			
Hold Position Vacant	(12)	(17)	(29)
TOTAL AGENCY PLAN	$129	$129	$258
Governor's Initiative			
Salary Planning Estimates	$ (3)	$ (3)	$ (6)
GOVERNOR'S RECOMMENDATION	$126	$126	$252

Brief Explanation of Agency's Overall Actions:

In order to fund inflationary increases and reduce base level funding by 5% each year, the board will hold a part-time position vacant.

The board has determined that it can continue to provide the same level of service to the public in the areas of enforcement, inspection, examination and licensure by holding this position vacant.

2. Impact on Staffing:

	F.Y. 1994	F.Y. 1995
Positions left Vacant or Eliminated	(.5)	(.5)

3. Impact on Revenue Generation:

	F.Y. 1994	F.Y. 1995	F.Y.94-95
Agency Plan	$-0-	$-0-	$-0-

4. Affected Statutes:

None.

5. GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

AGENCY: Barber Examiners, Board of

MISSION:

The mission of the Board of Barber Examiners is to examine applicants, inspect schools and shops and enforce sanitation rules and statutes to ensure that the public has a safe and healthy environment in shops and schools where services are performed.

MINNESOTA MILESTONES:

The work of the Board of Barber Examiners supports the following Milestone goal: Minnesotans will be healthy. The agency contributes to this goal by:

- inspecting shops and schools for sanitation violations assuring a healthy environment,
- examining and licensing individuals to assure they are properly trained and licensed to provide services to the public;
- resolving complaints to assure compliance with all statutes and rules of the board.

CLIMATE:

In recent years, new diseases have appeared and previous ones are still in existence. As a result, the board must continue to develop policies, update school curriculums and conduct inspections to ensure the public that the barbers are properly trained and that all sanitary statutes and rules are complied with, eliminating the possibility of a patron contacting any of these diseases.

OBJECTIVES: To provide a clean, sanitary environment for the public.

EFFECTIVENESS MEASURES:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Shops/Schools Inspected	98%	98%	99%	100%	100%
Sanitary Compliance	98%	99%	99%	99%	100%
Violations Corrected	98%	99%	99%	99%	99%
Complaints Resolved	99%	98%	99%	100%	100%
Suspensions/License Revocations	1	3	1	1	1

ACTIVITY STATISTICS:

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Student Permits	74	85	90	100	110
No. Licenses Issued	4,331	4,267	4,300	4,350	4,400
No. of Inspections	1,290	1,128	1,200	1,235	1,250
No. of Violations	200	156	150	140	125
No. of Complaints	10	38	30	35	30
No. of Examinations	181	144	150	160	175
No. of Shops	1,260	1,263	1,275	1,270	1,275
No. of Schools	4	4	4	5	5

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
REVENUE/COSTS:					
Direct Costs	$109	$112	$135	$129	$129
Indirect Costs:					
Attorney General	4	3	3	3	3
Statewide Indirect	2	2	3	3	3
Total Costs	$115	$117	$141	$135	$135
Revenue:					
Non-dedicated	$137	$138	$141	$144	$148

AGENCY BUDGET PLAN:

The board has determined that it can continue to provide the same level of service to the public without additional funds and without increasing its fees, by keeping 1.0 position vacant and reallocating within its base.

All of the board's direct and indirect costs are recovered through fees charged for examinations and licenses.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: BRD OF BARBERS EXAM
PROGRAM: BARBERS
ACTIVITY: BARBERS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	74	77	92	92	83	80	92	82	79
EXPENSES/CONTRACTUAL SRVCS	14	14	16	17	17	17	17	17	17
MISC OPERATING EXPENSES	19	20	26	26	28	28	26	29	29
SUPPLIES/MATERIALS/PARTS	2	1	1	1	1	1	1	1	1
SUBTOTAL STATE OPERATIONS	109	112	135	136	129	126	136	129	126
TOTAL EXPENDITURES	109	112	135	136	129	126	136	129	126
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<3>			<3>
TOTAL GOV'S INITIATIVES						<3>			<3>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	109	112	135	136	129	126	136	129	126
TOTAL FINANCING	109	112	135	136	129	126	136	129	126
POSITIONS BY FUND:									
GENERAL	2.5	2.5	2.5	2.5	3.5	3.5	2.5	3.5	3.5
TOTAL POSITIONS	2.5	2.5	2.5	2.5	3.5	3.5	2.5	3.5	3.5

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: BRD OF BARBERS EXAM

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	135	135	135	135				
TECHNICAL ADJUSTMENTS								
DOCUMENTED RENT/LEASE INC/DEC	1	1	1	1				
SUBTOTAL TECH. ADJ.	1	1	1	1				
CURRENT SPENDING	136	136	136	136				
AGENCY BASE	136	136	136	136				

1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Boxing, Board of **Fund:** General

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$64	$64	$128
Forecast Adjustments	-0-	-0-	-0-
AGENCY BASE	$64	$64	$128
Inflation Cost Increases	2	4	6
Agency Management Decisions			
Reduce Salaries	(5)	(7)	(12)
TOTAL AGENCY PLAN	$61	$61	$122
Governor's Initiatives			
Salary Planning Estimates	(2)	(2)	(4)
GOVERNOR'S RECOMMENDATION	$59	$59	$118

Brief Explanation of Agency's Overall Actions:

In order for the board to fund inflationary increases and reduce its base by 5%, the board will have to decrease the hours of the current full-time secretary position to part-time. The net effect will be a loss of an immediate responsiveness to calls and inquiries of the board.

2. Impact on Staffing:

	F.Y. 1994	F.Y. 1995
The board will change the full-time secretary to part-time.		

3. Impact on Revenue Generation:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
Agency Plan	$-0-	$-0-	$-0-

4. Affected Statutes:
None.

5. Governor's Recommendation:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates

AGENCY: Boxing, Board of

MISSION:

The mission of the board is to safeguard the public interest in the business of amateur and professional boxing and full contact karate.

MINNESOTA MILESTONES:

The board does not contribute towards the Minnesota Milestones themes as identified in the report.

CLIMATE:

The board provides uniformity in the regulation of boxing through the preparation, amendment and adoption of rules and regulations governing the conduct of boxing in Minnesota.

The 7 member board enforces regulations governing boxing and assists at all professional bouts. Board members participate in weigh-ins and dressing room surveillance to assure compliance with Minnesota rules and regulations.

The board also licenses all participants in the Minnesota professional boxing and full contact karate arena. Safety is the number one issue in Minnesota's boxing and full contact karate regulation for both the professional and amateur levels.

OUTCOMES:

The board supports the World Boxing Associations' regulations and continues to assure that Minnesota participants in the boxing and full contact karate events are of a certified health in order to not endanger the lives of Minnesota participants.

The board also encourages the organization of amateur boxing programs throughout the state. There are 800 to 1,000 amateur boxes active in the state of Minnesota. They range in age from 10 to 36. While the amateur sport is not licensed or regulated, they are civic and community functions that encourage individuals to focus their energies to a productive activity.

The full contact karate profession in Minnesota is completely inactive as a result of health and safety requirements of Minnesota's board. It is the board's opinion that it is better to require the health and safety standards than to have an active profession where people are seriously injured.

OBJECTIVES:

The board would continue its safety record in the area of professional boxing as a priority for the Minnesota industry. Additionally, the board would continue to actively promote the amateur sport as an effective means of helping inner city kids have a way to direct their efforts in a productive manner.

STATISTICS:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Boxing -				
Professionals:				
Franchises	10	10	10	10
Boxers	89	89	89	89
Managers	2	2	2	2
Seconds	42	42	42	42
Referees	13	13	13	13
Amateur:				
Franchises	21	21	21	21
Seconds	36	36	36	36
Referees	15	15	15	15
Full Contact Karate:				
Franchises	4	4	4	4
Contestants	6	6	6	6
Seconds	2	2	2	2
Amateur Instructors	5	5	5	5

REVENUE:

This activity generates non-dedicated revenue in the General Fund.

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Non-Dedicated Revenue - General	$4	$4	$4	$4

AGENCY BUDGET PLAN:

In order for the board to meet the funding challenge of 95% of the base and no money for salary or other inflation, the board will have to decrease the hours of the current full-time secretary position to part-time. The net effect will be a loss of an immediate responsiveness to calls and inquiries of the board.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: BOARD OF BOXING
PROGRAM: NON HEALTH BOARDS
ACTIVITY: BOXING

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	49	51	52	52	49	47	52	49	47
EXPENSES/CONTRACTUAL SRVCS	5	6	8	9	9	9	9	9	9
MISC OPERATING EXPENSES	4	5	2	2	2	2	2	2	2
SUPPLIES/MATERIALS/PARTS			1	1	1	1	1	1	1
SUBTOTAL STATE OPERATIONS	58	62	63	64	61	59	64	61	59
TOTAL EXPENDITURES	58	62	63	64	61	59	64	61	59
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<2>			<2>
TOTAL GOV'S INITIATIVES						<2>			<2>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	58	62	63	64	61	59	64	61	59
TOTAL FINANCING	58	62	63	64	61	59	64	61	59
POSITIONS BY FUND:									
GENERAL	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
TOTAL POSITIONS	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: BOARD OF BOXING

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	63	63	63	63				
TECHNICAL ADJUSTMENTS								
DOCUMENTED RENT/LEASE INC/DEC	1	1	1	1				
SUBTOTAL TECH. ADJ.	1	1	1	1				
CURRENT SPENDING	64	64	64	64				
AGENCY BASE	64	64	64	64				

State Board of Electricity

Position and Employee Status Information

Position Reconciliation:

Authority	Current F.Y. 1993	Requested for 6/30/95
Legislative Complement:		
Special Revenue	21.0	21.0
Total Permanent Positions	21.0	21.0
TOTAL Positions	21.0	21.0
Employees on 6/30/92	21.0	

Employees by Employment Status:

	6/30/92
Full-Time Unlimited	21.0
TOTAL	21.0

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AGENCY: Electricity, Board of

MISSION:

The mission of the Board of Electricity is to protect life and property from the hazards arising from the use of electricity. In pursuing that mission, the board seeks to ensure the competence of electricians, electrical contractors, and alarm and communications contractors through examination and licensing. It also seeks to ensure compliance of electrical installations with nationally recognized safety standards by providing electrical inspection services in all areas of the state, except in cities that, by ordinance, provide their own electrical inspection service.

To ensure that applicants for electrical examination have the knowledge necessary to do electrical work in accordance with the established safety standards, their experience and training are verified to determine that the established criteria for the type of examination have been met. Specialized types of electrical work are accommodated through the issuance of 9 types of electrician's licenses. Approximately 1,200 applicants are examined each year.

Electrical contractors are required to provide a performance bond and evidence of liability insurance to protect the consumer from financial loss due to negligence, errors, or omissions on the part of the contractor.

The board's mission includes taking action to have electrical installations that do not meet the minimum safety standards brought into compliance with those requirements, and to prevent fraudulent or unlawful actions in connection with such installations. To that end, the board takes both informal and legal action against unlicensed persons who have performed electrical work unlawfully, including efforts to seek redress for persons victimized by such acts. It also takes both informal and formal disciplinary action against licensees who engage in unlawful acts involving electrical work or who are found to be incompetent in performing such work. Working through the Office of the Attorney General, the board has resolved compliance problems through censures, cease and desist orders, consent orders, and license revocation.

The board's mission also includes staff participation in, or conduct of, meetings with electricians, electrical contractors, inspectors, and other clients, to provide information concerning safety standards and practices.

MINNESOTA MILESTONES:

The board's mission most directly impacts the Milestone goal that "Our Communities will be safe, friendly, and caring" under the Minnesota Milestone theme, "A Caring and Secure Community." The board's activities affect the "Fire rate" indicator under that goal. Nationally, fires of electrical origin have historically been at or near the top of the list of fires from all causes. Further, although not addressed as an indicator, the board's activities affect personal safety by reducing the incidence of injury or death from electric shock.

The board's mission also supports the goal that rural areas, small cities and urban neighborhoods throughout the state will be viable places for people to live and work under the theme "A Prosperous People", by assuring that every candidate with the proper qualifications will be able to take the necessary state examinations to secure an electrician's license which will enable them to practice their profession in Minnesota.

CLIMATE:

1. Licensing of Electricians.

   The increasing complexity of electrical systems arising from new technology and emphasis on energy conservation demands more knowledgeable electricians to install those systems safely and efficiently.

   The state's technical colleges have made a variety of full-time and part-time training programs available. Unfortunately, many person actively engaged in the electrical construction trades do not take advantage of those programs.

   The trend is upward in the number of examinations for licensing and number of licensees.

2. Providing Cost-Effective Electrical Inspection Service.

   An audit by the Program Evaluation Division of the Office of Legislative Auditor in 1980 found the board's system of contracting with individuals to provide electrical inspection service to be substantially more economical than providing that service with civil service employees. That arrangement permits rapid adjustment of the number of inspectors to follow the substantial swings in electrical construction activity. There are presently 59 persons providing inspection services under contract with the board. Although the trend in the number of electrical inspections has been markedly upward, the present stagnation of the construction industry is indicative of a downturn, or at best a leveling of the trend in the near future.

3. Consumer complaints.

   The number of consumer complaints concerning unsatisfactory electrical work, unsatisfactory business dealings with contractors, licensing and inspection violations, and from tenants concerning electrical hazards on rental property have increased each year. It appears that this trend is not due to an increased number of such incidents, but may be due to the increased unwillingness of the public to accept such conditions.

OUTCOMES:

1. Licensing.

   The board will implement a requirement for continuing education to assure continued competence of licensees.

   The processing of license applications and records concerning disciplinary action involving licensees will be incorporated into the board's data processing system to provide more efficient use of staff time and follow-up on repeat offenders.

2. Inspection Services.

   In the future, improvements in the board's data processing system will provide for more economical processing of inspection requests and inspector's billings, a major budget item, and facilitate improved follow-up on correction of non-complying installations.

AGENCY: Electricity, Board of
(Continuation)

3. Response to Consumer Complaints.

Improved response to consumer complaints and scheduling of action on statute violations will also be improved through future enhancements to the data processing system.

More efficient use of the board's data processing system is central to many of the improvements and economies.

REVENUE:

Increases in the number of electrical examinations, number of licenses in effect, and number of electrical installations inspected has resulted in a corresponding steady increase in revenues generated by board activities. Some of the increase is due to the level of construction activity, and some of it is due to increased enforcement activity by the board.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Dedicated Revenue					
Inspection Fees	$3,101	$3,258	$3,300	$3,300	$3,300
Other Fees *	$1,161	$1,379	$1,322	$1,382	1,310
Total	$4,262	$4,637	$4,622	$4,682	$4,610

* To cover administrative costs

OUTCOMES:

The board has compiled the following information concerning outcomes of its programs as a measure of performance toward achieving its goals.

1. Performance Indicators

	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Installations Inspected *	96,000	109,000	110,000	110,000	110,000
Average Inspection Cost per Job	$37.00	$34.00	$34.00	$34.00	$34.00
Number of License Examinations	1,200	1,200	1,200	1,200	1,200
Average Cost per Examination	$35.00	$35.00	$35.00	$35.00	$35.00
Number of New Licenses Issued	700	700	700	700	700
Number of License Renewals	9,000	11,000	9,000	11,000	9,000

* Each installation requires an average of 4 inspection trips.

AGENCY BUDGET PLAN:

The Board of Electricity budget estimate from the Special Revenue Fund for the F.Y. 1994-95 biennium is $9,112,000. This estimate includes 3.5% inflationary costs for salaries, supplies and expenses and $25,000 each fiscal year to cover the enhancement of the existing licensing and inspection information systems. The Information Policy Office has reviewed and supports the enhancement of the licensing and inspection information system as presented in this plan, consistent with any requirements identified in its analysis. The current charges for dedicated revenue will cover the estimated expenses for the biennium.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: BRD OF ELECTRICITY
PROGRAM: BOARD OF ELECTRICITY
ACTIVITY: BOARD OF ELECTRICITY

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	878	899	921	921	968	968	921	1,001	1,001
EXPENSES/CONTRACTUAL SRVCS	3,137	3,287	3,329	3,329	3,356	3,356	3,329	3,363	3,363
MISC OPERATING EXPENSES	102	101	121	121	125	125	121	132	132
SUPPLIES/MATERIALS/PARTS	24	34	38	38	40	40	38	41	41
CAPITAL EQUIPMENT	21	20	20	20	20	20	20	20	20
OTHER	43	15	23	23	23	23	23	23	23
SUBTOTAL STATE OPERATIONS	4,205	4,356	4,452	4,452	4,532	4,532	4,452	4,580	4,580
TOTAL EXPENDITURES	4,205	4,356	4,452	4,452	4,532	4,532	4,452	4,580	4,580
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	4,205	4,356	4,452	4,452	4,532	4,532	4,452	4,580	4,580
TOTAL FINANCING	4,205	4,356	4,452	4,452	4,532	4,532	4,452	4,580	4,580
POSITIONS BY FUND:									
SPECIAL REVENUE	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0
TOTAL POSITIONS	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: BRD OF ELECTRICITY

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	4,452	4,452			4,452	4,452		
CURRENT SPENDING	4,452	4,452			4,452	4,452		
FORECAST ADJUSTMENTS								
DED STAT APPROP SPENDING	55	103			55	103		
SUBTOTAL FORECAST ADJ.	55	103			55	103		
AGENCY BASE	4,507	4,555			4,507	4,555		

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1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency Private Detective and Protective Agent Services Board **Fund:** General

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$67	$67	$134
Forecast Adjustments	-0-	-0-	-0-
AGENCY BASE	$67	$67	$134
Inflation Cost Increases	3	5	8
Agency Management Decisions			
Reduced staff hours	(6)	(8)	(14)
TOTAL AGENCY PLAN	$64	$64	$128
Governor's Initiatives			
Salary Planning Estimates	$(1)	$(1)	$(2)
GOVERNOR'S RECOMMENDATION	$63	$63	$126

2. Impact on Staffing:

	F.Y. 1994	F.Y. 1995
Positions left Vacant or Eliminated	0.0	0.0

3. Impact on Revenue Generation:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
Agency Plan	$-0-	$-0-	$-0-

4. Affected Statutes:

None.

5. Governor's Recommendation:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

Brief Explanation of Agency's Overall Actions:

85% of the $67,000 annual budget is for personnel related expenses. This agency does not have any discretionary funding for purchases such as equipment. The only viable option the agency has is to reduce payroll expenses. A reduction in payroll expenses could be made if staff hours are reduced. The current staff of the Private Detective and Protective Agency Services Board consists of 1 Executive Director and a part-time clerical position.

Personal contact with clientele will diminish and may result in an increase in non-compliance with statutory requirements. Maintenance of the current licensing activity may suffer with fewer hours being devoted to this system. Revenue collections of license fees may not be as timely.

AGENCY: Private Detective and Protective Agent Services Board

MISSION:

The mission of the private detective and protective agent services board is to assure that private detectives and protective agents meet the statutorily required qualifications for licensing and maintain the standards of conduct required by law.

Private detective and security services are an important complement to the services of public law enforcement. Licensing and regulation provides an assurance that uniform standards are maintained. The board is made up of industry professionals, law enforcement and the public.

MINNESOTA MILESTONES:

This program contributes to 2 Minnesota Milestone goals:

- We will create safe, friendly and caring communities.

  The board is the authority dedicated to ensuring industry skill and competency, which contributes to the safety of people and property and provides crucial assistance to public law enforcement. The indicators in achieving this goal are: 1) providing clear and concise guidelines to applicants for licensure, 2) conducting thorough analysis of applicants through background investigation and oral interview, 3) consistent monitoring by the board of license holders for adherence to statutes requiring high standards of conduct, and 4) effective handling of violations and complaints.

- We will welcome, value and respect people of all cultures, races and ethnic backgrounds.

  Indicators of this goal include percentage of members of councils, boards and commissions who are female and the increase in population of female license holders.

CLIMATE:

- Private investigative and security firms have experienced continued growth, more rapid than public law enforcement. Nationally, the ratio of private security to public law enforcement is nearly 3 to 1.

- The growth of private investigation and security services calls for continuation of the present program. Minnesota has experienced continuous growth in these services. Regulation ensures public trust and confidence in these services.

- Recent legislation mandates the adoption of administrative rules for the training of license holder employees. There is no current model or uniform standard for firearm training, and there are other discrepancies in this legislation. Rulemaking has been postponed until the Legislature has an opportunity to clarify the language.

OBJECTIVES:

There has been a significant increase in work place crime. Community fear of crime continues to be significant. There has been decreased spending for public protection and an increased awareness of the use of private security and its cost effectiveness.

1. Significant growth of private investigation and security will continue. Effective application, investigation and review will be utilized and enhanced.

   - Number of licenses processed F.Y. 1995: 250
   - Rate of license denials: 1%

2. Response to violations and complaints will call for appropriate penalties and education.

   - Percent of violations complaint by F.Y. 1995: less 10%
   - Fewer complaints will result from appropriate training and will be reflected in increased public confidence

3. Enhancement of automated systems will provide the following:

   - Readily available facts on the demographics of these industries
   - Training program compliance
   - Research data necessary to plan for change

OUTCOMES:

- The success of these services frequently goes unmeasured, such as the number of crimes prevented due to the services of security guard and patrol services or the investigation of white collar crimes.

- The board, through examination, strives to ensure character, competency and integrity in this focused, visible service industry. Through statute management, collection of data, and personal interviews of each applicant, there is a minimum of license denial (5% through the 3rd Quarter of 1992).

- The community and license holders are concerned about individuals working in private security. This area of employment is projected to grow at a rate 3 times that of "in-house" security programs. Progress has been made in the requirement of background criminal history records. The board projects that an accurate monitoring mechanism will need to be added to measure effective compliance with this requirement.

- There is potential for an existing automated system to be enhanced to effectively monitor the training program once necessary legislative language is approved. Additional automation will assist the board in administering that program.

The agency has collected data regarding the licensing program to demonstrate the progressive growth in the private detective and security industry:

AGENCY: Private Detective and Protective Agent Services Board
(Continuation)

	F.Y. 1990	F.Y. 1991	F.Y. 1992
Licenses granted	110	144	160
Licenses experiencing qualified personnel changes	15	16	20
Licenses surrendered	20	10	5
Complaint disciplinary action	5	8	12

AGENCY BUDGET PLAN:

The Private Detective and Protective Agent Board is funded through fees which are deposited in the General Fund. The expenditures of the board are required to be consistent with the fees received to finance its activities. Fees are established to match projected expenditures. Currently, fees exceed expenditures, and this agency supplements the General Fund. A 5% budget reduction will have the effect of increasing the amount by which the activity supplements the General Fund.

The board continues to manage the licensing activity closely and to minimize the necessity for administrative hearings. Of concern currently are administrative rules proceedings for training of armed license holders and their employees. When this legislation is clarified, rulemaking will be required and the board has no budget for it.

Personal contact with clientele will diminish and may result in an increase in non-compliance with statutory requirements. Maintenance of the current licensing activity may suffer with fewer hours being devoted to this system. Revenue collections of license fees may not be as timely.

This agency will experience a budget reduction of $3,000 each year of the biennium. With the 5% budget reduction and projected inflationary increases, staff time devoted to supporting board activities will have to be substantially reduced.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PRIVATE DETECTIVE BOARD
PROGRAM: PRIVATE DETECTIVE BOARD
ACTIVITY: PRIVATE DETECTIVE BOARD

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	52	54	57	57	54	53	57	54	53
EXPENSES/CONTRACTUAL SRVCS	9	3	5	5	5	5	5	5	5
MISC OPERATING EXPENSES	3	2	4	4	4	4	4	4	4
SUPPLIES/MATERIALS/PARTS	2	1	1	1	1	1	1	1	1
SUBTOTAL STATE OPERATIONS	66	60	67	67	64	63	67	64	63
TOTAL EXPENDITURES	66	60	67	67	64	63	67	64	63
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		GEN				<1>			<1>
TOTAL GOV'S INITIATIVES						<1>			<1>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	66	60	67	67	64	63	67	64	63
TOTAL FINANCING	66	60	67	67	64	63	67	64	63
POSITIONS BY FUND:									
GENERAL	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
TOTAL POSITIONS	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5

1994-95 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency Peace Officer Standards and Training Board **Fund:** Special Revenue

1. Summary of Agency Actions:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
CURRENT SPENDING	$4,151	$4,151	$8,302
Forecast Adjustments	-0-	-0-	-0-
AGENCY BASE	$4,151	$4,151	$8,302
Inflation Cost Increase	35	53	88
Agency Management Decisions			
Hold positions vacant	$(34)	$(51)	$(85)
Supplies	(1)	(2)	(3)
Subtotal	$(35)	$(53)	$(88)
TOTAL AGENCY PLAN	$4,151	$4,151	$8,302
Governor's Initiatives			
Salary Planning Estimates	(15)	(15)	(30)
GOVERNOR'S RECOMMENDATION	$4,136	$4,136	$8,272

Brief Explanation of Agency's Overall Actions:

The 5% base reduction did not apply to this fund. The budget brief reflects only the compensation and operating inflationary increase projected for the next biennium.

The board's plan for funding of cost increases within the targeted funding levels involves 3 primary components; reduction in administrative operating budget, voluntary leave of absence without pay, and possible layoff of staff position(s).

2. Impact on Staffing:

	F.Y. 1994	F.Y. 1995
Positions Left Vacant or Eliminated	1.0	1.0

3. Impact on Revenue Generation:

	F.Y. 1994	F.Y. 1995	F.Y. 94-95
Agency Plan	$-0-	$-0-	$-0-

4. Affected Statutes:

None.

5. Governor's Recommendation:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

AGENCY: Peace Officer Standards and Training Board

MISSION:

The Mission of the Board of Peace Officer Standards and Training (POST) is to protect the public's health, welfare and safety from the potential dangers of the unregulated practices of law enforcement by increasing the professional level of the state's law enforcement officers and agencies through licensing, education, regulation, and technical assistance.

The board achieves this mission by:

- Administering a professional licensing program including examination, development, administration, licensure and re-licensure.
- Developing the professional peace officer educational curriculum for colleges and universities.
- Developing, coordinating and approving continuing education programs for peace officers.
- Supplementing funding for the school of law enforcement.
- Defraying, through reimbursement, the costs colleges and universities incur by providing professional education and the costs local governments incur by making continuing education available to their peace officers.
- Developing minimum standards of conduct for the practice of law enforcement.
- Investigating allegations of professional misconduct and the unauthorized practice of law enforcement.
- Providing technical assistance to colleges, universities, law enforcement agencies and other groups concerned with the practice of law enforcement and law enforcement education.
- Conducting studies and research projects which relate to peace officer education and practice of law enforcement.
- Coordinating the efforts of educational institutions, law enforcement agencies and community groups in the recruitment and retention of people into law enforcement with a special focus on women and people of color.
- Implementing and reviewing professional policy standards for law enforcement agencies.
- Developing, coordinating and administrating traffic safety continuing education programs for peace officers throughout the state.

In carrying out its mission, the primary recipients and beneficiaries of the board's work are citizens, peace officers, people interested in pursuing a career in law enforcement, part-time peace officers, chief law enforcement officers, local officials, higher education administrators and faculty, law enforcement educators, and the associations which represent these groups.

MINNESOTA MILESTONES:

Two milestone themes primarily apply to the board. The first theme is "A Caring and Safe Community." One of the goals under this theme is, "We will create safe, friendly and caring communities." POST is the agency which is responsible for ensuring that peace officers are well educated through professional and continuing education and that they respond to the needs of crime victims and thoroughly investigate the types of crimes listed in the Milestone indicators. Another goal which applies is "Minnesotans will have the best possible chance for a healthy life." POST works with 2 indicators, traffic deaths that are alcohol related and the use of the seat belts. These activities require peace officers who are well educated and up-to-date on current police operations and techniques including traffic enforcement, accident investigation and prevention, search and seizure, and the law.

The third goal which applies under this theme is "We will welcome, respect, and value all people." It is important for peace officers to have a thorough understanding of human behavior, communities, and cultural diversity, and for there to be legal and comprehensive selection methods for peace officers so that all citizens receive respect, dignity and fair treatment.

There are other themes and goals which apply to the POST Board and the board has other indicators to measure progress toward goals which are not part of Minnesota Milestones.

CLIMATE:

- Professional education of peace officers. In addition to professional standards, there is a related call to guarantee that future peace officers are well-prepared to respond to the demands of policing and the community in an ethical, objective, and humane way. There is the increased need to ensure that delivery of POST approved professional education by the state's colleges and universities is state-of-the-art and educationally sound.
- Continued need for peace officers. The increased crime rate and call for more police protection has led to more people being interested in pursuing a career in law enforcement. As a result there is the need to develop meaningful and legal admission standards into college and university programs, proper counseling of students, and a review of employment opportunities.
- Recruitment. There is an ongoing need to continue programs which recruit and retain qualified applicants for peace officer positions with a special focus on women and people of color.
- Job related standards. In order for there to be current and legal education and employment standards, there needs to be a current job task analysis. This type of study will identify current knowledge, skills and abilities peace officers need to have and the required curriculum to meet those needs. This type of study has been heightened because of the federal Americans with Disabilities Act (ADA).
- Professional standards. During the last 2 years, there have been national and local incidents which have raised questions about how the police are educated and the types of policies law enforcement agencies have in areas such as domestic abuse, use of force, police pursuits and other professional standards for peace officers. These have led to an increased number of inquires and complaints by citizens.

- Anti-violence education. With the comprehensive approach by the legislature to the rising crime rate and in an effort to provide meaningful and current education, the board will be developing a comprehensive anti-violence education program in this area for both law enforcement students and officers.

OUTCOMES:

- The POST Board is testing more law enforcement students and licensing more peace officers. During the past year the board has seen a 20% increase in the number of people seeking eligibility for licensure as peace officers.

- The board coordinates law enforcement recruitment programs that focus on women and people of color. Currently about 5% of the peace officers are women and 4% are people of color.

- The board responds to and processes complaints regarding professional standards of peace officers. The board has seen an increase of 30% in complaints received from 1991 to 1992.

- Continuing education of peace officers. Due to ongoing changes within law enforcement, this agency develops and administers tests to ensure that peace officers are kept current in their professional education and in changes in philosophies, statutory and case laws, methods, and techniques of policing. For F.Y. 1992, the board approved 1,780 course offerings for peace officer continuing education.

AGENCY BUDGET PLAN:

Current law provides for a 15% surcharge on traffic fines which is directed to the peace officer training account. It is estimated that the surcharge will generate $4.8 million. According to the law for F.Y. 1993, any funds deposited in excess of $4,151,000 are to be transferred to the General Fund. The money in the peace officer training account is used for the board's operating budget. The balance is disbursed as follows: 13.5% to the school of law enforcement, 25% to colleges and universities which offer the clinical skills portion of professional peace officer education, and the balance to reimburse local units of government for making continuing education available to its peace officers. In addition to this funding, the board also has licensing and examination fees which are deposited into the General Fund. The board also supplies numerous publications to the Minnesota Bookstore for sale. The money generated by these sales remains with the bookstore, and the board does not receive any compensation for the costs it incurs for development of the publications.

The board's plan for funding cost increases within targeted funding levels involves 3 primary components: reduction in operation budget, leaves of absence without pay, and possible layoff of staff.

A comprehensive job task analysis of Minnesota peace officers must be conducted. A job task analysis is the collecting, processing, analyzing, and interpreting of information about a specific task within an occupation, in this case, law enforcement. The last time a job task analysis of peace officer positions in Minnesota was conducted was in 1977. It is required that such studies be done every 5 years. One is needed now to make certain that current hiring standards and education reflect current law enforcement practices and are in compliance with the ADA which took effect in 1992. Courts and equal employment opportunity compliance agencies require current job task analyses. The job task analysis will involve 1 or multiple units of analysis; identify a set of core tasks common to all general law enforcement officers; analyze current professional peace officer education learning objectives and will study the impact of the ADA. This study will benefit both state and local units of government. It is estimated to cost $60,000 for the biennium.

Anti-violence education. M.S. 626.8451 requires the board to prepare a training course to assist peace officers in responding to crimes of violence and to enhance their sensitivity in interacting with and assisting victims. The board estimates that it will cost $12,000 during F.Y. 1993 and $25,000 in F.Y. 1994 for this program.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PEACE OFFICER TRNG BD
PROGRAM: PEACE OFFICERS BOARD
ACTIVITY: PEACE OFFICERS BOARD

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	418	448	451	451	451	436	451	451	436
EXPENSES/CONTRACTUAL SRVCS	81	94	116	116	116	116	116	116	116
MISC OPERATING EXPENSES	24	25	27	27	27	27	27	27	27
SUPPLIES/MATERIALS/PARTS	7	4	5	5	5	5	5	5	5
CAPITAL EQUIPMENT	10	3	4	4	4	4	4	4	4
OTHER			4	4	4	4	4	4	4
SUBTOTAL STATE OPERATIONS	540	574	607	607	607	592	607	607	592
LOCAL ASSISTANCE	3,044	2,784	3,604	3,604	3,604	3,604	3,604	3,604	3,604
TOTAL EXPENDITURES	3,584	3,358	4,211	4,211	4,211	4,196	4,211	4,211	4,196
GOV'S INITIATIVES:		FUND							
(A) SALARY PLANNING ESTIMATES		SR				<15>			<15>
TOTAL GOV'S INITIATIVES						<15>			<15>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	3,559	3,323							
SPECIAL REVENUE			4,151	4,151	4,151	4,136	4,151	4,151	4,136
STATUTORY APPROPRIATIONS:									
FEDERAL	25	35	60	60	60	60	60	60	60
TOTAL FINANCING	3,584	3,358	4,211	4,211	4,211	4,196	4,211	4,211	4,196

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PEACE OFFICER TRNG BD
PROGRAM: PEACE OFFICERS BOARD
ACTIVITY: PEACE OFFICERS BOARD

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994 Current Spending	FY 1994 Agency Plan	FY 1994 Governor Recomm.	FY 1995 Current Spending	FY 1995 Agency Plan	FY 1995 Governor Recomm.
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