

DEPARTMENT WASTE AND MISMANAGEMENT*Office Memorandum*

TO : Governor Rudy Perpich

DATE: Sept. 29, 1978

FROM : Robert E. Goff, Director
Governor's Task Force on
Waste and MismanagementPHONE: 0644

SUBJECT: Governor's Cost Savings Program - Status Report

Introduction and Summary

The Task Force has concluded an analysis of the departmental savings reports submitted to you in August, 1978, and the Fiscal Year 1978 Statewide Accounting data as of the recent close-out on September 10, 1978. State agencies under the administrative direction of the Governor have already identified all funds savings of more than \$28 million of the anticipated \$50 million for the current biennium. Almost \$15.2 million was documented during Fiscal Year 1978, or more than twice the amount that agencies earmarked in their February, 1978, Cost Savings Reports. Savings during the second year of the biennium will amount to substantially more than the Fiscal Year 1978 amounts since several cost savings efforts impact on only Fiscal Year 1979 spending and other programs were developed at various times during Fiscal Year 1978 and affected only part of the year's expenditures. ✓

According to the Statewide Accounting System data, expenditures by the major departments were not only well below budget during Fiscal Year 1978 but also declined from the Fiscal Year 1977 expenditures level in all controlled spending categories in the program except one. Purchases of equipment (Class 40) continue to be a problem and will be discussed later in this report. Despite

the impact of inflation and increases in program funding which increased the state's operating budget, expenditures declined from the prior year's level in the areas of supplies, out-of-state travel, mileage, and memberships. In one area, out-of-state travel, expenditures dropped to below the level of two years ago.

The attached report and tables provide detailed information on savings and spending data for all major state departments under the administrative direction of the Governor. In general, the information reflects a determined and successful effort by all state agencies, both large and small, to reduce operating expenditures with no reduction in program or service.

Scope of Governor's Cost Savings Program

This status report focuses primarily on Fiscal Year 1978 since verification is now available from the Statewide Accounting System data as of the close-out of the year. The accompanying tables reflect our analysis of both the amounts reported by state agencies in their August 1 Cost Savings Reports (tables 1 through 6) and the budget and expenditure data from the Statewide Accounting System as of September 10, 1978 (tables 7 through 10).

It is important to note that the Governor's Cost Savings Program affects only the departments under the administrative direction of the Governor and only the operating expenditures by state government. Units of government such as the Legislature, the Judiciary, the offices of other Constitutional Officers, and the Historical

Society must be subtracted from the Statewide Accounting totals to provide a meaningful analysis of the effectiveness of the Cost Savings Program. The typical kinds of operating expenditures such as supplies, equipment, services, and some salaries are included in the program while state grants and aids are not. Therefore, while the Finance Department has estimated General Fund cancellations this biennium of \$61 million, these cancellations will occur mostly from the grants and aids budgets and the small portion from the operating budgets will be primarily from salary budgets.

Although the Governor has instructed all agencies under his administrative direction to control all operating costs, the specific Task Force cost savings programs were developed at various times throughout Fiscal Year 1978 and their full impact will not be achieved until Fiscal Year 1979. Three programs (contractual services, printing, and land acquisition) affect only Fiscal Year 1979 and will be evaluated in February. Following is a list of these specific cost savings programs and their implementation dates:

July 1, 1977 Consumables Inventory Control
(fully operational December 31, 1978)

July 1, 1977 Fixed Asset Inventory Control
(12 months experience)

August 16, 1977 Out-of-State Travel
(9½ months experience)

August 16, 1977 Memberships and Subscriptions
(9½ months experience)

August 16, 1977 State-Sponsored Meetings
(November 1, 1977 compliance date - 8 months experience)

September 23, 1977 Two Percent Complement Reduction
(Compliance deadline June 30, 1978 - 0 to 9 months
experience)

December 1, 1977 In-State Automobile Mileage
(7 months experience)

May 11, 1978 Contractual Services
(Fiscal Year 1979 only)

June 22, 1978 Printing and Publications
(Fiscal Year 1979 only)

August 14, 1978 Land Acquisition
(Fiscal Year 1979 only)

The Fiscal Year 1978 savings reported for each spending category in August far exceeded what the departments anticipated in their February savings reports. Although only a total of \$5.7 million had been identified in February, nearly \$15.2 million was reported by the end of the fiscal year. Of the total amount reported, \$11,898,423 or 78.4 percent came from implementation of the Task Force savings programs. A total of \$3,276,038 or 21.6 percent was identified from other cost savings techniques implemented by individual departments in response to Governor Perpich's encouragement of department heads to develop their own methods of reducing expenditures. (See Table 2.) Examples of these departmental programs are described later in this report.

Savings by Department and Fund

The major state departments are itemized in the attached tables with the smaller agencies and boards summarized as "All Others."

Complete data from the August Cost Savings Reports and the State-wide Accounting System is available in the Task Force files. Because these small agencies account for only three percent of the total operating expenditures, they were not included in the Statewide Accounting expenditures analysis.

Because all departments, regardless of the source or type of funding, are included in the Cost Savings Program, savings were reported from a variety of funds. (See Table 3.) The largest portions were from the General Fund (55.4 percent) and the Trunk Highway Fund (16.2 percent). Direct appropriated funds savings such as General, Game and Fish, Trunk Highway, and Highway User Distribution Fund normally cancel back to the Fund. General Fund savings by the Department of Corrections, however, are dedicated by law to offset future appropriations through the Community Corrections Act. Savings from revolving funds and various dedicated funds must by law remain with the departments and carry forward into the next fiscal year. These savings should result in reduced charges to the user agencies or increased service to the funds' clientele. For example, savings from the Department of Administration service revolving funds will reduce or offset increases in charges back to other departments for services such as motor pool, computers, printing, and repairs. The Federal Fund amounts will be used during the next fiscal year to provide increases in service or will cancel to the federal government.

Table 4 summarizes the all funds savings amounts by department and program and should be used in connection with the Statewide

Accounting analysis tables (tables 7 through 10) to evaluate the performance of individual major departments. Although specific departmental savings amounts may seem substantial or minimal, they should be compared with the Fiscal Year 1978 expenditure levels and the 1977/1978 expenditures comparisons when relevant.

Details regarding savings amounts which carry forward or which were spent during the current fiscal year on emergency items are supplied in tables 5 and 6. Of the total reported amount, 59.6 percent cancelled to the funds and 24.4 percent cannot be unallotted and carries forward. A total of 16 percent was spent during the current year to avoid emergency requests to the Legislative Advisory Committee and on items such as increased patient care at state hospitals to comply with a court order and energy retrofit projects which will yield additional long term savings. A decision was made early in the program to whenever possible avoid situations where departments were generating savings for the cost savings program while at the same time seeking emergency aid from the Legislative Advisory Committee. The Task Force agreed with the departments that it was inappropriate for them to seek Legislative Advisory Committee funding when some savings amounts could be transferred to appropriate areas of need. Only amounts which resulted from the implementation of specific cost savings programs are recognized as savings when spent in these ways.

Complement Reduction

While achieving substantial results in Fiscal Year 1978, the two percent complement reduction will achieve most of its savings

in Fiscal Year 1979 with a full year of impact. Total biennial savings will amount to \$6,597,307 with \$5,456,244 unallotted for the two fiscal years. (See Table 6.) Of the 414 positions identified, 370 have been cancelled from the system, 42 were transferred to direct patient care at the state hospitals, and 2 were reassigned to the Legislative Commission on Minnesota Resources land acquisition activity although the General Fund savings were unallotted.

Consumable and Fixed Asset Inventory

As summarized in Table 7, expenditures during Fiscal Year 1978 by major departments under the Governor's direction fell below the Fiscal Year 1977 level in all controlled areas except fixed asset purchases. This is true of both the All Funds and the General Fund expenditures. The largest expenditure category, consumable inventory items, was reduced below the Fiscal Year 1977 level through the implementation of the consumable inventory control system. Overall, the departments were able to stop all growth in consumables expenditures during Fiscal Year 1978 although they had been allowed a six percent increase in their budgets for inflation. In view of the 6.1 percent increase in the wholesale price index from Fiscal Year 1977 to Fiscal Year 1978, the actual decrease in purchases can be considered to be close to six percent. Table 8 reports the consumables expenditures changes by major departments. Total all funds Fiscal Year 1978 expenditures on consumable goods by these departments amounted to \$57,271,216 or 9.3 percent less than the \$63,158,513 budget.

Although the deadline for implementation of the basic inventory control system is not until December 1, 1978, all but eight major departments had already complied with the directive as of June 30. In view of the substantial lead-time involved in developing perpetual inventory record systems and training staff, consumable inventory savings in Fiscal Year 1979 will be substantially more than the \$6 million reported for Fiscal Year 1978. Improved documentation of the actual excess inventories on hand at the state's inventory control centers reaffirms the original Task Force savings estimate of \$21 million for the biennium.

Through the sales and use of surplus property and by deciding not to purchase budgeted but unneeded equipment items, state departments identified savings of \$2.2 million for equipment in Fiscal Year 1978. According to the Materials Management Division of Administration, inter-agency transfers on equipment increased from a value of \$325,000 in Fiscal Year 1977 to \$725,000 in Fiscal Year 1978 and the proceeds from the sale of surplus property also rose from \$1 million in Fiscal Year 1977 to \$1.4 million in Fiscal Year 1978.

Nevertheless, actual Fiscal Year 1978 expenditures were up substantially from the Fiscal Year 1977 level because many departmental budgets increased dramatically. (See Table 7.) All funds fixed asset expenditures by the major departments totaled \$24,770,827 or 8.9 percent less than their \$27,203,843 budget, however, their combined Fiscal Year 1978 budget rose nearly 40 percent from the Fiscal Year 1977 budgets. Since equipment purchases tend to vary from year to year, based on the legislative appropriations and

fluctuations in need, this comparison of two fiscal years may not be totally valid. It appears, however, that additional guidelines for equipment purchases are needed, and we have begun to work on possible alternative approaches. The Task Force continues to believe that the most effective controls on equipment purchases lie with prudent departmental managers and we are reluctant to recommend additional central controls. In the meantime, we have adjusted the biennial savings goal to reflect the shortfall in Fiscal Year 1978.

Out-of-State Travel

The largest percentage reduction from the Fiscal Year 1977 level was in out-of-state travel expenditures. In fact, expenditures dropped to below the Fiscal Year 1976 level. While the impact of inflation during the period on travel related expenditures is estimated to be about 6.1 percent, all funds expenditures declined 10 percent and General Fund expenditures declined 12.2 percent. Several departments actually saved an amount greater than they spent during the year. Two departments, Public Safety and the Governor's Office reduced expenditures by more than 50 percent from the prior year's level. Total all funds Fiscal Year 1978 expenditures for out-of-state travel by the departments listed in Table 9 were \$1,725,646 or 27.3 percent less than the \$2,374,583 budget amount.

Memberships, Subscriptions, and State-Sponsored Meetings

As shown in Table 7, expenditures for memberships also declined from the Fiscal Year 1977 level, 1.2 percent in All Funds and 7.3 percent in the General Fund. Savings identified from the cancellation of memberships have already exceeded the original Task Force estimate. We did not attempt to compare expenditures for subscriptions and state-sponsored meetings because the data is not readily available from the Statewide Accounting System. Due to the difficulty departments have in calculating savings in these areas and the experience to-date, the original Task Force savings estimates have been revised downward to more accurately reflect our anticipated biennial savings. With the exception of one department, state agencies seem to be in general compliance with the Governor's directive to hold state meetings in public rather than private facilities.

Mileage and Automobile Fleet Reduction

Although the mileage reduction program was not implemented until December 1, the departments achieved a 4.4 percent reduction in the all funds and a 5.1 percent reduction in the General Fund mileage expenditures compared with Fiscal Year 1977. A 1977/1978 mileage expenditures comparison by major departments is provided in Table 10. In accordance with the Governor's directives, the state automobile fleet has been reduced from 2,603 on June 30, 1977, to 2,381 as of June 30, 1978 -- a net reduction of 222 automobiles. Since most vehicles were turned in toward the end of Fiscal Year 1978, the Task Force has not yet calculated savings. Substantial savings

from reduction of the fleet will be achieved in Fiscal Year 1979 through vehicle reduction, conversion to smaller automobiles, and other recommendations in the Task Force Passenger Vehicle Report.

Departmental Savings Programs

Many new methods were developed by departments which yielded substantial one-time and on-going savings. The Department of Corrections used an internal "Freeze Board" to control salary expenditures in addition to the two percent complement reduction and cancelled a large coal order because they devised a method to "spend down" an old coal inventory thought to be unusable. The Revenue Department achieved additional savings by reducing program budgets by five percent and unallotting \$10,000 in May due to their forms reduction program. In addition to complying with the savings program controls on mileage expenditures, the Welfare Department cut all non-mileage in-state travel expenditures by ten percent. An efficiency study at Faribault State Hospital enabled the department to achieve savings with a new food system and transfer additional positions to direct patient care to comply with a court order. A comprehensive energy conservation program at the State Universities yielded dramatic savings in Fiscal Year 1978, a portion of which was allocated to quick pay back energy conservation projects which will yield additional long-term savings. In addition to their unallotments for consumable inventory savings, the State University Board did not allocate to the universities at the end of the year the amounts which traditionally have been spent on consumable items.

Many departments reported results of savings efforts which were not included in the total because they were the result of on-going savings techniques which pre-dated the Governor's Cost Savings Program or they lacked sufficient fiscal documentation. For example, the Department of Labor and Industry expanded its student work study program which provided an unfunded increase in service amounting to 26,382 hours of work. The Department of Transportation provided a detailed report of its own internal cost savings efforts which will yield substantial on-going savings. The Department of Corrections Mutual Agreement Program and Residential Contracting Program are continuing to reduce costs to the department. Several specific savings efforts were also outlined by the Community Colleges but not included in the savings totals.

Overall, the departments, both large and small, offered in their August reports impressive documentation of a serious and determined effort to cut costs and save money. While this report is no means complete, we hope it provides an adequate summary of the extent of those efforts. In comments attached to their reports, several department heads remarked on the increased cost-consciousness among employees in their departments. The Governor's Cost Savings Program has challenged the ingenuity of all state employees, particularly the managers and supervisors. They have responded with major savings efforts and in uncounted small ways. As Pollution Control Agency Director Sandra Gardebring wrote in her report:

I also believe that it should be mentioned that this effort has provided intangible benefits that cannot be identified. It has created a cost-conscious attitude throughout the Agency which has provided assurance that when decisions are made, cost efficiency/effectiveness concerns are addressed.

TABLE 1

SAVINGS PROGRAM STATUS SUMMARY

	February 1978 Report	August 1978 Report	FY 79 Savings Identified	Total to Date	Savings Percent of Goal	Biennial ¹ Goals
Consumables	\$2,281,185	\$ 6,057,321	\$ 4,498,379	\$10,555,700	50.3	\$21,000,000
Fixed Assets	490,897	2,277,105	323,312	2,600,417	31.3	8,300,000 ¹
Out-of-State Travel	331,044	659,341	325,338	984,679	61.5	1,600,000
Memberships	17,327	31,548	31,803	63,351	126.7	50,000
Subscriptions ²	5,303	15,204	21,591	36,795	49.1	75,000 ¹
Meetings	21,805	113,274	71,040	184,314	73.7	250,000 ¹
Complement	2,140,483 ³	2,126,021	4,471,286	6,597,307	100.0	6,597,307
Mileage	N/A	633,813	394,321	1,028,134	82.3	1,250,000
Automobiles	N/A	N/A	N/A	N/A	N/A	1,050,000
Department Programs	452,315	3,276,038	1,195,700	4,471,738	N/A	4,471,738 ⁴
Contracts	N/A	N/A	1,214,461	1,214,461	33.7	3,600,000
Printing	N/A	N/A	384,199	384,199	34.9	1,100,000
Land	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>2,100,000</u>
Totals	\$5,735,056	\$15,174,461	\$12,909,839	\$28,084,300	54.7	\$51,369,045

1 Savings goals have been revised downward from earlier estimates to more accurately represent expected biennial accomplishments.

2 Since subscriptions savings are included in the consumables savings amounts, they are not added into the totals.

3 Based on preliminary department estimates.

4 The savings amount from individual departmental programs is not a goal but instead a representation of savings already identified. It is expected that this amount will increase, but no projections are available at this time.

TABLE 2

FISCAL YEAR 1978 SAVINGS SUMMARY BY DEPARTMENT
(All Funds)

Department	Savings from Governor's Programs	Other Department Savings	Total Savings
01 Military Affairs	\$ 658	\$ 4,200	\$ 4,858
02 Administration	1,228,064	90,308	1,318,372
04 Agriculture	98,561	93,558	192,119
07 Public Safety	1,396,722	0	1,396,722
10 Finance	31,620	0	31,620
12 Health	285,894	77,491	363,385
13 Commerce	30,852	0	30,852
17 Human Rights	6,191	20,000	26,191
21 Economic Security	300,545	26,541	327,086
23 Economic Development	20,057	0	20,057
24 Personnel	11,684	0	11,684
26 State Universities	750,000	921,321	1,671,321
27 Community Colleges	714,391	0	714,391
29 Natural Resources	1,272,407	0	1,272,407
30 State Planning	82,774	113,000	195,774
32 Pollution Control	132,415	30,765	163,180
34 Housing Finance	19,180	89,297	108,477
37 Education	457,377	0	457,377
39 Governor's Office	15,349	21,624	36,973
42 Labor and Industry	24,404	0	24,404
43 Iron Range Resources	183,714	2,700	186,414
45 Mediation Services	4,053	0	4,053
55 Public Welfare	1,697,321	333,247	2,030,568
67 Revenue	182,455	125,677	308,132
75 Veterans Affairs	119,350	8,146	127,496
78 Corrections	378,601	868,482	1,247,083
79 Transportation	2,145,330	12,000	2,157,330
80 Public Service	39,804	158,973	198,777
88 Energy	32,480	1,527	34,007
Subtotal	11,662,253	2,998,857	14,661,110
All Others	236,170	277,181	513,351
Total	\$11,898,423	\$3,276,038	\$15,174,461

TABLE 3

TOTAL FISCAL YEAR 1978
SAVINGS BY FUND

<u>Fund</u>	<u>Savings</u>
10 General	\$ 8,401,482
20 Special Revenue	305,629
22 State Airports	0
23 Game and Fish	98,474
27 Trunk Highway	2,457,462
28 Highway User Tax Distribution	821,157
30 Federal	1,460,215
31 Manpower Services Administration	162,483
50 Building	36,117
63 Housing Finance	108,477
64 Higher Education Coordinating Commission Student Loan Fund	1,194
69 Gifts and Deposits	8,352
70 Minnesota State Retirement System	0
75 Public Employees Retirement System	14,041
77 Teachers Retirement	7,107
90 Revolving	244,183
91 Motor Pool	288,313
94 Service	36,065
95 Prison Revolving	34,616
97 Computer Services Revolving	439,532
98 General Services Revolving	249,562
Total	<u>\$15,174,461</u>

TABLE 4

SAVINGS BY MAJOR DEPARTMENT AND PROGRAM¹
(All Funds)

Department	Consumables ¹	Fixed Assets ¹	Out-of-State ¹		Memberships	Meetings	Subscriptions ²	Complement	Mileage	Other	Total
			Travel								
01 Military Affairs	\$ 0	\$ 0	\$ 658	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,200	\$ 4,858	
02 Administration	399,558	576,719	79,498	325	0	1,282	133,102	38,862	90,308	1,318,372	
04 Agriculture	7,144	7,903	4,417	102	0	0	46,169	32,826	93,558	192,119	
07 Public Safety	1,018,547	250,281	28,867	2,294	0	320	80,355	16,378	0	1,396,722	
10 Finance	6,209	1,225	901	1,085	0	752	22,200	0	0	31,620	
12 Health	171,274	0	3,774	0	0	0	52,694	58,152	77,491	363,385	
13 Commerce	8,928	7,555	14,369	0	0	0	0	0	0	30,852	
17 Human Rights	487	687	1,005	0	0	0	0	4,012	20,000	26,191	
21 Economic Security	114,484	114,126	64,874	0	6,000	600	0	1,061	26,541	327,086	
23 Economic Development	0	0	9,303	0	0	0	0	10,754	0	20,057	
24 Personnel	3,092	2,473	5,834	0	0	260	0	285	0	11,684	
26 State Universities	283,044	134,731	30,358	7,754	0	3,264	273,537	20,576	921,321	1,671,321	
27 Community Colleges	85,537	211,801	0	2,329	3,381	2,700	403,861	7,482	0	714,391	
29 Natural Resources	986,128	116,802	18,253	5	6,469	0	104,224	40,526	0	1,272,407	
30 State Planning	6,546	4,000	2,776	3,800	0	1,862	40,701	24,951	113,000	195,774	
32 Pollution Control	15,740	32,145	51,694	0	140	225	32,696	0	30,765	163,180	
34 Housing Finance	0	0	17,500	0	0	0	0	1,680	89,297	108,477	
37 Education	67,982	12,005	131,594	0	80,893	0	78,663	86,240	0	457,377	
39 Governor's Office	491	0	10,359	0	0	515	0	4,499	21,624	36,973	
42 Labor and Industry	0	8,752	15,652	0	0	0	0	0	0	24,404	
43 Iron Range Resources	49,653	104,738	3,098	0	100	0	0	26,125	2,700	186,414	
45 Mediation Services	961	1,000	992	0	1,100	296	0	0	0	4,053	
55 Public Welfare	1,156,851	242,200	51,706	6,606	6,024	0	103,150	130,784	333,247	2,030,568	
67 Revenue	10,900	5,157	12,234	50	3,012	270	144,739	6,363	125,677	308,132	
75 Veterans Affairs	84,656	27,842	0	170	0	240	6,682	0	8,146	127,496	
78 Corrections	105,148	76,844	36,741	758	2,500	0	96,522	60,088	868,482	1,247,083	
79 Transportation	1,370,139	267,286	0	1,801	0	800	476,000	30,104	12,000	2,157,330	
80 Public Service	8,862	0	7,281	0	0	518	23,661	0	158,973	198,777	
88 Energy	2,288	15,320	14,872	0	0	248	0	0	1,527	34,007	
Subtotal	5,964,649	2,221,592	618,610	27,079	109,619	14,152	2,118,956	601,748	2,998,857	14,661,110	
All Others	92,672	55,513	40,731	4,469	3,655	1,052	7,065	32,065	277,181	513,351	
Total	\$6,057,321	\$2,277,105	\$659,341	\$31,548	\$113,274	\$15,204	\$2,126,021	\$633,813	\$3,276,038	\$15,174,461	

¹ Not adjusted for routine cancellations.

² Included in consumables and therefore not added into totals.

TABLE 5
TOTAL ALL FUNDS SAVINGS BY DEPARTMENT
SAVINGS UNALLOTTED AND SAVINGS THAT CARRY FORWARD

Department	Total FY 78 Savings	Savings Unallotted	Savings Spent in FY 78 ¹	Other Savings Not Cancelled ²	
01 Military Affairs	\$ 4,858	\$ 4,858	\$ 0	\$ 0	
02 Administration	1,318,372	290,350	148,760	879,262	Some savings transferred to micrographics; Funds 90 thru 98 carry forward.
04 Agriculture	192,119	80,859	5,343	105,917	Avoided LAC request for increase in grain inspection; Fund 30 carries forward.
07 Public Safety	1,396,722	1,248,855	0	147,867	Funds 30 and 90 carry forward.
10 Finance	31,620	31,620	0	0	
12 Health	363,385	110,955	39,073	213,357	Most 30 and 90 fund savings carry forward.
13 Commerce	30,852	22,916	0	7,936	Fund 20 carries forward into FY 79.
17 Human Rights	26,191	26,191	0	0	
21 Economic Security	327,086	26,541	0	300,545	Savings mostly federal; carry forward or diverted to client care.
23 Economic Development	20,057	20,057	0	0	
24 Personnel	11,684	10,901	0	783	Some Funds 20 and 94 carry over.
26 State Universities	1,671,321	750,000	921,321	0	Savings used for energy cons. and to avoid LAC requests (see report).
27 Community Colleges	714,391	561,806	0	152,585	Funds 30 and 69 carry over to FY 79.
29 Natural Resources	1,272,407	581,874	0	690,533	LACMR and Funds 20, 30, 50, and 69 carry forward.
30 State Planning	195,774	195,774	0	0	
32 Pollution Control	163,180	72,621	0	90,559	Fund 30 will carry forward.
34 Housing Finance	108,477	0	0	108,477	Fund 63 will offset future expenditures.
37 Education	457,377	369,598	0	87,779	Some Fund 30 savings carry forward.
39 Governor's Office	36,973	36,973	0	0	
42 Labor and Industry	24,404	24,404	0	0	Fund 30 savings will return to federal government.
43 Iron Range Resources	186,414	0	0	186,414	All amounts are Fund 20 and dedicated.
45 Mediation Services	4,053	274	3,779	0	Savings used to avoid LAC request for Class 20 and 21.
55 Public Welfare	2,030,568	1,200,953	552,472	277,143	Fund 30 savings carry over; savings used for patient care and energy conservation.
67 Revenue	308,132	214,312	93,820	0	Avoided LAC request for income tax reciprocity.
75 Veterans Affairs	127,496	127,496	0	0	
78 Corrections	1,247,083	1,022,557	106,442	118,084	Savings used for energy retrofit/10 Fund unallotted savings go to Community Corrections.
79 Transportation	2,157,330	1,611,442	538,762	7,126	Savings spent for additional road repair and flood damage; Fund 30 carries forward.
80 Public Service	198,777	175,116	23,661	0	Savings used to avoid LAC request for new petroleum testing program.
88 Energy	34,007	6,027	0	27,980	Fund 30 carries over.
Subtotal	14,661,110	8,825,330	\$2,433,433	\$3,402,347	
All Others	513,351	220,423	0	292,928	
Total	\$15,174,461	\$9,045,753	\$2,433,433	\$3,695,275	

1 Savings spent in alternative ways; to avoid LAC requests and increase services.

2 Savings to be carried over into next fiscal year (e.g. revolving funds and federal funds).

Biennial Total = 6,597,307
 Total Unallotted = 5,456,244
 Total Reallocated = 1,141,063

TABLE 6

TWO PERCENT COMPLEMENT REDUCTION
 (Departments with more than 100 state-funded positions)

Department	Number Positions	Number Positions Cancelled	Number Positions Reallocated	Total FY 78 Savings	FY 78 Savings Unallotted	FY 78 Savings Reallocated	Total FY 79 Savings	FY 79 Savings Unallotted	FY 79 Savings Reallocated
78 Transportation	97	97	0	\$ 476,000	\$ 476,000	\$ 0	\$ 995,749	\$ 814,350	\$181,399 ¹
26 State Universities	70.5	70.5	0	273,537	273,537	0	297,956	297,956	0
55 Welfare	52	10	42	103,150	40,949	62,201 ²	669,509	123,509	546,000 ²
27 Community Colleges	34	34	0	403,861	403,861	0	403,861	403,861	0
29 Natural Resources	27	27	0	104,224	86,747	17,477 ³	376,645	342,824	33,821 ³
07 Public Safety	22	22	0	80,355	80,355	0	221,708	221,708	0
02 Administration	21	19	2 ⁴	133,102	43,593	89,509 ⁵	275,164	147,264	127,900 ⁵
67 Revenue	19.5	19.5	0	144,739	144,739	0	248,480	248,480	0
78 Corrections	18	18	0	96,522	96,522 ⁶	0	291,439	291,439 ⁶	0
37 Education	10	10	0	78,663	78,663	0	160,814	160,814	0
04 Agriculture	10	10	0	46,169	46,169	0	128,451	128,451	0
12 Health	4	4	0	52,694	52,694	0	56,756	56,756	0
13 Commerce	4	4	0	0	0	0	70,714	70,714	0
42 Labor and Industry	2	2	0	0	0	0	18,745	18,745	0
32 Pollution Control	4	4	0	32,696	32,696	0	51,825	51,825	0
01 Military Affairs	3	3	0	0	0	0	26,534	26,534	0
21 Vocational Rehabilitation	3	3	0	0	0	0 ⁷	0	0	0 ⁷
30 State Planning	3	3	0	40,701	40,701	0	55,242	55,242	0
77 Zoological Garden	3	3	0	7,065	7,065	0	31,008	31,008	0
80 Public Service	4	4	0	23,661	0	23,661	59,095	0	59,095
10 Finance	2	2	0	22,200	22,200	0	22,258	22,258	0
75 Veterans Affairs	1	1	0	6,682	6,682	0	9,333	9,333	0
	414	370	44	\$2,126,021	\$1,933,173	\$192,848	\$4,471,286	\$3,523,071	\$948,215

1 Allocated to pay unfunded state increase in employee insurance premiums.

2 Allocated to direct patient care at state hospitals to comply with court order.

3 LCMR and 50 Fund savings cancel to the Fund and remain with agency.

4 Two positions transferred to a LCMR land division activity but Fund 10 savings of \$15,612 and \$20,590 unallotted.

5 Revolving fund savings do not cancel but carry forward.

6 Dedicated by law to offset future Community Corrections Appropriations.

7 Positions cancelled but savings of \$30,601 are 80 percent federal and not capturable; therefore no savings counted.

TABLE 7

FISCAL YEARS 1977 AND 1978 EXPENDITURES COMPARISON SUMMARY¹

	All Funds				General Fund			
	Expenditures		1977 - 1978 Variance		Expenditures		1977 - 1978 Variance	
	1977	1978	Amount	Percent	1977	1978	Amount	Percent
In-State Mileage	\$ 4,070,235	\$ 3,891,294	\$ (178,941)	(4.4)	\$ 2,468,774	\$ 2,342,693	\$ (126,081)	(5.1)
Out-of-State Travel	1,917,980	1,725,646	(192,334)	(10.0)	1,169,086	1,026,237	(142,849)	(12.2)
Memberships	336,949	331,606	(5,343)	(1.2)	246,108	228,082	(18,026)	(7.3)
Consumables	57,273,772	57,271,216	(2,556)	0	27,763,323	27,656,533	(106,790)	(.4)
Fixed Assets	18,798,513	24,770,827	5,972,314	31.8	5,938,429	8,076,666	2,138,237	36.0

¹ Data on subscriptions and state-sponsored meetings is not available from the Statewide Accounting System.

TABLE 8

CONSUMABLE INVENTORY EXPENDITURES ANALYSIS (Class 30)¹
 Fiscal Year 1977 and Fiscal Year 1978 by Major Department (All Funds and General Fund)

Department	All Funds				General Fund			
	Expenditures 1977	Expenditures 1978	Amount Change	Percent Change	Expenditures 1977	Expenditures 1978	Amount Change	Percent Change
01 Military Affairs	\$ 720,961	\$ 772,475	\$ 51,514	7.1	\$ 720,961	\$ 772,475	\$ 51,514	7.1
02 Administration	3,570,925	3,851,527	280,602	7.9	798,080	866,597	68,517	8.6
04 Agriculture	133,861	170,339	36,478	27.3	120,419	157,869	37,450	31.1
07 Public Safety	3,315,556	3,144,405	(171,151)	(5.2)	161,504	184,056	22,552	14.0
10 Finance	18,786	24,421	5,635	29.9	18,786	24,421	5,635	30.0
12 Health	491,314	550,520	59,206	12.1	220,147	300,318	80,171	36.4
13 Commerce	30,078	40,375	10,297	34.2	30,078	40,375	10,297	34.2
17 Human Rights	10,091	11,843	1,752	17.4	6,796	11,592	4,796	70.6
21 Economic Security	762,030	722,213	(39,817)	(5.2)	370,217	345,571	(24,646)	(6.7)
23 Economic Development	24,777	25,311	534	2.2	23,607	25,060	1,453	6.2
24 Personnel	36,533	30,779	(5,754)	(15.6)	34,892	26,968	(7,924)	(22.7)
26 State Universities	6,411,457	6,149,654	(261,803)	(4.1)	6,273,836	5,999,916	(273,920)	(4.4)
27 Community Colleges	2,303,639	2,333,574	29,935	1.3	2,172,961	2,233,747	60,786	2.8
29 Natural Resources	4,709,192	3,489,275	(1,219,917)	(25.9)	3,053,320	1,851,014	(1,202,306)	(39.4)
30 State Planning	96,503	46,938	(49,565)	(51.4)	91,443	44,536	(46,907)	(51.3)
32 Pollution Control	102,676	118,628	15,952	15.5	60,137	54,534	(5,603)	(9.3)
34 Housing Finance	20,569	28,252	7,683	37.4	0	0	0	0
37 Education	196,360	533,171	336,811	171.5	143,516	431,117	287,601	200.4
39 Governor's Office	24,665	15,756	(8,909)	(36.1)	16,252	15,308	(944)	(5.8)
42 Labor and Industry	41,088	56,698	15,610	37.9	33,882	48,553	14,671	43.3
43 Iron Range Resources	32,047	49,372	17,325	54.1	0	0	0	0
45 Mediation Services	4,853	4,991	138	2.8	4,853	4,991	138	2.8
55 Public Welfare	10,104,659	10,962,568	857,909	8.5	9,622,182	9,942,367	320,185	3.3
67 Revenue	100,924	103,985	3,061	3.0	100,924	103,901	2,977	2.9
75 Veterans Affairs	590,435	650,974	60,539	10.3	590,435	650,974	60,539	10.3
78 Corrections	5,666,188	5,927,646	261,458	4.6	2,999,168	3,415,909	416,741	13.9
79 Transportation	17,654,590	17,342,099	(312,491)	(1.8)	923	234	(689)	(74.6)
80 Public Service	71,269	77,551	6,282	8.8	71,249	77,051	5,802	8.1
88 Energy	27,746	35,876	8,130	29.3	22,755	27,079	4,324	19.0
Total	\$57,273,772	\$57,271,216	\$ (2,556)	0	\$27,763,323	\$27,656,533	\$ (106,790)	(.4)

1 These expenditure amounts are the total expenditures by the major departments as reflected in the Statewide Accounting System and have not been adjusted to reflect changes in program. The departments of Transportation and Economic Security have been compared with the units of state government which became those departments during this period. Outstanding encumbrances are considered as expenditures.

TABLE 9

OUT-OF-STATE TRAVEL EXPENDITURES ANALYSIS (Class 22)¹
 Fiscal Year 1977 and Fiscal Year 1978 by Major Department (All Funds and General Fund)

Department	All Funds				General Fund			
	Expenditures 1977	Expenditures 1978	Amount Change	Percent Change	Expenditures 1977	Expenditures 1978	Amount Change	Percent Change
01 Military Affairs	\$ 2,235	\$ 1,444	\$ (791)	(35.4)	\$ 2,235	\$ 1,444	\$ (791)	(35.4)
02 Administration	90,252	67,147	(23,105)	(25.6)	41,855	31,121	(10,734)	(25.7)
04 Agriculture	44,649	44,123	(526)	(1.2)	36,066	34,454	(1,612)	(4.5)
07 Public Safety	53,084	20,771	(32,313)	(60.9)	18,316	9,788	(8,528)	(46.6)
10 Finance	5,859	7,406	1,547	26.4	5,859	7,406	1,547	26.4
12 Health	70,070	80,391	10,321	14.7	36,824	38,507	1,683	4.6
13 Commerce	43,228	46,077	2,849	6.6	28,135	29,013	878	3.1
17 Human Rights	2,511	1,375	(1,136)	(45.2)	1,115	1,375	260	23.3
21 Economic Security	142,512	141,370	(1,142)	(.8)	21,239	17,310	(3,929)	(18.5)
23 Economic Development	35,745	23,910	(11,835)	(33.1)	31,547	21,679	(9,868)	(31.3)
24 Personnel	11,867	10,983	(884)	(7.4)	9,423	8,063	(1,360)	(14.4)
26 State Universities	328,791	308,005	(20,786)	(6.3)	267,905	267,074	(831)	(.3)
27 Community Colleges	117,036	121,909	4,873	4.2	95,781	98,660	2,879	3.0
29 Natural Resources	100,010	98,780	(1,230)	(1.2)	68,314	72,790	4,476	6.6
30 State Planning	52,014	31,261	(20,753)	(39.9)	40,423	23,820	(16,603)	(41.1)
32 Pollution Control	67,211	60,756	(6,455)	(9.6)	37,780	29,500	(8,280)	(21.9)
34 Housing Finance	28,667	18,934	(9,733)	(33.9)	0	0	0	0
37 Education	175,616	112,020	(63,596)	(36.2)	73,455	51,654	(21,801)	(29.7)
39 Governor's Office	46,838	20,497	(26,341)	(56.2)	21,745	10,157	(11,588)	(53.3)
42 Labor and Industry	21,723	18,241	(3,482)	(16.0)	12,605	11,732	(873)	(6.9)
43 Iron Range Resources	3,657	9,772	6,115	167.2	0	0	0	0
45 Mediation Services	3,045	2,199	(846)	(27.8)	3,045	2,199	(846)	(27.8)
55 Public Welfare	120,503	78,537	(41,966)	(34.8)	90,690	61,542	(29,148)	(32.1)
67 Revenue	103,595	106,375	2,780	2.7	103,595	106,375	2,780	2.7
75 Veterans Affairs	3,264	2,254	(1,010)	(30.9)	3,264	2,254	(1,010)	(30.9)
78 Corrections	73,212	57,284	(15,928)	(21.8)	63,998	50,732	(13,266)	(20.7)
79 Transportation	120,415	182,332	61,917	51.4	9,626	106	(9,520)	(27.8)
80 Public Service	23,124	19,708	(3,416)	(14.8)	23,124	16,704	(6,420)	(27.8)
88 Energy	27,247	31,785	4,538	16.7	21,122	20,778	(344)	(1.6)
Total	\$1,917,980	\$1,725,646	\$(192,334)	(10.0)	\$1,169,086	\$1,026,237	\$(142,849)	(12.2)

¹ These expenditure amounts are the total expenditures by the major departments as reflected in the Statewide Accounting System and have not been adjusted to reflect changes in program. The departments of Transportation and Economic Security have been compared with the units of state government which became those departments during this period. Outstanding encumbrances are considered as expenditures.

TABLE 10

IN-STATE MILEAGE EXPENDITURES ANALYSIS (Class 211 and 216)¹
 Fiscal Year 1977 and Fiscal Year 1978 by Major Department (All Funds and General Fund)

Department	All Funds				General Fund			
	Expenditures 1977	Expenditures 1978	Amount Change	Percent Change	Expenditures 1977	Expenditures 1978	Amount Change	Percent Change
01 Military Affairs	\$ 190	\$ 378	\$ 188	98.9	\$ 190	\$ 378	\$ 188	98.9
02 Administration	85,322	81,113	(4,209)	(4.9)	63,062	63,515	453	.7
04 Agriculture	299,812	329,410	29,598	9.9	191,853	225,938	34,085	17.8
07 Public Safety	275,285	250,005	(25,280)	(9.2)	115,487	106,348	(9,139)	(7.9)
10 Finance	4,030	3,942	(88)	(2.2)	4,030	3,942	(88)	(2.2)
12 Health	340,247	304,138	(36,109)	(10.6)	126,056	117,020	(9,036)	(7.2)
13 Commerce	65,448	63,118	(2,330)	(3.6)	62,670	59,518	(3,152)	(5.0)
17 Human Rights	11,252	8,377	(2,875)	(25.6)	7,354	6,953	(401)	(5.5)
21 Economic Security	546,418	610,572	64,154	11.7	207,914	215,979	8,065	3.9
23 Economic Development	35,828	20,284	(15,544)	(43.4)	29,089	19,295	(9,794)	(33.7)
24 Personnel	6,343	6,969	626	9.9	5,302	5,784	482	9.1
26 State Universities	169,272	172,328	3,056	1.8	116,735	116,994	259	.2
27 Community Colleges	134,929	133,231	(1,698)	(1.3)	131,093	129,795	(1,298)	(1.0)
29 Natural Resources	306,014	255,004	(51,010)	(16.7)	198,853	152,037	(46,816)	(23.5)
30 State Planning	101,091	42,291	(58,800)	(58.2)	82,337	39,025	(43,312)	(52.6)
32 Pollution Control	74,920	75,279	359	.5	52,864	56,352	3,488	6.6
34 Housing Finance	31,752	27,223	(4,529)	(14.3)	0	0	0	0
37 Education	294,037	272,256	(21,781)	(7.4)	88,528	128,741	40,213	45.4
39 Governor's Office	12,103	9,207	(2,896)	(23.9)	5,158	6,222	1,064	20.6
42 Labor and Industry	139,807	130,490	(9,317)	(6.7)	93,861	87,911	(5,950)	(6.3)
43 Iron Range Resources	14,735	16,363	1,628	11.0	0	0	0	0
45 Mediation Services	29,830	32,095	2,265	7.6	29,830	32,095	2,265	7.6
55 Public Welfare	363,737	338,052	(25,685)	(7.1)	312,671	281,796	(30,875)	(9.9)
67 Revenue	246,994	212,541	(34,453)	(13.9)	246,994	212,541	(34,453)	(13.9)
75 Veterans Affairs	15,347	16,508	1,161	7.7	15,347	16,508	1,161	7.7
78 Corrections	265,643	253,277	(12,366)	(4.7)	238,565	227,823	(10,742)	(4.5)
79 Transportation	167,714	190,643	22,929	13.7	12,385	64	(12,321)	(100.0)
80 Public Service	23,119	22,419	(700)	(3.0)	22,550	22,419	(131)	(.6)
88 Energy	9,016	13,781	4,765	52.9	7,996	7,700	(296)	(3.7)
Total	\$4,070,235	\$3,891,294	\$(178,941)	(4.4)	\$2,468,774	\$2,342,693	\$(126,081)	(5.1)

¹ These expenditure amounts are the total expenditures by the major departments as reflected in the Statewide Accounting System and have not been adjusted to reflect changes in program. The departments of Transportation and Economic Security have been compared with the units of state government which became those departments during this period. Outstanding encumbrances are considered as expenditures.