

REPORT OF THE 1984  
GOVERNOR'S TASK FORCE ON CONSTITUTIONAL OFFICERS

TO

Governor Rudy Perpich

February 1, 1984

St. Paul, Minnesota

Chairman: Robert D. Sheran

February 1, 1984

Governor Rudy Perpich  
State Capitol  
St. Paul, MN 55155

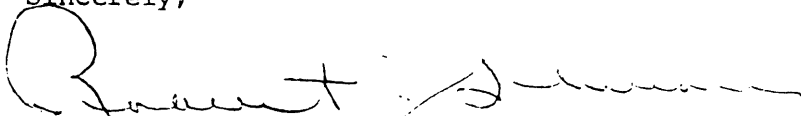
Dear Governor Perpich:

On behalf of the Governor's Task Force on Constitutional Officers, I am pleased to submit the Task Force's final report and recommendations for changes in the State's Constitution with respect to the current Constitutional Offices.

Pursuant to your charge to the Task Force, the members have convened to accept public testimony and to deliberate on the best course of action in addressing the problems of the current Constitutional Offices, as well as the reduction in the number of those offices. At its final meeting on January 28, 1984, the members of the Task Force voted to support the recommendations in this report. I have informed the members that, should there be dissenting opinions in the matter of these recommendations, minority report should be formulated and submitted to you by February 8, 1984. These reports should then be incorporated into the record of these proceedings.

On behalf of the members of the Task Force, I wish to thank you for offering us the opportunity to investigate this important issue. It is hoped that this report will assist you in making your recommendations to the 1984 Legislature.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert J. Sheran", is written over a horizontal line.

Robert J. Sheran, Chairman  
GOVERNOR'S TASK FORCE ON CONSTITUTIONAL OFFICERS

DOSHAN & LORD, P.A.

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MICHAEL D. DOSHAN  
JAMES F. LORD

(612) 340-9132

January 31, 1984

Governor Rudy Perpich  
State of Minnesota  
130 State Capitol  
St. Paul, Minnesota 55155

Dear Governor Perpich:

As a member of the Governor's Task Force on Constitutional Offices, I urge you to support in part and reject in part the final recommendations of that task force. I urge you to support the recommendation of abolishing the Secretary of State and State Auditor. (I personally recommend the abolition of the Office of State Auditor.) However, I urge you to reject that part of the report that recommends the duties of those offices be dissipated into the state's bureaucracy.

I believe that it is too high of a price for Minnesotans to pay. I believe Minnesotans want these important checks and balances that now exist, kept in place. Minnesotans enjoy electing constitutional officers which provide a check and balance within the executive branch. You may disagree with positions taken by current constitutional offices. However, the fact that the public is able to listen to debates among constitutional offices is what counts in the long run.

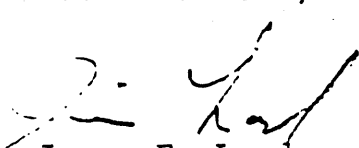
I would recommend that certain duties of the Auditor and Treasurer, Department of Finance, be merged into a new constitutional office which could be named anything from Auditor-Treasurer to Comptroller General. The name is not important. That office should be an independently elected constitutional office.

If the choice is between abolishing these offices and their duties absorbed in the bureaucracy versus continuing these constitutional offices, I would favor the continuation of these offices.

Thank you for giving me the opportunity to serve on this very important task force.

Sincerely,

DOSHAN & LORD, P.A.



James F. Lord

JFL/ckg

cc. Governor's Task Force on Constitutional Offices members

ARTHUR NAFTALIN  
39 GREENWAY GABLES  
MINNEAPOLIS, MINNESOTA 55403

February 7, 1984

The Honorable Rudy Perpich  
Governor of Minnesota  
130 State Capitol  
St. Paul, MN 55155

Dear Governor Perpich:

In accord with the understanding that individual members of the Task Force on Constitutional Officers should feel free to state views at variance with the Task Force recommendations, I should like to express my regret that the Task Force, by a 4-to-4 vote, failed to recommend the elimination of the Office of State Auditor and the transfer of its functions to the Office of the Legislative Auditor.

On the basis of the testimony presented to us, I believe that the State of Minnesota will be better served by consolidating the post-audit function under the State Legislature. In my view, this would have the following constructive results:

(1) It would provide a more coherent and more visible channel of accountability for the auditing function. The Legislative Auditor is appointed by a bipartisan commission of 16 legislative leaders, serves a six-year term and can be removed only for cause, which assures that the audit will be nonpartisan and beyond political influence. By placing the audit responsibility in this office we achieve an appropriate check-and-balance between the legislative and executive branches of government and we have, I believe, the best prospect of developing and maintaining high professional standards.

(2) It would minimize the confusion among voters concerning executive branch accountability. Eliminating the Offices of State Treasurer and Secretary of State moves us in that direction but the retention of the Office of State Auditor continues an unnecessary diffusion in executive responsibility.

(3) It would eliminate the campaign and election costs associated with the office.

The Honorable Rudy Perpich

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February 7, 1984

I respectfully disagree with the four members of the Task Force who voted not to eliminate the Office of State Auditor. To eliminate the Offices of State Treasurer and Secretary of State but not the Office of State Auditor is, I believe, an inconsistent application of the Task Force's own criteria. In my view, the criteria are the same in all three cases. Omitting one of them weakens the main argument supporting the reform, namely to achieve greater administrative coherence and financial accountability.

Respectfully,

A handwritten signature in cursive script, appearing to read "Arthur Napier". The signature is written in dark ink and is positioned below the word "Respectfully,".

GOVERNOR'S TASK FORCE ON CONSTITUTIONAL OFFICERS

MEMBERSHIP

- Chairman: Mr. Robert J. Sheran, former State Representative (1947-49) and former chief justice of the Minnesota Supreme Court (1973-82); currently an attorney with Lindquist and Vennum in Minneapolis, 4200 IDS Center, Minneapolis, MN 55402; (612) 371-3211 (x148)
- Mr. Wayne S. Burggraaff, former Commissioner of the Minnesota Department of Finance (1979-83); currently Senior Vice President with Evensen-Dodge, Inc. in Minneapolis, 3608 IDS Tower/ 80 South 8th Street, Minneapolis, MN 55402; (612) 338-3535
- Ms. Mary Durkee, President of Durkee Manufacturing Company in Pine River, MN; Durkee Manufacturing Company, Box 69, Pine River, MN 56474; (218) 587-4432
- Ms. Nancy Hatch, Chairwoman of the 5th District IR Party, 2330 Lake of the Isles Parkway, Minneapolis, MN 55405; (612) 374-2967
- Mr. Michael Krumholz, President of UAW Local 1016 in Fairmont; 311 East First Street, Fairmont, MN 56031; (507) 235-3084
- Mr. Jim Lord, former State Treasurer (1974-82) and State Senator; currently an attorney with Doshan and Lord in Minneapolis; Doshan and Lord, 4644 IDS Center, Minneapolis, MN 55402; (612) 340-9132
- Dr. Arthur Naftalin, former Mayor of Minneapolis and former Commissioner of Administration; currently Professor of Public Affairs at the Hubert H. Humphrey Institute, University of Minnesota, 909 Social Science Building 267 19th Avenue South, Minneapolis, MN 55455 (612) 373-9909
- Dr. Vernon L. Sommerdorf, former DFL State Representative (1964-70); currently a physician in St. Paul; 1239 Payne Avenue, St. Paul, MN 55101 (612) 771-5577

The Governor's Task Force on Constitutional Officers hereby  
adopts the recommendations contained in this report.

Wayne Burggraaff  
Mr. Wayne Burggraaff PMB

Mary Durkee  
Ms. Mary Durkee PMB

Nancy M. Hatch  
Ms. Nancy Hatch

Mike Krumholz  
Mr. Michael Krumholz

Jim Lord  
Mr. Jim Lord

Arthur Naftalin  
Dr. Arthur Naftalin

V. L. Sommerdorf  
Dr. Vernon Sommerdorf

Robert Sheran  
Mr. Robert Sheran, Chairman

Dated: February 1, 1984

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## Introduction

The purpose of this document is to provide Governor Perpich with a report and recommendations concerning proposed changes in the Minnesota State Constitution as it relates to constitutional offices.

The Task Force on Constitutional Officers was created by the Governor in November of 1983. The task force was asked to review both the responsibilities and number of constitutional officers and to submit a report and recommendations to the Governor by February 1, 1984.

The task force recognizes that this review is a continuation of a long process of evaluation of the Constitutional Offices. The chairman of the task force served on a 1948 Constitutional Study Commission which reviewed the matter of our state's Constitutional Offices, and the members of the task force who have served in elective or appointed offices have also been involved in some of the various overviews of this matter since then. The 1984 task force members dedicated significant amounts of private time reviewing those historic documents as well as current materials compiled by staff regarding functions, changes and proposed changes in the constitutional offices. The members relied heavily on the past work as well as the written and oral testimony presented to them in making the recommendations contained in this report.

In an initial meeting, the task force concluded that in spite of the short amount of time available for the study, ample time should be set aside for public testimony. Therefore, two Saturday hearings during the month of January were advertised and the task force met at those times to hear all who indicated an interest in testifying. The task force heard from constitutional officers, other state appointed officials, academicians and interested and concerned citizens.

During its deliberations, the task force agreed that its recommendations would be based upon specific criteria and an overall goal of improvement in state government operations.

The recommendations of the Task Force to abolish two of the Constitutional Offices are based on the conclusion that the duties of those offices need not be performed by elected officials, and should not be interpreted as a reflection of bad performance. For example, the office of Secretary of State Joan Grove has received national recognition for its work on improving Minnesota's election process. Historically, other examples of exceptional performance in these offices exist as well.

The decision to recommend the removal of a constitutional office, as well as the recommended allocation of the duties of the abolished office, were made by majority vote. The chairman invited members who had opposing views to submit minority reports to the Governor by February 8, 1984.

A detailed overview of the task force deliberations, as well as summaries of the oral testimony may be found in Appendix I. Written testimony which was submitted to the task force by January 18, 1984 is located in Appendix II.

### Summary of the Recommendations

The Governor's Task Force on Constitutional Officers recommends the following:

1. That the office of State Treasurer be abolished, and its functions be transferred to the Department of Finance.
2. That the office of Secretary of State be abolished and that the major responsibilities of that office with respect to the election functions be transferred to the Department of Administration and that the other functions of the office be transferred to the Department of Commerce.

### Task Force Charge

In his letter appointing task force members, the Governor said "A reduction in the number of constitutional offices is one of my priorities for the next legislative session ... I would like the commission to produce a report and recommendations by February 1."

The Constitutional Offices have been the object of concern for many years. The presence of other executive officers who are not accountable to the Governor diffuses responsibility and creates confusion among the voters. There is a need for a better integrated and more comprehensive approach that improves the management of increasingly complex functions. There is public confusion about how state government works. A reduction in the number of constitutional offices would contribute to simplifying relationships and making them more visible and understandable.

Past studies have consistently emphasized the need for changes in the constitutional offices to better serve and improve upon the operation of state government. See Table 1 for an overview of the recommendations of past commissions.

Finally, increasing public concern over costs of government intensifies the need to search out all possible economies.

TABLE 1

PAST RECOMMENDATIONS REGARDING THE REORGANIZATION OF  
THE CONSTITUTIONAL OFFICES OF TREASURER, SECRETARY OF  
STATE, AUDITOR AND ATTORNEY GENERAL.

ATTORNEY GENERAL

1948 - Retain as elective constitutional officer  
1950 - Appointed by governor  
1955-8 - Appointed officer  
1968 - Appoint by the governor  
1972 - Appoint by the governor

AUDITOR

1948 - Appointed by legislature  
1950 - Dissolve; duties to Department of Administration  
1955-8 - Dissolve; duties to Department of Administration  
1968 - Dissolve; duties to Department of Administration  
1972 - Dissolve; transfer duties elsewhere

SECRETARY OF STATE

1948 - Appointed by the legislature  
1950 - Dissolve; redistribute duties elsewhere  
1955-8 - Appointed officer  
1968 - Dissolve; redistribute duties elsewhere  
1972 - Dissolve; redistribute duties elsewhere

TREASURER

1948 - Appointed by the legislature  
1950 - Dissolve; duties to the Department of Administration  
1955-8 - Appoint by the governor  
1968 - Dissolve; duties to the Department of Administration  
1972 - Dissolve; transfer duties elsewhere

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1948 - Constitutional Study Commission  
1950 - MN Efficiency in Government Commission  
1955-8 - MN Self-Survey  
1968 - Governor's Council on Executive Reorganization  
1972 - MN Constitutional Study Commission

### Goals and Criteria

Task Force members, in their deliberations and in achieving their final consensus for recommendations, used the following goals and criteria:

1. A cohesive and accountable executive branch that makes it possible for the Governor to serve, in fact as well as in name, as the State's Chief Executive.
2. Clean and understandable lines of accountability -- between the public and the legislature, between the public and the executive branch and between the legislature and the executive branch.
3. A governmental structure that relates appropriate functions so that duplication between and among agencies is avoided and clearcut lines of responsibility and accountability are maintained within agencies.
4. The most efficient and productive use of technological advances in information gathering, data processing and resource allocation.
5. Clarification and appropriate assignment of the accounting, preaudit and internal audit functions, making them part of the management process.
6. Clarification and appropriate assignment of the postaudit and program analysis functions, making them the responsibility of the state legislature.
7. Reducing the burden of election and campaign costs by removing from the Constitution Offices that ought not to be filled by election.

### Task Force Findings

Task Force members developed a list of three basic premises and concluded that an office which meets any one or a combination of them would justify the existence of an elected Constitutional Officer. The three premises are as follows:

1. The position requires strong leadership and accountability with high public visibility.
2. The position provides for the performance of a unique function or group of functions which, because of their nature, require the incumbent to be elected.
3. The position provides an important and unique contribution to the system of "checks and balances" and accountability in state government.

The task force reviewed each of the existing Constitutional Offices against these criteria. The findings and conclusions of the task force are as follows:

1. The Constitutional Offices of Governor, Lieutenant Governor and Attorney General meet each of the three criteria and should be retained as elected constitutional offices.
2. While the Constitutional Office of Auditor does not meet each of the three criteria, the task force concluded that its post audit function for local government and school districts represented a unique function as it is perceived by citizens of the state and warranted Constitutional Office status.
3. The Constitutional Offices of Treasurer and Secretary of State do not meet any of the three criteria.
4. After review of various proposals for the creation of one or more new Constitutional Officers positions, the task force concluded that none could be justified on the basis of the three premises.
5. The task force expressed concern that there is currently no post audit of the State Legislature, but could not achieve a consensus opinion as to who should perform the audit.
6. The members agreed to recommend to the Governor that the task force not be continued after the submission of the final report.
7. The task force also concluded that the recommendations resulting from these deliberations should not impact the length of the terms of the current Constitutional Office holders.

### Recommendations

The Task Force achieved consensus recommendations by majority vote. Chairman Sheran requested roll call votes on all motions. The motions which were seconded are recorded in Table 2. (All other motions and deliberations are detailed in the minutes of the meeting on January 28, 1984, in Appendix I.)

The Governor's Task Force on Constitutional Officers recommends the following:

1. The offices of Governor, Lieutenant Governor, Attorney General and Auditor should remain as elected constitutional offices.
2. The office of State Treasurer be abolished, and its functions be transferred to the Department of Finance.
3. The office of Secretary of State be abolished and the major responsibilities of that office with respect to the election functions be transferred to the Administration Department and the other functions of the office be transferred to the Department of Commerce.

TABLE 2

Motions and Roll Call Votes of the Task Force

1. Motion: Recommend that the office of State Auditor be eliminated as a Constitutional Office and that the duties that it now performs be transferred to the office of Legislative Auditor.

VOTE: Mr. Burggraaff - No  
 Ms. Durkee - No  
 Ms. Hatch - No  
 Mr. Krumholz - No 4:4 The motion failed.  
 Mr. Lord - Yes  
 Dr. Naftalin - Yes  
 Dr. Sommerdorf - Yes  
 Mr. Sheran - Yes

2. Motion: Recommend that the office of State Treasurer be abolished and its functions be transferred to the Department of Finance.

VOTE: Mr. Burggraaff - Yes  
 Ms. Durkee - No  
 Ms. Hatch - Yes  
 Mr. Krumholz - Yes 6:2 The motion passed.  
 Mr. Lord - No  
 Dr. Naftalin - Yes  
 Dr. Sommerdorf - Yes  
 Mr. Sheran - Yes

3. Motion: Recommend abolishing the office of Secretary of State and that the major responsibilities of that office with respect to election functions be transferred to the Administration Department and that the other functions of the office be transferred to the Department of Commerce.

VOTE: Mr. Burggraaff - Yes  
 Ms. Durkee - No  
 Ms. Hatch - Yes  
 Mr. Krumholz - No 5:3 The motion passed.  
 Mr. Lord - No  
 Dr. Naftalin - Yes  
 Dr. Sommerdorf - Yes  
 Mr. Sheran - Yes

4. Motion: Recommend that the post-audit of legislative expenditures be placed in the office of a Constitutional Office.

VOTE: Mr. Burggraaff - No  
 Ms. Durkee - No  
 Ms. Hatch - Yes  
 Mr. Krumholz - No 3:5 The motion failed.  
 Mr. Lord - Yes  
 Dr. Naftalin - No  
 Dr. Sommerdorf - Yes  
 Mr. Sheran - No



### Observations and Comments in Support of the Task Force's Recommendations

1. Endorsements, nominations and elections relating to the two Constitutional Offices are not the product of informed action. Delegates to party conventions and voters in primaries and general elections have almost no knowledge or understanding concerning what the offices do or how well the incumbents are performing.
2. Filling the offices by election obscures accountability and makes for less effective management of the state's business. They have often been filled by long-term incumbents who, by reason of voters' lack of knowledge concerning their duties, come to have an inordinate and even dangerous degree of independence, leading to less rather than more responsible government.
3. Effective checks and balances in the operation of government is the proper relationship between branches of government; they can result in administrative disorganization if they are imposed within the executive branch without proper regard for that branch's responsibility for effective execution of the laws.
4. The 1972 Loaned Executive Action Program recommended the transfer of the remaining duties of State Treasurer to the Department of Finance based upon a detailed study of the benefits of integrating the two functions. The Finance Department, via its current segregation of duties provides for an appropriate system of checks and balances.
5. Based upon state management overviews nationwide, there has been a trend resulting in an influx of powers and responsibilities within Departments of Administration.
6. The Secretary of State has no major election functions in eight states (DE, MD, NY, NC, OK, SC, VA, WI). The Secretary of State is not elected by the voters in 11 states (ME, NH, TN, DE, MD, NJ, NY, OK, PA, TX, VA) and three states do not have a Secretary of State (AK, HI and UT).
7. The Task Force's recommendations are in no sense a commentary on how incumbents have carried out the duties of their office. The recommendations are directed only at improving the process of state government.
8. The experience of other states indicates that once Constitutional Offices have been eliminated, as some states have done, they are not missed by the electorate.

APPENDIX I: Minutes of the Task Force Meetings  
and a Summary of Oral Testimony

The minutes of the meetings of the Governor's Task Force  
on Constitutional Officers on:

December 19, 1983  
January 7, 1984  
January 14, 1984  
January 28, 1984

are hereby approved.

February 1, 1984

Wayne Burggraaff  
Mr. Wayne Burggraaff PMB

Mary Durkee  
Ms. Mary Durkee PMB

Nancy M. Hatch  
Ms. Nancy Hatch

Mike Krumholz  
Mr. Michael Krumholz

Jim Lord  
Mr. Jim Lord

Arthur Naftalin  
Dr. Arthur Naftalin

Robert J. Sheran  
Mr. Robert J. Sheran, Chairman

V. J. Sommerdorf  
Dr. Vernon Sommerdorf

Oral Testimony (summarized in the minutes)

January 7, 1984

Dr. Thad Biel, Professor of Political Science, University of  
North Carolina

Mr. James R. Nobles, Legislative Auditor

Mr. John Assmussen, Deputy Legislative Auditor

Mr. Mark Hanson, candidate for Secretary of State, 1982

Mr. Dan Slayter, concerned citizen

Ms. Nancy McGibbon, concerned citizen

January 14, 1984

State Auditor Arne Carlson

Ms. Elaine Hanson, Director of Audits, State Auditor

Mr. Robert Mattson, State Treasurer

Dr. Royce Hanson, Associate Director, Hubert H. Humphrey  
Institute, Minneapolis

Ms. Viola Maehren, concerned citizen

Ms. Olga Gasch, concerned citizen

Mr. Michael Barich, concerned citizen

Ms. Mary Jane Rachner, concerned citizen

Mr. Dan Slayter, concerned citizen

Mr. Jay Kiedrowski, Deputy Commissioner, Department of Finance

Mr. James Nobles, Legislative Auditor

January 28, 1984

Mr. Michael Miles, Attorney General's Representative to the  
State Board of Investment

Minutes: First meeting of the Governor's Task Force on Constitutional Officers

Date: December 19, 1983

Time: Noon - 2:00 p.m.

Location: Flandreau Room, Minnesota Club, St. Paul

The meeting was called to order by Chairman Robert Sheran promptly at noon. The task force membership and staff were introduced, and each person offered a brief overview of his/her background and interest in this matter.

The membership then unanimously consented to the format and timetable for the upcoming public hearings as follows:

First hearing: Saturday, January 7, 1984  
10 a.m. - 2 p.m.  
Room 15, Capitol Building

Second hearing: Saturday, January 14, 1984  
10 a.m. - completion of testimony and discussion  
Room 15, Capitol Building

It was agreed that the people with an interest in the subject should be encouraged to testify on the day of the first hearing so that some of the time at the second hearing could be dedicated to a discussion of the Report to the Governor.

The task force also agreed to reserve time, if needed, for a third scheduled meeting on Saturday, December 28, 1983 in Room 15 of the Capitol.

The chairman then advised staff that there should be a general invitation for public testimony at the hearings. Staff was asked to prepare a hearing announcement and request for public testimony from the following groups:

- Constitutional office incumbents
- Legislative authors and proposers of legislation on this subject
- Legislative chairmen of the Governmental Operations Committees
- Finance Commissioner
- State Register
- Governor's press release
- Professionals in these fields in the private sector
- Legislative Auditor's office
- Policy analyst familiar with constitutional officers in other states
- National organizations

N.A.S.B.O. (State Budget Officers)

N.A.C.T.A. (Comptrollers, Treasurers and Auditors)

- Local governmental units

Association of MN Counties

League of MN Cities

MN Association of Townships

- State Board of Investment Advisory Committee Chair
- Wayne Thompson from the Governor LeVander Study

The task force agreed to contact staff if additions to the list are warranted. The announcements were to be mailed by December 23, 1983.

A consensus was formed that the public presentations be limited to 15 minutes each, followed by questions and answers. Incumbents may use more time if needed. Written testimony will be accepted for interested parties that cannot attend.

Tom Triplett then reviewed the Governor's Charge to the Task Force. He emphasized the the Governor has no pre-conceived plan, that he is looking to the task force for input. Tom mentioned that it is presumed that the task force will concentrate on the Treasurer, Auditor and Secretary of State, but that the Governor has no problem with a broader analysis of all of the constitutional offices.

Dr. Sommerdorf sparked a discussion by asking how the members should anticipate and respond to media requests. Ms. Durkee asked a follow-up question concerning the mission of the task force: is it to save the state money, or to re-assign responsibilities of the offices? Dr. Naftalin and Mr. Lord discussed what duties should legitimately be outside the Governor's office and what do agencies under the law have the right to do? Mr. Burggraaff stated that our priorities should be responsibility, coordination and a clarity of public perception of these offices.

The chairman stated that all members should be prepared to respond to questions without reflecting a political bias, and to indicate that the membership will have an open mind to the issues involved until after the public hearings.

The task force then agreed to broaden the scope of the study to all of the constitutional officers at this point. The possibility of narrowing the scope of consideration after the hearings was also agreed upon. The chairman allowed that dissenting opinions from the members would be attached to the final report if necessary.

Staff then reviewed the proposed Minnesota legislation on this topic.

Ms. Hatch asked if other states have combined offices, and if so, what have been the effects of such a merger? The chair requested that staff investigate this point with help from The Council on State Governments.

The meeting was adjourned.

Governor's Task Force on Constitutional Officers  
Minutes: First Public Hearing  
January 7, 1984  
Room 15, State Capitol

Present: Chairman Sheran, Mr. Burggraaff, Ms. Durkee, Ms. Hatch, Mr. Krumholz, Mr. Lord, Dr. Naftalin; Absent: Dr. Sommerdorf

Chairman Bob Sheran called the hearing to order at 10 a.m.

Dr. Arthur Naftalin introduced the first speaker, Dr. Thad Biel, Professor of Political Science, University of North Carolina, Chapel Hill and a Senior Fellow of the National Governors' Association who has involved himself with the topic of constitutional officers throughout the United States.

Dr. Biel stated that he would review the state's problems of too many constitutional officers and problems within those offices. He stated that he would not deal with the functions of those offices.

He reviewed a handout which covered the period of 1965-1984, the "Last Great Wave of Reorganization within the States", when 22 states reorganized their governing structures entirely. More lt. governors were added and more lt. governors were running as a team with the governor. There were no major changes in attorney general offices (+1). There was a decrease (-2) in the number of treasurers, a decrease of three secretaries of state and a decrease of four auditors. The decline in elected auditors represents a trend nationwide to have the post-audit functions transferred to a person appointed by the legislature with a term of 7-9 years (analogous to the federal model).

He then reviewed the trends in constitutional changes within the last 20 years. There have been approximately 50 separate constitutional actions of the states -- 43 were constitutional amendments, 24 were ratified and 19 were rejected. In the 1970s, 66% were adopted, but in the 1980s, 42% were adopted. So people seem to be less likely to adopt a constitutional amendment. He then reviewed the actions taken state by state (Part II of the handout). The Treasurer's Office was inadvertently left off the listing, so he added that: Montana abolished the statutory office of treasurer and moved the functions to the Department of Administration and several other states extended the terms of treasurer. He said that the real action in the states recently has been in terms of the Governor and Lt. Governor (length of term, numbers of terms, succession, appointment powers, relationship with legislature and team-elections).

He then reviewed Table III which was based upon the model state constitution back in the 1930s and 1940s. The main theme of this model is to make the governor the only elected state official. The chart shows the states with fewer elected offices than Minnesota. New Jersey and Maine have only a governor. Generally, attorneys general are predominate (after Lt. Governor).

Politics is a problem because former constitutional officers do well in future elections to higher offices. Attorney General office holders do well but Lt. Governors experience mixed blessings based upon the Governor's record. Mr. Biel feels politics would be more of a problem in the 1980s than it was in the 1970s.

Approaches in dealing with abolishing offices vary: 1) Piecemeal approach, which allows the removal of an office from the constitution and distribution of duties within other executive offices; 2) Step-wise approach, as in Kansas 1975, which moved a constitutionally elected office to a statutorily elected office and then abolished it in the legislature; 3) Time-expired approach, as in Oklahoma (auditor) in 1975, which puts changes or removals of offices off until the current office-holders term expires (Dr. Biel didn't know if the removal of auditor resulted in any major local/regional corruption trends); or 4) Major overhaul of offices, to move to fewer offices. There haven't been any major reorganizations in the U.S. since 1975-77.

#### Questions

Mr. Lord clarified that the charts do not indicate offices elected by the legislature.

Dr. Naftalin asked what constitutional expectations should be factors in the set up of state governments. The response was that a check and balance system is important as is succession. Some states desire elected offices for other areas: Education, Labor, Agriculture, Public Utilities, etc.).

Dr. Naftalin asked about the model state constitution. The response is that the model was written in 1947 and that New Jersey comes closest to the model's outline.

Dr. Naftalin asked how the auditing functions are handled in states that abandon the auditor position. The response is that in some states the functions go to the Administration Department, and in others, the post-audit function goes to the legislature. Departments of Administration are receiving an influx of powers and responsibilities nationwide.

The chairman then introduced the second speaker, Mr. James R. Nobles, Legislative Auditor.

Mr. Nobles indicated that the Legislative Audit Commission (LAC) does not have a position on the constitutional offices. Mr. Nobles reviewed the history of the legislative auditor in Minnesota. The office was created after the LEAP study under Governor Wendell Anderson in 1973. The post-audit functions were removed from the office of the public examiner (a gubernatorial appointee). The state auditor was then given post-audit responsibilities over local governments. The major post-audit functions were put into the new legislative auditor's office. Legislatures nationwide have benefitted from an increased involvement in the responsibility.

Mr. Nobles then overviewed the operation of the legislative auditor's office and the LAC.

Financial Audit Division: 1) statewide audit; 2) state-federal program audits; 3) focuses on problem areas within state government.

Program Audit Division: 1) provides information on the impact of certain state programs at the request of the legislature.

Mr. Nobles then reviewed how independent auditing can go on within the political environment of the legislation. He stated that it has been successful thus far.

Questions: Chairman Sheran asked to what extent does the legislative auditor retain outside accounting firms?



The response was that the staff does financial audit work, but outside experts are contracted periodically for programmatic audits.

Mr. Sheran asked for examples of politically sensitive issues the office needs to address: The response: Human Rights Department, Treasurer's Office, state school in Faribault, homestead credit.

Mr. Sheran then asked what principle would account for the auditor performing post-audit of local units of government? The response was, to retain the auditor (although Leap recommended treasurer and auditor be removed), some responsibilities for the state auditor was called for. The state auditor previously was a pre-auditor.

Mr. Lord Should the functions of the treasurer's office go to the Department of Finance? What about the checks and balances between the treasurer and finance?

John Assmussen, Deputy Auditor, responded that the role of the treasurer's office has been diminished. Current treasurer's responsibilities are clerical/administrative which, within finance, could have sufficient checks and balances by a segregation of duties. Mr. Assmussen stated that his staff could compile an overview of this subject for the Commission.

Mr. Sheran asked about the objectives of the legislative auditor: Response (JA) 1) Assure that financial information in state government is reliable; 2) Assure compliance with financial regulations and law.

What happens if there is no compliance or bad information? Response: (JA) 1) A report is written; 2) Department must correct deficiencies; 3) Department of Finance overviews; 4) Re-audit; or 5) turn over legal problems to the attorney general's office.

How can state auditor's functions be joined with those of the legislative auditor without a significant number of increased staff to perform local post audits. Response: (JA) Most local governmental are audited by private CPA firms. Combining the 90-100 staff of the state auditor would probably be sufficient (R.S.: if we do continue to employ private accounting firms.)

Mr. Burggraaff asked if anyone post audits the legislature? Response: No outside post-audit of the legislature exists.

Mr. Naftalin asked how the pre-audit works and who does it? Response: (JA) Department of Finance does it currently. Funds are allocated by the Finance Department according to the state's appropriation laws. Numerous rules and regulations for particular types of expenditures are complied with prior to disbursements. The legislative auditor post-audit checks that the regulations of the pre-audit are complied with.

Chairman Sheran then introduced Mr. Mark Hanson, IR candidate for Secretary of State in 1982.

He proposed a merger of the Secretary of State and Lieutenant Governor into one position: Lieutenant Governor. He also proposed a merger of the duties of the treasurer and auditor into one comptroller general. He believes the Secretary of State's office is overstaffed. Removal of the offices would reserve time and money

and allow more interest in the issue-oriented statewide offices.

Questions: Ms. Durkee asked who should certify elections under his proposal? Mr. Hanson replied that in Utah, the Lieutenant Governor does it. A state business division could also do it.

Mr. Krumholz asked if the changes would increase efficiency, or create more problems? Response: Issue-oriented campaigns are important. "Paper-filing" offices are not. Base the decision on sound management decisions.

Mr. Hanson felt that the issue would receive general approval if well publicized.

Mr. Sheran then introduced speaker number 4: Mr. Dan Slayter from St. Paul.

Mr. Slayter discouraged a reduction in the number of constitutional officers. We need to expand the duties of our officers. Do not take the power of the people and place it under the Administration. He requested more hearings as well as better statewide notice.

Mr. Sheran introduced speaker #5: Ms. Nancy McGibbon from Minnetonka.

Ms. McGibbon spoke in opposition to changes in the constitutional offices. We need the accountability of these elected offices. "A democracy was never promised to be efficient."

Mr. Sheran adjourned the meeting at 12:30 p.m.

Minutes: 2nd Public Hearing of the Governor's Task Force  
on Constitutional Officers

January 14, 1984  
Room 15 State Capitol  
10:15 a.m. - 4:00 p.m.

Present: Chairman Sheran, Mr. Burggraaff, Ms. Durkee, Ms. Hatch, Mr. Krumholz, Mr. Lord, Dr. Naftalin and Dr. Sommerdorf

(In cases where a speaker accompanied oral testimony with a written transcript/summary, detailed minutes will not be provided.)

Chairman Sheran called the meeting to order at 10:15 a.m. He introduced the first speaker, State Auditor, Arne Carlson.

Mr. Carlson reviewed the information and proposals presented in his written testimony (Report and Letter to the Task Force dated 1-14-84). After his introductory comments, Mr. Carlson introduced Ms. Elaine Hanson, Director of Audits in the State Auditor's Office and a C.P.A., to review their reorganization proposal. Mr. Carlson then summarized the position of the Auditor's Office and asked for questions.

Questions:

Ms. Hatch asked what Minnesota's GAO Rating was in 1979 versus its GAO rating now. Mr. Carlson responded that the GAO does not do ratings, but that it was a GAO officer who stated that Minnesota has one of the best governmental audit organizations in the nation.

Dr. Sommerdorf: Should your comptroller general position be an elected office? Would you object to a legislatively-elected comptroller, since it is that body which appropriates the money. Answer: Program audits should rest in the Office of Legislative Auditor, but the legislature should not govern the internal controls. That should fall into the executive branch to keep financial management separate from the legislature.

Dr. Sommerdorf then asked how this system (comptroller) compares with the federal system? Answer: The GAO is insulated by a 15-year appointment. My proposal comes from a 3M-type corporate model.

Dr. Naftalin: How would the proposed "Budget Office" be created? Answer: To alleviate the problem of dispersed functions within the Finance Department. The Budget Department should have total control of all of the management tools necessary to go into the preparation of the overall state budget, not just the Governor's budget, and function to defend and implement the budget. The office would be established by transfer from the Finance Department of staff and a gubernatorial appointment of the director. The Comptroller would be an elected constitutional office.

Dr. Naftalin: You propose one agency to prepare the budget, and another agency conduct the management analyses of the programs that are going into the budget, and a third agency that would perform the internal audit. As Governor of Minnesota, would you look forward to confronting that relationship? Answer: Yes. It disperses functions on a management principle: separating functions and responsibilities.

Dr. Naftalin: Long ago the auditor had responsibility for the internal audit and that was regarded as a very difficult administrative situation. Your proposal would

recreate this problem. Answer: We disagree. I think a tug-of-war is good and healthy in a check and balance democratic system.

A discussion then followed regarding the difference between a pre-audit and an internal audit.

Ms. Hanson: Pre-audit is currently done in the Department of Finance. It is the verification of departmental expenditure forms prior to the expenditures. An internal auditor (currently within the Department of Finance) then makes sure the Department of Finance correctly performs the pre-audit reviews. This occurs prior to a post audit, which gives an opinion as to whether the financial statements make a fair representation of that year. Combining the internal audit and the post audit would be a professional conflict of interest.

A request was made by Dr. Naftalin for the legislative auditor to review the various types of audits and functions.

Ms. Durkee asked about the Office of Budget. Since currently each department develops and lobbies for its budget, they would then have to justify their budget requests with the Office of Budget first? Answer: The Office of Budget would have total accountability, from the management viewpoint, for the preparation and defense and limitation of the budget.

Mr. Burggraaff: Distinguish between the management analysis function now in the Administration Department and the internal audit function? Answer: (Ms. Hanson) Management analysis is one of the functions that can be done under an internal audit.

Mr. Burggraaff: You propose to move that management analysis function from the Department of Administration to the State Comptroller along with the internal audit functions. Answer: Yes.

Dr. Naftalin: Certain management functions are intimately inter-related: 1) Preparation of the budget, 2) the pre-audit, and 3) management analysis. These share the same data base. To split these into three agencies would cause a loss of coordination. Because of the presence of a Finance Department and the constitutional officers, there has been a further diffusion of the responsibilities of state government.

Mr. Carlson: Efficiency has resulted in a loss of checks and balances and invites abuse. It is a trade off.

Mr. Lord: First of all, the problems you cited were caught by the current system. Secondly, why is state government to run like a corporation simply because it may be successful at making money? Corruption exists in corporations too. Answer: The problems were caught by the media. Look at our internal control problems of the past. Why didn't they prevent abuse? State government can be run like a corporation provided with the appropriate checks and balances. Reform is needed.

Chairman Sheran then introduced the second speaker - Mr. Robert Mattson, State Treasurer. (Written testimony was submitted.)

#### Questions

Dr. Naftalin: On page 3 of your statement you give the new comptroller general the post-audit functions. You also place the internal audit functions in that office. By internal audit do you mean the pre-audit? Answer: Yes.

Dr. Naftalin: Then you would be giving the comptroller general both the pre-audit and post-audit functions. Answer: Post audit of local government only. The legislative auditor would continue to do the post-audit of state departments, including the comptroller general.

Dr. Naftalin then introduced Dr. Royce Hanson, the new Associate Director of the Hubert H. Humphrey Institute of Public Affairs.

Dr. Hanson reviewed the history of the various states in the area of constitutional officers. (Dr. Hanson has promised the Commission a written overview of his presentation, therefore it will not be detailed here.)

His main points: 1) The elective office should have political accountability (i.e., the electorate must understand the responsibilities of the office). 2) If the Governor is to be held responsible, s/he needs to manage the executive department effectively; to have control, at a minimum, control over the preparation of the budget, collection of revenues and financial management, pre-audit system, personnel and labor relations system, strategic planning and the agencies that generate policy and carry it out. 3) It's possible to maintain a reasonably good governmental system with plural executives, although it is an increasingly difficult situation. Constitutional offices are difficult to reduce and gubernatorial control over the functions does not guarantee proper management.

#### Questions

Dr. Naftalin: Is it common practice in public administration to differentiate between an internal audit and pre-audit? Answer: I don't think they do. At the county level, the two may be separate. I feel strongly that it is quite important to keep both functions within the control of the executive branch, much like the inspector general's functions at the federal level. They report to the department head and to the congress.

Dr. Naftalin: Would it be fair to say that the pre-audit goes to the function of expenditure-to-expenditure; that is, the pre-audit verifies that a particular expenditure conforms with state law and the availability of the money? Answer: That is correct.

Dr. Naftalin: An internal audit goes more to procedures, that the operations of this agency or program fails, or doesn't conform with the procedures outlined by the legislature? Answer: In general, that is correct. One might also add that it looks at the books internally as well. But generally, it overviews accounting and control procedures.

Ms. Durkee: If the Governor, in the states without many elected officials, appoints someone who, as you said, does not necessarily perform well, how do they get rid of him? In theory he should fire him or he should resign, but in practice, that doesn't always occur. Answer: There is no one answer. He may take the heat, fire him or take the heat involved in firing him. This problem should be considered if reductions of elective offices are approved.

Ms. Hatch: Of the states you know of that have consolidated/reduced the number of constitutional offices, do you know of any who wish they hadn't? Answer: No. But that I don't know of any, doesn't mean there aren't some.

The Chairman then introduced Ms. Viola Maehren, a concerned citizen. She asked what

corporate organization would eliminate their auditor, secretary of state and treasurer? State government has many more state employees than the number of people who staff these three constitutional offices. Someone should be monitoring the huge state expenditures. To eliminate these offices would be an erosion of our basic governmental structure.

The Chairman then recessed the hearing at noon until 1:00 p.m. for lunch.

The Chairman reconvened the meeting and introduced Ms. Olga Gasch, a concerned citizen. She spoke in favor of keeping the current elective offices.

The Chairman then introduced Mr. Mike Barich, a concerned citizen. He addressed his comments to the office of Secretary of State. He encouraged the merger of the responsibilities of the secretary of state with the office of lieutenant governor.

The Chairman then introduced Ms. Mary Jane Rachner, who encouraged the maintenance of a democratic government by preserving as many elective offices as possible.

The Chairman then introduced Mr. Dan Slater, who re-emphasized his views that Minnesota's government needs elected officials, not a reduction of the current numbers of elected officials.

The Chairman then introduced Mr. Jay Kiedrowski, Deputy Commissioner, Department of Finance. He reviewed a flow chart with the commission and spoke to how the Finance Department relates to the constitutional offices and the other areas of the executive branch. He emphasized the inter-departmental coordination of Revenue and Finance. He reviewed the departmental internal audit structure which occurs within each state department. The legislature auditor then performs the post-audit of the departments.

He emphasized that the location of the budgeting process should be left to the Governor. He then explained Governor Perpich's subcabinet system.

#### Questions:

Dr. Naftalin: asked about Mr. Kiedrowski's mention of the governor's discretion in choosing the budgeting system. Answer: The budgeting relationship can vary by personnel and agency. Moving it to a separate agency (as proposed by the state auditor) would set the system in stone and usurp the current flexibility the governor has in selecting how the budget is prepared and by whom. The efficiency and cooperation of the current data system management may also suffer.

Chairman Sheran: Could you clarify the concept of pre-audit (the patterns and procedures employed in the dispersal of money) and the subconcept of "transaction control" or examining a specific payment. Answer: The pre-audit is a spot check of the daily transactions or problem transactions. The pre-audit also includes the analysis of the procedures of making payments. An internal audit is a review of the pre-audit procedures. It is difficult to separate pre-audit and internal audit. They are both covered under a separate independent outside post-audit.

He then reviewed the process involved in a particular step of the pre-audit by the finance accounting division. (The expenditure must comply with law and internal departmental procedures.) If there is a problem, the Finance Department has final decision-making power.

Mr. Sheran: The impression I get that reallocating functions performed by the state auditor to an executive or legislative branch entity is not going to affect significant savings in terms of work, personnel or expenditures. It is more a case of responsibility allocation than economizing? Answer: We have nothing to do with the state auditor (other than the indirect cost billings). We have a close cooperating relationship with the treasurer's office only.

Dr. Sommerdorf: If we take Mr. Carlson's recommendation that a comptroller general take on the internal audit functions, then he'd have to be in all departments on a fairly regular basis to accomplish this. Answer: I am not sure how it would work.

Mr. Sheran: How do you interact with the legislative auditor's office. Answer: Both offices review the annual financial report produced with the Department of Finance.

Dr. Naftalin then reviewed the difference between 1) overhead auxiliary staff services and 2) line functions of state government. We have given some of the overhead functions to constitutional officers. Overhead responsibilities should be under the governor as chief executive. Do the constitutional offices get in the way or improve the relationship between the executive, the legislature, etc.?

Mr. Jim Nobles, the legislative auditor, then reviewed pre-audit, internal audit and post-audit. He reviewed the function of the legislative auditor. He supported the need for internal post-audits within the executive branch (not under a comptroller general). Every department of state government undertakes day to day internal audits. He then reviewed the need for the legislature's trust of the Office of Legislative Auditor.

Chairman Sheran then announced a brief recess to allow the members to reconvene and formulate methodology and a plan of action. At the outset of the deliberations, a discussion of the limitations resulting from the commission's time constraints occurred. Acknowledging the limitations, the commission agreed to proceed.

Mr. Sheran achieved a consensus that the governor, lieutenant governor and attorney general offices would not be considered for abolition at this time, with the qualification that that decision may change as we deliberate. The functions of those offices may also change according to changes made in other offices.

The task force also agreed that, at this time, the "No Action" option was not to be taken.

The task force also made a clear commitment to eliminate current or past incumbent personalities from consideration in making any recommendations for changes in any of the offices.

Mr. Burggraaff developed a list of criteria that should be considered in deciding the need for existence of a constitutional office: 1) The office demonstrates a need for strong leadership position and requires some high public visibility; 2) The office requires the performance of a unique function or group of functions that requires selection of the person performing the function by the electorate; 3) The office itself makes an important or unique contribution to the system of checks and balances, independence and accountability in state government; and 4) The office is important to the operation of the partisan political system in our form of government.

Mr. Sheran then asked how the task force would reassign the functions of altered constitutional offices: 1) Functions of eliminated office reassigned by the legislature; 2) Recommend that the function go to an existing entity within the legislative branch; 3) Assign the function to a new entity within the legislative branch; 4) Assign the function to an existing entity within the executive branch; or 5) Assign the function to a new entity within the executive branch.

Dr. Naftalin requested criteria that would guide the task force in discerning what it will try to accomplish for state government.

Mr. Sheran assigned Dr. Naftalin to write a working paper (perhaps in outline form) to serve as a listing of those criteria as well as a basis for a draft report from the task force. At Mr. Lord's suggestion, Mr. Burggraaff was assigned to work with Dr. Naftalin on developing the draft report. It would be due for duplication and distribution on Monday, January 23. The task force members would then comment on and suggest changes to the draft. A fourth meeting, at which a consensus report would be discussed, was scheduled for January 28th at 9:00 a.m. in the Capitol.

The meeting was adjourned at 4:10 p.m.



REPORT OF THE  
GOVERNOR'S TASK FORCE ON  
CONSTITUTIONAL OFFICERS

Minutes: Fourth Meeting of the Governor's Task Force  
on Constitutional Officers

Date: January 29, 1984  
Time: 10 a.m. - 1:30 p.m.  
Location: Room 118, State Capitol

Present: Chairman Sheran, Mr. Burggraaff, Ms. Durkee, Ms. Hatch, Mr. Krumholz, Mr. Lord, Dr. Naftalin and Dr. Sommerdorf

Chairman Bob Sheran called the meeting to order at 10:15 a.m. with some introductory comments on the process by which the task force would come to a final position on the issues at hand. He then informed the task force that he had spoken with former Governor Karl Rolvaag on the issue of the constitutional officers. Since Governor Rolvaag was unable to appear before the task force, Mr. Sheran reiterated the former Governor's observations to the task force. Based on his experience, he believes that it would be advisable to eliminate not only the three offices under consideration by the task force (auditor, secretary of state and treasurer), but also the office of lieutenant governor as well. He stated that he had taken that position when he was in office. The principle basis for his thinking was that he felt that the office did not have adequate responsibilities to justify its continuance and his impression was that it tended to distract somewhat from the overall performance of the executive department. Chairman Sheran stated that the task force could consider recommending that, at a future time, a more detailed study of the office of lieutenant governor (or any other constitutional office not within the scope of our current analysis) be done.

Mr. Sheran then called on the members of the commission alphabetically so that they could make initial comments on the Naftalin-Burggraaff proposals.

Ms. Durkee stated that she had given a great deal of thought to the issues and that she had spoken with a variety of elected or appointed state officials. She stated that the Minnesota voters are capable of making decisions and knowing who they want. Overall through the state's history, the voters have made good decisions. Independent offices give vitality to the state government. ... Reduction of the current number of constitutional offices would be a mistake. Additionally, these offices provide a starting point for those seeking higher office. This gives the voters a chance to assess their performance in an elected statewide office and it also encourages the official to perform well. We eliminate only one office, or give more responsibility to the current elected offices. She is not in favor of changes in the number of constitutional offices at this time.

Ms. Hatch stated that she also had given the issue alot of thought. The offices of secretary of state and treasurer have been diminished as time and legislative process have gone by. She felt that they could be abolished and the duties incorporated into departments of the executive branch, as recommended. She wants to see the state auditor's office remain as is as, as a part of the system of checks and balances. She would like to see the post-audit responsibilities of the legislative auditor transferred to the state auditor. This seems to be the best management system. Appointed management positions would encourage qualified people to serve who would otherwise not run for office.

Mr. Krumholz asked about the effects of eliminating constitutional offices on the state Board of Investment. He asked what the effect has been in other states on analogous investment bodies when constitutional offices were eliminated.

Mr. Michael Miles, attorney general's representative to the state Board of Investment (SBI), responded. He stated that other states have administrative bodies created specifically to deal with pension investments. Minnesota is unusual in having such a body composed only of constitutional officers. He was not sure that there was a parallel.

Mr. Krumholz stated that he favors the elimination of the state treasurer's office only. He believes that we should not eliminate the opportunity for constitutional officers to pursue higher office.

Mr. Lord stated that originally he supported the removal of auditor, treasurer and secretary of state, but that he is concerned about where their duties will go. The Naftalin-Burggraaff proposal puts all eliminated office functions into administrative agencies directly under the governor.

Mr. Naftalin corrected Mr. Lord by stating that his proposal put the local audit function under legislative jurisdiction.

Mr. Lord stated that Minnesota enjoys important checks and balances by having more than one elective constitutional office. It allows the public the ability to hear opposing points of view. He supports, if the three offices are eliminated, the creation of a comptroller general who would have a combination of the duties of those eliminated offices. He also supports the allocation of election duties from the secretary of state to the lieutenant governor. He does not support placing all of the duties of the abolished offices directly under the governor.

Dr. Sommerdorf: The three offices (treasurer, secretary of state and auditor) have duties outside the realm of policy making and do not make decisions that really affect the way state government operates. We ought to eliminate the offices or give them more work that is more meaningful via policy making or running a portion of the government that directly affects the people.

At this time, he recommends continuing the state auditor with his present duties. He does not believe the state auditor should have the post audit duties of state government. He does feel that the legislative auditor, however, should be a little more independent of the legislature, but nevertheless answerable to it. Further, he feels that the secretary of state office should be eliminated or given more duties. One change he supported was the transfer of the ethics in government program to that office. He favors the elimination of the office of treasurer.

Chairman Sheran said he would reserve his views until later to maintain neutrality between compelling views. He asked the two members with proposals to react to the comments just heard.

Mr. Naftalin stated that his position is based on the premise that the responsibility for the executive branch of state government should be vested in the governor. He supports the elimination of the three constitutional offices because he believes that they distract from the unified and integrated responsibility that the governor should have. This matter has been discussed since the outset of our state government. (He used the example of the need to remove vehicle registration from the secretary of state's office to the Transportation Department.) He said that the post-audit function should be outside the administration and the pre-audit is a management function and not a function of an external office. The Leap program supported this concept and eliminated the state auditor's function - pre-audit. The state auditor had to be given something to do, so he was given the post-audit of local governments. Leap also transferred the treasurer's state deposits duties into the executive departments.

Elections should be in the Department of Administration which is capable of handling a large statewide supervision of functions. Elections today are not under the control of elected people. They are under the control of appointed people in the cities and counties of this state.

The really sensitive function is that of audits. The state auditor now supervises the many local audits done by private CPA firms hired by those local units. We need a coherent, integrated professional audit function under the state legislature. The legislature appropriates the money and should act as a board of directors accountable to the voters of the state. It might be a position of independence elected for 10-12 years.

The voters have no way of knowing what these constitutional offices do or how the officials perform their duties. They are chiefly elected via name recognition for long periods of time. The constitutional offices have been a training ground only once (Walter Mondale, who was initially appointed). We could spare the voters the expense of these elections.

We should present a logical, rational, sensible organization for state government. We should let the governor and legislature make the political decisions.

Mr. Burggraaff stated that he relied on his three suggested criteria to justify the existence of an office. The treasurer and secretary of state do not meet those criteria and should be abolished. However, the auditor, with its local government post-audit function, is a unique function as perceived by the citizens of the state.

The duties of the treasurer should go to the Finance Department and the secretary of state should have its duties designated as Dr. Naftalin proposed. He believes the election functions should not go to the office of the lieutenant governor. That function requires staff and ongoing responsibility which can be best handled in a department such as Administration. This would leave the governor and lieutenant governor flexibility in duties to be assigned to the lieutenant governor's office.

He spoke against the transfer of local government audits to the legislative audit. He believes that function should be undertaken by an independent position or an elected auditor as we have now.

He recommended no change on the SBI because, with two officers removed, it would have three officers (for an odd number). Perhaps the study of the makings of the SBI should be undertaken by another body.

Finally, he recommended that the task force disband after submission of the report.

Mr. Sheran asked for further questions from the task force members.

Ms. Durkee stated that we should assure that the recommendations not impact the terms of the current office holders.

Mr. Lord pointed out that a constitutional amendment would not take effect until 1986 (after the current terms expire).

Mr. Sheran clarified for Dr. Sommerdorf that the task force charge does not limit it to one recommendation only. He also added that dissenting reports from the members would be a possibility.

The task force adjourned at 11 a.m. for a recess and deliberations.

Mr. Sheran reconvened the meeting at 11:20 a.m.

MOTION #1

Dr. Naftalin moved that "the offices of auditor, treasurer and secretary of state be recommended to be eliminated."

Mr. Lord, prior to seconding the motion, wanted to amend the motion to specify "that if the offices are eliminated, the allocation of those duties presently assigned to those offices would be as prescribed by the legislature."

Dr. Naftalin accepted the amendment as a friendly amendment to read "the offices of state treasurer, secretary of state and state auditor be recommended for elimination and that the duties presently allocated to those offices be reallocated as prescribed by the legislature."

Mr. Lord seconded the motion commenting that the motion as amended would include the possibility of a newly elected constitutional office.

Discussion:

Ms. Hatch asked about the duties of the proposed comptroller general.

Mr. Lord responded that that was subject to further legislative debate, but that it would be someone else holding an independent elected constitutional office which would have the checks and balances on the governor as currently exists. He feels we should not eliminate another voice in state government.

Mr. Sheran clarified that this was a recommendation subject to the views of the governor and the legislature.

Dr. Sommerdorf said that we could adopt Mr. Burggraaff's proposal and the legislature could add whatever duties it deems appropriate to the state auditor's office.

Mr. Burggraaff encouraged the task force to make the most specific recommendation as possible to the governor regarding the transfer of duties.

Mr. Lord proposed an amendment to the motion "those duties which would provide a reasonable check and balance to the Governor's Administration remain in some independently elected constitutional office."

Dr. Naftalin stated that that amendment would destroy the central meaning of his original motion.

Chairman Sheran returned to the original motion that "the offices of auditor, treasurer and secretary of state be recommended to be eliminated." Dr. Naftalin approved.

The motion failed for lack of a second.

Chairman Sheran stated that he felt, in the discussions regarding state auditor's functions, as follows: the post audit function is a problem in the state because it is divided between the state auditor and legislative auditor. We also do not audit the legislature. He feels that the post audit function should be separated from the governor's office.

Both the audit functions ought to be combined into one office, preferably a statewide elected constitutional office. It should also include the audit of the legislature. If there is disagreement on the constitutional office, then the duties should be combined in the office of legislative auditor.

Chairman Sheran proposed that "the Burggraaff report be adopted, excluding the recommendation regarding the state auditor."

MOTION #2

Dr. Naftalin suggested the members consider the state auditor's office and functions first.

The chairman withdrew the prior motion.

Motion: The office of state auditor be recommended to be eliminated as a constitutional office and that the duties that it now performs be transferred to the office of legislative auditor."

Mr. Lord seconded the motion.

Dr. Naftalin spoke to the need for the post audit function to be close to the legislature and outside of the executive branch. It is not wise to have it as an elected official, but appointed by a body of elected officials based upon qualifications. He recommended a long term for this office to keep the office immune from immediate legislative pressures. He felt that the legislature could then be audited by this individual. He spoke to the importance of recommending a unified post-audit. He stated that the members should cast votes based on a goal to recommend how to make our government function better, despite the fact that it may be apolitically unpopular viewpoint.

Mr. Burggraaff spoke to a balance between the legislative and executive branch. He felt that the audit functions should be consolidated under a state auditor. His perception is that the local entities prefer to rely on an elected constitutional auditor.

Ms. Durkee and Mr. Krumholz spoke in favor of Mr. Burggraaff's comments.

Mr. Lord and Mr. Sheran spoke in favor of the Naftalin motion.

The chairman called for a roll call vote. Mr. Burggraaff - no; Ms. Durkee - no; Ms. Hatch - no; Mr. Krumholz - no; Mr. Lord - yes; Dr. Naftalin - yes; Dr. Sommerdorf - yes; Chairman Sheran - yes. 4:4, the motion failed.

Dr. Sommerdorf moved "that the offices of treasurer and secretary of state be recommended to be eliminated; and that the duties of those offices be transferred as recommended by Mr. Burggraaff." (Treasurer's duties to the Finance Department; Secretary of State's duties divided as follows: election's functions to the Department of Administration and corporate functions to the Department of Commerce.)

Ms. Hatch seconded the motion.

Dr. Naftalin described the problem of public perception problems of the inconsistency in the decision to eliminate two versus all three offices.

Mr. Lord expressed reservations in transferring all of the duties to the executive branch. The price the state and the public pays is too great. He moved to amend the motion to have the duties transferred to an existing or newly created constitutional office.

The motion to amend failed for lack of a second.

Mr. Burggraaff spoke in favor of the motion. State departments perform at a high level of responsibility.

Dr. Sommerdorf and Dr. Naftalin spoke to the division of the motion.

#### MOTION #3A

Dr. Naftalin moved to first "recommend that the office of state treasurer be abolished and its functions be transferred to the Department of Finance.

Mr. Krumholz seconded the motion.

The chairman called the question and asked for a roll call vote. Mr. Burggraaff - yes; Ms. Durkee - no; Ms. Hatch - yes; Mr. Krumholz - yes; Mr. Lord - no; Dr. Naftalin - yes; Dr. Sommerdorf - yes; Chairman Sheran - yes. 6:2, the motion passed.

#### MOTION #3B

Mr. Burggraaff then moved "to recommend abolishing the office of secretary of state and that the major responsibilities of that office with respect to the election functions be transferred to the Administration Department and that the other functions of the office be transferred to the Department of Commerce."

Ms. Hatch seconded the motion.

#### Discussion:

Dr. Naftalin stated that although he will vote for the motion, he will submit a minority report in support of the elimination of auditor on the basis of consistency.

The chairman called the question with a roll call vote. Mr. Burggraaff - yes; Ms. Durkee - no; Ms. Hatch - yes; Mr. Krumholz - no; Mr. Lord - pass\*; Dr. Naftalin - yes; Dr. Sommerdorf - yes; Chairman Sheran - yes. 5:2, the motion passed.

\*Mr. Lord stated that he wished to vote before the roll call was closed and wanted the record to show that he wanted to vote no on this motion.

Chairman Sheran obtained the agreement of the members that the task force would recommend to the Governor that it not be continued to stay on in a monitoring capacity.

He also requested that the minutes show that the task force recommendations assume that the persons holding current constitutional offices will continue in office for their elected terms.

He then asked if the members wished to recommend further study of the offices of attorney general, lieutenant governor, or both.

The task force refrained from making any recommendations on those subjects.

Ms. Hatch asked if the members would want to make a recommendation to have the legislative auditor post-audit the legislature.

Dr. Sommerdorf spoke in favor of having the state auditor do the legislative post audit.

MOTION #4

Dr. Sommerdorf moved to "recommend that the post-audit of legislative expenditures be placed in the office of a constitutional office."

Ms. Hatch seconded.

Dr. Naftalin spoke against placing the duty under the responsibility of an elected official. He recommends a non-partisan long-term legislative auditor perform the post-audit of the legislature. He agrees, however, that the legislature should be post-audited.

Mr. Burggraaff agreed with Dr. Naftalin. He recommended that the legislature look into the issue.

The chairman called the question with a roll call vote. Mr. Burggraaff - no; Ms. Durkee - no; Ms. Hatch - yes; Mr. Krumholz - no; Mr. Lord - yes; Dr. Naftalin - no; Dr. Sommerdorf - yes; Chairman Sheran - no. 3:5, the motion failed.

The task force then reviewed the requirements of the content of the report and recommendations to the Governor.

The chairman then reminded the members that this topic has been under discussion for many years.

The chairman then thanked the people who testified and those who assisted the task force in accumulating its information. He also thanked the members.

He recognized that the members have comments and dissenting opinions. They should be delivered to the Governor's Office by February 8, 1984.

Dr. Naftalin alerted the members to his upcoming PBS program on this issue on Sunday, February 19th.

Dr. Sommerdorf thanked the chairman for his handling of the proceedings. The members joined him.

Chairman Sheran reminded all involved that this is just the beginning of a long process and that ample input for suggestions and opinions will be available through the legislative/elective process.

The meeting was adjourned at 1:20 p.m.



APPENDIX II: Written Testimony Submitted to the Task Force

REPORT OF THE  
**STATE AUDITOR of MINNESOTA**

REORGANIZATION OF THE FUNCTIONS OF MINNESOTA'S  
CONSTITUTIONAL OFFICERS



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**ARNE H. CARLSON**

State Auditor  
St. Paul, Minnesota



ARNE H. CARLSON  
STATE AUDITOR

# STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR  
SUITE 400  
555 PARK STREET  
SAINT PAUL 55103

296-2551

January 14, 1984

Mr. Robert Sheran, Chairman  
Governor's Task Force on  
Constitutional Officers  
c/o Minnesota State Planning Agency  
Room 100 Capitol Square Building  
St. Paul, Minnesota 55101

Dear Mr. Sheran:

I am today transmitting to your Task Force on Constitutional Offices my recommendations for reorganization of the functions of several constitutional offices and state departments. Before doing so, however, I want to share with you and your task force my concerns about the process Governor Perpich has instituted to "study" Minnesota's constitutional offices.

First, I as State Auditor was neither consulted nor given any advance notice of the formation of the task force. On December 21, 1983 I received a letter from you as chairman indicating that Governor Perpich had created an "Advisory Task Force on Constitutional Offices" to investigate "the problems that now exist with these offices and to make recommendations for changes, (sic) therein". As you know, Minnesota has six constitutional officers, five of whom are individually elected. I for one regard my office as completely separate from the Governor and accountable only to the people of Minnesota. Thus, Governor Perpich's formation of a task force to review functions outside his control, without consultation with other constitutional officers, is a serious mistake.

Second, Governor Perpich has not adequately defined the mission of the task force. His charge to you, as expressed in his news release, is to "make recommendations on the roles and duties of state officials specified in the Minnesota Constitution". While Governor Perpich has expressed a predisposition to eliminate one constitutional office, he apparently does not view the work of your task force to be important enough to warrant his written or oral testimony.

Mr. Robert Sheran, Chairman  
Governor's Task Force on  
Constitutional Officers  
January 14, 1984  
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I can fully appreciate the task force's mandate to study "problems". I am aware of a problem with one constitutional office -- namely that of State Treasurer. It is a problem which revolves around a rather extended absence from Minnesota, and around serious questions involving residency, which will presumably be resolved by a court of law. I am also aware, as you are, of alleged "problems" in the judicial branch from the Supreme Court to the municipal bench; alleged "problems" of conflict of interest on the part of elected officials; and alleged "problems" of misbehavior and self-dealing on the part of Governor Perpich's own appointees. I suggest that reforms may well be needed in all of these areas. Why only in the case of constitutional officers does the Governor propose solving the "problems" by eliminating the office?

Third, the time frame imposed on your task force by Governor Perpich all but precludes thorough, thoughtful study. Your task force was named in late December, is holding two public hearings (the first of which lasted less than two hours) in January, and has been asked by Governor Perpich to submit recommendations by early February. This cursory, superficial treatment of important, complex issues by Governor Perpich leads the general public to conclude that Minnesota's constitutional offices are meaningless and inconsequential. It has cast a cloud over the effectiveness and legitimacy of the Office of State Auditor and has had a detrimental impact on a significant number of our employees.

As is set out in more detail in the body of this report, the State Auditor has a unique and important role in Minnesota's governance, and is currently one of the strongest governmental audit organizations in the United States. Our office has post-audit responsibility for local governments through which seventy plus percent of Minnesota's monies move. We set the accounting and auditing standards for that money -- more than \$5 billion per year. Our staff of 102 performs over 330 audits per year, including all counties, many of the metropolitan agencies, the larger cities, and a variety of regional development commissions. We are one of the largest professional organizations in Minnesota, either public or private.

As you and your task force examine the role and responsibilities of the State Auditor, I want to emphasize two attributes of that position that I feel are mandatory and must be maintained:

Mr. Robert Sheran, Chairman  
Governor's Task Force on  
Constitutional Offices  
January 14, 1984  
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independence and separate accountability to the electorate. When any constitutional office becomes appointive, the system of checks and balances created by the architects of Minnesota's constitution is weakened. The proposal for reorganization I am submitting to your task force today strengthens, rather than weakens, these checks and balances. It maintains the number of constitutional officers, and gives each meaningful responsibilities. I am hopeful that, even within your limited time constraints, you will be able to give the merits of my proposal your thoughtful consideration.

Sincerely,



Arne H. Carlson  
State Auditor

AHC:mgt

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## FUNCTIONS AND ACCOMPLISHMENTS OF THE OFFICE OF STATE AUDITOR

The efficiency and professionalism of the Office of State Auditor, like other state offices, has varied with the officeholder. In 1976, when the office was under the direction of my predecessor, it was called before the Hennepin County Grand Jury and criticized for 1) not conducting exit interviews with clients prior to release of audits to the press, 2) not systematizing and expanding its audit standards, 3) not seeking legal counsel on major legal questions, and 4) using unnecessarily inflammatory language in its public reports. That is the only time that the Auditor's Office had ever sunk to such a low point.

### Improvements

Professionalism. Commencing in 1979, we created two task forces to review the internal and external operations of this office. We brought in people from private accounting firms, the University of Minnesota, the Legislature and private industry in an effort to make this office a national model.

We evaluated each and every employee and during the first year we had an attrition rate of some 27 percent. We reorganized the office and went into the college marketplace and recruited the best and the brightest. We got a separate salary bill passed by the State Legislature which allowed us to compete for the best talent in the marketplace.

We built into the system uniform accounting standards, uniform auditing standards and uniform staff training. We brought in organizations such as the General Accounting Office, private sector firms and academicians in an effort to increase our professional capabilities.

Local Government Accounting. We then looked at how the State of Minnesota was handling the 71 percent of its total budget that went to local government systems and what we found was frightening. Our municipalities did not have uniform accounting; some municipalities still operated on the cash basis of accounting; and out of 87 counties, only six were on the modified accrual basis of accounting. There was a total lack of uniformity in the counties and township systems.

We rolled up our sleeves and created a working partnership with counties and cities and developed uniform accounting across the board. It was not easy. As a matter of fact, two years ago, there was the start of a very strong effort to eliminate our office, our funding and our authority in an effort to prevent this uniformity

from becoming a reality. Had we been an appointed office, there is no doubt in my mind that we would have failed. But our leverage as an independent, elected office allowed us to lobby effectively in support of uniform accounting. In the end, the rational, intelligent voices of the local system prevailed.

Today 81 counties have made the transition to modified accrual accounting and the rest will be completed by 1985. All municipal systems with populations of 2,500 and above are on the modified accrual system utilizing our uniform chart of accounts. We are the first State in the union to have achieved this uniformity, but we did not stop there. We developed uniform accounting for townships and for soil and water conservation districts and then went on to our ultimate goal which was to be able to implement five-year trend analysis.

For the past two years, we have been meeting with municipal and now county officials going over their trend lines relative to expenditures and revenues. For the first time, local governments can now accurately compare costs and begin to understand, from a lay point of view, the value of five-year planning. Had the State of Minnesota been able to do the same, it could have seen that its trend lines were clearly pointing the way toward bankruptcy. As simple as this device may be, that does not in any way take away from its validity.

It was this trend analysis that allowed us to work with then Governor Quie and persuade him of the need to create a task force for the purpose of putting together a five-year plan for the State. That still remains a strong accomplishment of that administration. The private sector has long understood the value of long-term planning, but the government sector has clearly resisted.

We are now working with local governments to lay out twenty-year capital improvement plans so that we can make an orderly response to infrastructure needs. The State of Minnesota definitely needs a comparable plan.

Equal Opportunity and Staff Development. I am also proud to report the accomplishments that we have made relative to the hiring and promoting of minorities and women as well as the significant increase in the number of CPA's. As a matter of fact, our current CPA balance equals or exceeds that of large accounting firms.

When I took office in January of 1979, the audit staff was composed of approximately 60 professional staff members. In 1979, six percent were female and three percent were minorities. Currently 33 percent of the audit staff is female and six percent is minority. This move toward the increased hiring of women and minorities has



also been evidenced within the management portion of the Office of State Auditor. The Director of Audits is a female and we have just promoted the first woman to the position of Division Director. The female and minority members of the staff also occupy other managerial and supervisory positions.

There has been a continued emphasis upon the professionalization of the Office of State Auditor. In 1979, 26 percent of the Office staff were certified public accountants or had conditioned on the CPA exam. At this time, over 60 percent of the audit staff is either certified or in the certification process. We now have five staff members who have law degrees compared with two in 1979. Additionally, four members of our staff hold master's degrees and one holds a PhD. In 1979 there were no staff with either of these advanced degrees.

#### Office Functions and Responsibilities

Fee-for-Service Operation. This office receives only eight percent of its \$4 million budget from Minnesota's General Fund. The major portion of the agency revenue is provided by fees for the audit service provided by the audit practice section of the office. This part of the office is empowered to make examinations of governmental subdivisions within the State.

Having the largest revolving fund and being so totally self-supporting places additional burdens on the management of this office that are not felt by the administrators in other departments and agencies within the State. Over 90 percent of our budget goes to pay salaries of our employees that are covered under eight different employment agreements.

Because of the funding structure of the Office of State Auditor, any changes in duties or responsibilities must also take into consideration the additional strain and burden that could be placed upon Minnesota's general fund. If the staff size were to be dramatically reduced or the responsibilities changed, many of our employees would be seeking positions in departments that are currently funded by Minnesota's general fund. If this office were combined with another office, any unemployment costs incurred could be the responsibility of Minnesota's general fund rather than the revolving fund monies of the Office of State Auditor.

Compliance with State and National Audit Standards. In the audits of governmental units, there are many standards and pronouncements that must be followed. The General Accounting Office (GAO) has issued its Standards for Audit of Governmental Organizations, Programs, Activities and Functions, which is effective for all audits done on a unit of government that receives federal funds.

These regulations require that an audit of a governmental unit receiving federal funds include a statement of financial position, a statement on the internal controls of the organization and a statement of whether or not the unit of government is complying with all of the laws and regulations that pertain to it.

The General Accounting Office sets the accounting and auditing regulations for federal funds. It revised its "Yellow Book" in 1980 to incorporate the Office of Management and Budget's Circular A-102 Attachment P, the single audit regulations. These regulations were issued to facilitate the auditing of governmental units and to ensure that costs allocated between grants received by one unit of government were accounted for and charged to the appropriate grant. The single audit was intended to minimize gaps and duplications in audit coverage. Before it was instituted, federal grants were audited on an individual basis which resulted in a revolving door effect -- in a given governmental unit, one auditor might be auditing the financial statements and the local funds received, with other auditors coming in to audit the unit's compliance with individual federal grant requirements and frequently other state or federal auditors auditing the unit's compliance with other federal regulations.

Last fall, the U.S. Senate passed a bill (Senate File 1510) which would put into legislation the single audit requirements. Prior to Congress' recess in December of 1983, this same bill was introduced into the House of Representatives (House File 4438).

The GAO's "Yellow Book" also calls for compliance with the pronouncements of the American Institute of Certified Public Accountants (AICPA). The AICPA sets the standards for auditing and generally accepted accounting principles throughout the United States for all practicing CPAs.

The National Council on Governmental Accounting (NCGA) sets generally accepted accounting principles for governments and their pronouncements must also be followed in doing the audit of a governmental unit. Frequently much coordination is needed to comply with all of the regulations, standards and pronouncements that affect the auditing of any unit of government.

Because of the number and complexity of standards that must be followed, there has been a great deal of substandard work in the auditing of governmental units. This has been shown in the annual reviews done by the Minnesota Society of Certified Public Accountants on the audits of municipalities and school districts. The CPA firm of Deloitte, Haskins & Sells did a more extensive review of the audits of municipalities with a population of 2,500 or above. They found that 43 percent of the audit reports did not comply with basic reporting criteria. None of the audits performed by the Office of State Auditor fell into this category.

In a similar review done by the American Institute of Certified Public Accountants on audits submitted to the federal government, almost 60 percent of the reports in their sample did not meet basic reporting criteria.

#### Other Responsibilities of State Auditor

As a constitutional officer, the State Auditor has broader responsibilities than accounting and auditing. The most important of these is serving as a trustee on the State Board of Investment. For years that Board, consisting of five constitutional officers and a staff of some 27 employees, had been investing money in-house with a minimum of direction and an embarrassingly low rate of return. As the Office of State Auditor sifted through all of the State Board of Investment's data, we began to realize that it was nonsensical, and we embarked upon the first thorough review of this \$5.5 billion fund (now \$7 billion) that has ever been conducted.

In October of 1980, when our office released its critical report, there was not one single ally in the governmental community. Our office stood alone.

We found that at no point since 1973 was the State of Minnesota investing its money at a rate commensurate with inflation or was it able to match the performance of any of the accepted market indexes. From the period July 1, 1973 to January 30, 1980 the annualized rate of return was a mere 4.9 percent while the inflation rate was 9.3 percent. In essence, we were investing money for the purpose of losing it to inflation. Literally hundreds of millions of dollars were being lost.

Fortunately, the State's largest pension fund, the Public Employees Retirement Association (PERA), hired an outside firm to determine the validity of our report. They concluded that we were correct and again sounded the alarm, but still the system resisted. It took us months and months of constant effort to get the system as a whole to understand its flaws and weaknesses and its opportunity for excellence.

Today each and every recommendation made in our October 1980 report has been or is in the process of being implemented and the new staff director proclaims that we now have the opportunity to become the "cadillac" of the industry. We have gone from the laughingstock of the investment community to a state that is being looked at with envy as we diversify the management of our equity and bond portfolios and seek out alternative investments such as real estate, venture capital and resource funds. We even created housing opportunities through a unique partnership with the Minnesota Housing Finance Agency. That partnership came about as a result of the work done by the Office of State Auditor. It produced hundreds

of mortgages, thousands of jobs and at the same time provided a solid investment opportunity for the State Board of Investment.

The Office of State Auditor is today a competent and highly professional organization -- one that the General Accounting Office calls "one of the finest auditing organizations in the United States."

## HISTORY OF PAST EFFORTS TO REORGANIZE THE NUMBER AND FUNCTIONS OF THE CONSTITUTIONAL OFFICERS

### Historical Perspective on Reorganization

In its deliberations, it is important that the task force consider the history of the constitutional offices in the State of Minnesota. By taking this historical perspective, the long view if you will, we believe the task force will see the wisdom of our founding fathers in providing these independently elected offices. Therefore, we offer the following brief overview of some of the important reorganization studies and statutes involving the State Auditor and respectfully recommend that the task force perform an in-depth review of the rationale for the various changes. We also recommend that the task force undertake a similar study of the other constitutional offices.

This overview is divided into two sections, a summarized discussion of various reorganization studies and a chronological review of some of the more important reorganizations enacted since 1858.

### Reorganizational Studies

Perhaps one of the first calls for reorganization was from Governor Eberhart in 1911 and again in 1913. This call resulted in the creation of the Efficiency and Economy Commission in the fall of 1913 and a report issued in May of 1914. As William Anderson notes in his work, History of the Constitution of Minnesota (1921), our original constitution provided for a relatively weak governor which resulted in a proliferation of boards and commissions, all separate and to an extent irresponsible.

According to Anderson:

The result is that the executive and administrative branch of government of Minnesota is really little better off than it has been. The number of boards and commissions is still very large. Many of them are practically independent and not responsive to the control either of the governor or of the people, and there is still some overlapping of functions. The governor is not the real head of the administration, since there are several other executive officers elected by the people who have powers of their own in no way subject to the dictation of the governor.

The next major effort at reorganization perhaps stems from the 1948 Constitutional Commission. The report of the Commission, dated October 1, 1948, calls for the abolition of all constitutional officers with the exception of the Governor, Lieutenant Governor and Attorney General.

It is interesting to note that with the exception of the 1948 report, all subsequent studies such as:

1. The Minnesota Efficiency in Government Commission (Little Hoover Commission) (1950);
2. Modernizing State Executive Organization (1968);
3. Report of the Governor's Council on Executive Reorganization (1968); and
4. Minnesota Constitutional Study Commission (1972)

have called for the abolition of the Attorney General. This function would be transferred to a Department of Law headed by an appointee of the Governor.

The Loaned Executive Action Program (LEAP) of 1973 prescribed much of the present organizational structure. Presumably as foundation, the LEAP report accepted some of the premises of the prior reorganizational studies.

An interesting, but important, sidelight to the LEAP report is its conclusion that the reorganization involving the State Auditor, the Department of Finance, the Public Examiner and the Legislative Auditor would result in no cost savings. Clearly, this is because a function government undertakes requires that someone be in charge and paid a salary. Whether performed by an appointee or a constitutional officer, any undertaking has a cost. The argument for consolidating offices to save money fails to recognize that one individual can only administer so much, the rest must be delegated.

The only rationale we find expressed in these various reports calling for the abolishment of the constitutional offices is that this would consolidate all power of the executive branch in the Governor. The Governor would be the head of the entire administrative branch of government.

These two points, the differing views as to abolishing the Attorney General and consolidating the administrative branch under the Governor, are discussed in the conclusion of this section.

## Chronology of Organizational Developments

1858 - Chapter 65: The State Auditor had a term of office of three years and served as the state's accountant and pre-auditor. The State Auditor issued the bills or warrants, payable at the state treasury, used to meet the State's obligations. In addition, the State Auditor annually made out a statement of the receipts and disbursements of the treasury for the preceding year. This statement, together with any remarks the State Auditor had regarding the State's finances, was submitted for the Legislature's review.

1878 - Chapter 83: The Public Examiner was created and the office had a term of three years. The Public Examiner was appointed by the Governor, with the advice and consent of the Senate. The Public Examiner was to be a skillful accountant, well versed as an expert in the theory and practice of bookkeeping.

It was the duty of the Public Examiner to exercise constant supervision over the books and financial accounts of the various state institutions and to prescribe and enforce correct methods for keeping the financial accounts. At least twice each year, at irregular intervals and without prior notice, the Public Examiner was to make an exhaustive examination of the books and accounts of the State institution including the purposes of the expenditures.

The Public Examiner was also to order and enforce a uniform system of bookkeeping to be used by the state and county auditors and the state and county treasurers so as to afford a suitable check upon their mutual action, and insure the thorough supervision and safety of state and county funds.

At least once each year, the Public Examiner was to perform a thorough examination of the books, accounts and vouchers of the county treasurers, ascertaining in detail the various items of receipts and expenditures.

1883 - Chapter 1: An act proposing that the term of the State Auditor be increased from three years to four years. The terms of the Governor, Lieutenant Governor, State Treasurer, Attorney General and Secretary of State remained at two years. The amendment was adopted.

1925 - Chapter 426: The Reorganization Act of 1925 created the Executive Council, the Department of Administration and Finance and the Department of Taxation, among numerous others.

The Department of Administration and Finance was under the supervision and control of the Commission of Administration and Finance. This Commission consisted of three members, one known as the Comptroller, one as the Commissioner of the Budget and one as the

Commissioner of Purchases. The Commission members were appointed by the Governor with the advice and consent of the Senate for initially differing terms (to stagger appointments). The initial terms of office were; Comptroller, six years, Commissioner of the Budget, four years and the Commissioner of Purchases, two years. All subsequent terms were for six years.

The Board of Audit was abolished and all of its duties were transferred to the Comptroller. According to the 1915 Legislative Manual, the State Board of Audit, composed of the Governor, Secretary of State and Attorney General, was required to audit the accounts of the State Treasurer at least four times a year, ascertain the amounts of the several funds which should be in the treasury and count the money actually on hand. A report on the examination was to be made to the Legislature.

The Commission made contracts for the State, fixed grades and salaries for employees, one of its members was to serve as the Director of Personnel among many other duties. This law also abolished the Public Examiner and transferred the function to the Comptroller.

The Comptroller was to keep the books of account and, subject to the approval of the Commission, was to formulate and prescribe for all departments a uniform system of records, accounts, statements, estimates and vouchers. The Comptroller was to prepare and submit to the Commission a summary statement for each of the departments.

The State Auditor was to examine every account, bill, claim and demand against the State and, if approved by the Commission and, if otherwise legal and proper, approve it and issue a warrant for payment. The Comptroller could review any claim allowed by the State Auditor and either approve or disapprove it. The Comptroller was also to require the State Auditor to make periodic reports of all of the receipts and disbursements.

1939 - Chapter 431: This law created the Department of Administration and the Department of Public Examiner, among others.

The Commissioner of Administration was, ex officio, the State Budget Director and the State Purchasing Agent. The Commissioner was appointed by the Governor, with the advice and consent of the Senate, to a two-year term. The Commission of Administration and Finance was abolished, as were the Comptroller, Commissioner of the Budget and the Commissioner of Purchases.

The State Auditor was to maintain the general books of account of the state in accordance with the generally accepted practices in governmental accounting. The State Auditor, with the advice and



assistance of the Commissioner of Administration and the Public Examiner, was to formulate and prescribe a uniform system of accounts, records and statements to be used by all state departments and agencies. The State Auditor was to review all claims for approval and if approved, issue a warrant.

The Public Examiner was appointed by the Governor, with the advice and consent of the Senate, to serve a six-year term. The Public Examiner was to make a post-audit of all State departments and agencies at least once each year and oftener if deemed necessary, or as directed by the Governor or Legislature. The books of the State Auditor and Treasurer were to be examined monthly. The powers and duties of the Board of Audit and the former Public Examiner which were transferred to the Comptroller were placed in the new Public Examiner. In addition, the Public Examiner was to collect information from all local units of government regarding various aspects of local governmental finance and issue an annual report.

The Public Examiner was to inquire into the accounting and budgeting system of all local units of Government and prescribe uniform systems and at the request of a local unit of government, install a system.

1955 - Chapter 857: Although this act was struck down by the Minnesota Supreme Court in Foster v. Naftalin, 246 Minn. 181, 74 NW.2d 249 (1956), it represents another reorganization effort.

This act would have renamed the Department of Taxation the Department of Revenue and transferred the registry tax on mortgages from the State Auditor to the Department of Revenue.

The Department of Administration was to be given broad authority to reorganize State government with the approval of the Governor. The Department of Administration would take over the function of the State Auditor regarding the maintenance of the books of account and prescribing uniform systems of accounts for State departments. The State Auditor would continue to serve as the pre-auditor for State government.

The Office of Legislative Post-Audit would be created and placed in the legislative branch.

1973 - Chapter 492: The Department of Finance was created and the functions of the State Auditor regarding pre-audit, accounting, warrant preparation and prescribing uniform systems for state departments were transferred to it. The budget preparation function of the Department of Administration was transferred to the Department of Finance.

The Public Examiner was abolished and the post-audit function regarding State government was transferred to the Legislative Auditor. The local government post-audit and data collection functions were transferred to the State Auditor.

### Conclusion

Organizations should be built along functional lines with important checks and balances in place. However, certain functions, such as internal audit, post-audit, elections and legal are of a nature that should not be placed within the administrative framework of state government. To function properly, these functions must be separate and apart from the functions they review and advise to maintain the independence so indispensable to objectivity and credibility.

The executive branch, as presently constituted with five independently elected constitutional officers, provides a unique opportunity to bring to the state's system the independence, objectivity and credibility essential to the public trust. The independently elected statewide constitutional office is uniquely qualified to perform functions which call for independence, visibility, lack of parochial interest and public accountability.

Independently elected constitutional officers differ from offices created by statute. The Legislature and the Governor have full control over statutory offices, but the Legislature has only limited control, and the governor none, over constitutional offices. This is the independence which earlier reorganization efforts cited as detrimental. But it is this very independence which provides the opportunity for financial integrity and public trust.

The reorganization studies discussed earlier, with the exception of the 1948 Constitutional Commission, failed to understand the critical need for independence on the part of the Attorney General. The influence of the Governor is wholly inappropriate. The relationship must be that of attorney and client, not that of master and servant.

Similarly with respect to the finances of the State, there are critical functions which must be independent of the Governor's influence. Our proposed reorganization of functions discussed later fulfills this need.

The chronology of the reorganizational statutes demonstrates one thing with absolute clarity -- the concern for control over and accurate accounting for state monies. From the very beginning with the separation of the State Auditor and Treasurer functions,

through the creation of the Public Examiner, the Board of Audit, the Comptroller and the Legislative Auditor, the people of this State have called for accountability regarding its finances. It was not until the 1948 Constitutional study, however, that the difference between segregation of duties, an internal control device, and the concept of independence was understood and recognized.

The 1948 study called for the post-audit function to be placed in the legislative branch of government and not in the executive branch where it had been since the creation of a post-audit function within State government. The 1948 study, however, failed to recognize that, by definition, placing the post-audit function in a constitutional officer achieves independence. Perhaps the attorneys on the 1948 Commission were able to explain to the other members the need for independence on the part of the Attorney General, but the Commission failed to recognize that this important element regarding post-audit can be achieved by placing it in a constitutional office.

All of the earlier reorganizational efforts also failed to recognize the need for and importance of an internal audit function. Since the collapse of New York City in 1975, there has been an increasing recognition that government must achieve a greater understanding and control of its finances. Large corporations have long recognized the importance of internal auditing and indeed have realized that the internal audit function can more than pay for itself. Ideally, the internal audit function is completely separate from management, accountable solely to the Board of Directors. In the State of Minnesota, a constitutional officer is in the best position to assure the degree of independence necessary -- we propose a comptroller to fulfill that function.

Regarding the Secretary of State, which prior reorganizational studies call to be abolished, perhaps the most important function relates to elections. Since Watergate, the voters have become more suspicious of the election process and public officials in general. To address this concern, as well as eliminate a board appointed by the Governor, we concur with the Secretary of State's suggestion that the administration of the Ethics in Government Law be transferred to that office. Election contests, as now, would continue to be determined by the judicial system. Given the vital nature of elections to our democracy and the importance of the Ethics in Government Law, the need for the independence and accountability of the Secretary of State is clear.

Finally, most of the reorganizational studies and statutes attempted to consolidate power in the Governor. This is as it should be. The Governor is elected on the basis of policies. The Governor must sometimes seek legislative authority to implement these policies. Once the policies are in place, the Governor must be in

a position to execute. The best way to achieve this is to be able to appoint people who are accountable to the Governor and subject to the control of that office.

But, again, certain other functions, which in no way impede the Governor's ability to implement policy must be completely independent: questions of law, questions of internal and post-auditing, election questions. These functions, if placed in the administrative branch, are deprived of the independence and direct accountability which instills public trust and confidence in government. By adopting our proposal, the task force recognizes the need for the Governor to be able to control the implementation of policy, but also pays heed to the long, unbroken history of the public's call for accountability. Only independence answers that call.

## THE IMPORTANCE OF INDEPENDENT AUDITS

Independence is one of the three general standards of audit work. It is crucial to the auditor's credibility, the belief in his or her clients that the audit will be conducted fairly and honestly. The importance of independence is emphasized in the standards promulgated by the American Institute of Certified Public Accountants, the General Accounting Office, the Financial Accounting Standards Board and the National Council on Governmental Accounting - in short, by all the authorities on accounting and auditing. The Securities and Exchange Commission says it will not recognize any certified public accountant or public accountant as independent who is not in fact independent. The concept of independence is the cornerstone of the auditing profession. It is the climate in which the auditing organization needs to live and breathe and function.

Reputable business firms engage auditors not only to be accountable to stockholders, but also to obtain unbiased information about business operations to use in management decision-making. Larger businesses employ both internal and external auditors. Internal auditors are employed by a firm but retain independence by reporting to the highest practicable echelon, such as the board of directors. External auditors are outside groups hired for the express purpose of expressing an opinion as to the fairness of the company's financial statements and occasionally other aspects of the company.

Similarly, government engages auditors not only to account for funds to the taxpayers, but also to examine its economy and efficiency. In recent years the accounting profession has strengthened its credibility by increasing the stringency of the requirements for auditing, both in government and business. Much of that change has been in increased recognition of the importance of independence in the audits.

One aspect of the significance attached to independence is that it is not sufficient for an auditor to be independent in fact, an auditor must also be independent in appearance with respect to the client. Absolute independence is not possible, because most auditors are hired by the persons or firms they audit, and so have some financial relationship with the client, particularly in the private sector. However, the profession constantly stresses what auditors must do to achieve maximum independence. To be independent, the auditor must be intellectually honest. To be recognized as independent, he or she must be free from any obligation to or interest in the client, its management, or its owners. Because the presumption of independence is incorporated in the profession's code of ethics, it has the force of professional law.

Guidelines stress that auditors, to be independent, must be free from interference in planning and executing the audits, must have free access to records and the cooperation of management in obtaining needed information, and must have no loyalty or obligation to management.

All the strictures apply to all professional accountants. Many professional accountants work as auditors in government, and the government strictures include and often go beyond the professional rules. In fact, government auditors in many ways are more independent than private sector public accounting firms.

The government official in charge of post-audits may be presumed to be independent of the audited entity, assuming there are no personal or external impairments, if he or she is:

1. Elected by the citizens of their jurisdiction.
2. Elected or appointed by and reporting to the legislative body of the level of government which he or she audits.
3. Appointed by the chief executive and confirmed by and reporting to the legislative body of the level of government which he or she audits.
4. Serving in a level of government other than the one which he or she audits (federal, state, local), or
5. Serving in a different branch of government within the level of government which he or she audits (legislative, executive or judicial).

Thus, in Minnesota, for purposes of audit, the elected State Auditor is independent as to all levels and branches of government.

It seems obvious that the maximum independence accrues to the government auditors elected by the citizens. Maximizing independence, then, is when an auditor is organizationally separated from the auditee to the maximum degree possible, and when the auditor reports to the highest practicable echelon, those most removed from daily operational responsibility. In a sense, the elected auditor is reporting to the government's board of directors -- the taxpayers. Whenever an auditor from the Office of the State Auditor audits a city or county, that auditor is fulfilling a legal mandate for the citizens of the state, and fulfilling it with maximum organizational independence. The increased confidence of the audit clients and the public in the Office of State Auditor is the direct result of independence.

It has been argued that a state auditor who is independent of the auditee through legislative process, who has no bookkeeping or accounting function, and who is not involved in pre-audit, achieves more independence than public accountants can; that those auditors elected by the public or even by the legislature can and do attain extreme independence from the accounting systems they audit; that, in fact, if public accountants were to do that type of auditing, their audits should be carefully contracted for, supervised and monitored by state auditors.

Thus, the importance of audit independence cannot be overstated. It is essential to the credibility the taxpayers have for their government. Any consideration of changing a system must take into account the adverse effects any changes would have on that independence, and therefore on credibility and accountability of government throughout the state.

PROPOSAL BY THE STATE AUDITOR FOR REORGANIZATION OF THE  
CONSTITUTIONAL OFFICES AND STATE DEPARTMENTS

Recently, many alternatives have been proposed for restructuring the constitutional offices as well as other functional areas of state government. These proposals, however, do not reflect clearly the nature of state government. They do not always recognize the crucial nature of the checks and balances which the Constitution built into the system, nor do they show an understanding of the necessity for separating financial functions and maximizing auditors' independence. They do not always distinguish the current practices of an office from its historical role. Therefore, we offer the following proposal for reorganizing of the constitutional offices and some of the state departments. This proposal ensures the greatest amount of accountability for state finances, promotes efficiency in government and provides the independence indispensable to financial integrity:

1. Place the Department of Revenue's revenue collection function within the Department of Finance to be administered by the Commissioner of Finance, who is appointed by the Governor. This Department would then be responsible for the pre-audit functions, accounting records and the preparation of the financial statements.

REASON -

This places both the receipt and disbursement of that revenue in one department, thus allowing for continuity and increased efficiency in the financial reporting function. Simply stated, the right hand will be aware of what the left hand is doing, that is, the department will be well aware of the availability of revenue for state spending, because it also will collect that revenue.

2. Remove the budgetary and revenue forecasting functions from the Department of Finance, the Department of Revenue and the Department of Administration and place them in a single agency called the Office of the Budget headed by a Commissioner appointed by the Governor. This Office would be responsible for the development and implementation of the state's budget.

REASON -

By placing all of the forecasting functions in one office, the possibility of any duplication of effort will be eliminated. This will reduce conflicts between the budgetary data being used by the Governor's office and that used by the Legislature in their decision-making process.



3. Combine the statewide financial and compliance post-audit function of the Legislative Auditor's office with the local government post-audit function of the Office of State Auditor. This would be headed by an independently elected State Auditor. (Prior to the reorganization of 1973 these two functions were located in the Public Examiner's office.)

REASON -

This would place all of the financial and compliance post-audit function in one office providing for increased efficiency in the use of auditors' time and state funds. Training could be organized more easily and not duplicated. By having an elected official the independence needed for financial integrity would be preserved. The State Auditor's office would express objective, independent opinions as to the fairness of the financial statements of the state and most major local governments.

4. Increase the audit capability of the Program Evaluation Division in the Legislative Auditor's Office to provide the Legislature with the greatest assurance that its policies are achieving the desired program and economic results at both the state and local level.

REASON -

Over seventy percent of the state's operating budget is distributed to local governments, but because of the lack of audit requirements at the state level that money is not necessarily audited. Under the current structure, the Legislature has no independent evaluation mechanism to determine if its policies are being effectively and efficiently executed. By increasing the Program Evaluation Division's responsibilities and capabilities the taxpayers of Minnesota will be assured that their tax dollars are spent in the manner intended.

5. Place the cash management functions of the State Treasurer's Office into the Department of Finance subject to the required internal controls and segregation of duties.

REASON -

The Department of Finance would be responsible for revenue collections; to continue efficiency and accuracy in financial reporting, the cash management function would be placed in this department. This would assure that all revenues would be pooled for maximum investment.

Written Testimony

Dr. Thad Beyle, Professor of Political Science,  
University of North Carolina

Senator Duane Benson

State Auditor Arne Carlson

Secretary of State Joan Growe

Treasurer Robert Mattson

Representative Mark Piepho

John James Richardson, concerned citizen

THE GOVERNORS CENTER  
AT DUKE UNIVERSITY

RECENT CHANGES IN STATE ELECTIVE OFFICES

- I. Separately elected state officials: 1965 and 1984
- II. Constitutional and statutory changes to state elective offices 1974-1983: A Ten Year Review
- III. The Short Ballot: Model State Constitution

Prepared by: Thad L. Beyle  
Professor of Political Science  
University of North Carolina at Chapel Hill  
and  
Senior Fellow for Research  
National Governors' Association

January 7, 1984

I. SEPARATELY ELECTED STATE OFFICIALS: 1965 and 1984

<u>Office</u>	<u>1965</u>	<u>1984</u>	<u>Change 1965-1984</u>	<u>Basis</u>		<u>Function conducted by other elected official</u>
				<u>Constitution</u>	<u>Statute</u>	
<u>Lieutenant Governor</u> <sup>a</sup>	<u>38</u>	<u>42</u>	<u>+4</u>	42		
Board of Education <sup>b</sup>	9	12	+3	10	2	
<u>Attorney General</u>	<u>42</u>	<u>43</u>	<u>+1</u>	40	3	
Controller	9	10	+1	10		
Secretary of Agriculture	13	12	-1	8	4	
Land Commissioner	7	5	-2	5		1 (Secretary of State)
<u>Treasurer</u>	<u>40</u>	<u>38</u>	<u>-2</u>	37	1	
Insurance Commissioner	10	8	-2	5	3	3 (State Auditor State Treasurer Comptroller General)
Secretary of Labor	6	4	-2	2	2	
<u>Secretary of State</u>	<u>39</u>	<u>36</u>	<u>-3</u>	36		
Commissioner of Mines	4	1	-3	1		
Public Utilities Commission	14	11	-3	6	5	
<u>Auditor</u> <sup>c</sup>	<u>29</u>	<u>25</u>	<u>-4</u>	25		
Superintendent of Education <sup>d</sup>	22	17	-5	16	1	

Minnesota elective state offices underlined.

NOTES:

- a. Increase coincides with rise in Governor-Lieutenant Governor team elections: 7 in 1965, 22 in 1984.
- b. Two of these changes are due to a switch from an elected superintendent of education to an elected board of education.
- c. "The reduction in elected auditors reflects a trend toward the federal model of having the post audit function handled by someone appointed by the legislature" (State Policy Reports, August 8, 1983, p. 24).
- d. Two of these changes are due to a switch from an elected board of education to an elected superintendent of education.

Sources: Council of State Governments, The Book of the States, 1982-83, (Lexington, KY: The Council, 1982) p. 168-9 and State Government News, January 1982 - December 1983.

II. CONSTITUTIONAL AND STATUTORY CHANGES TO STATE ELECTIVE OFFICES  
1974-1983: A TEN YEAR REVIEW\*

A. Approximately 50 separate state level actions undertaken during the 10 year period. Many overlapped several of the offices.

1. 43 were constitutional amendments; 24 were ratified and 19 rejected.
2. In the 1980's it has been harder to pass amendments as only 8 of 19 won compared to 16 of 24 between 1974 and 1979.
3. 6 were legislative actions by statute.
4. 1 was gubernatorial action by executive authority.

B. Comparison to Minnesota's Constitutional Elected Officials

1. Attorney General

1. New Mexico (76) rejected succession for all elected offices.
2. Pennsylvania (78) approved electing an attorney general rather than appointing.
3. Kentucky (81) rejected succession for all elected officials.
4. Rhode Island (82) rejected four year term for all elected officials.

2. Auditor

1. Kansas (75) legislature abolished office.
2. New Mexico (76) rejected succession for all elected offices.
3. Delaware (80) legislature extended term to four years from two.
4. Kentucky (81) rejected succession for all elected offices.

3. Lieutenant Governor

1. Utah (74) rejected a team election for governor and lieutenant governor.
2. North Dakota (74) approved a team election.
3. Indiana (74) approved a team election.
4. Utah (80) approved a team election.
5. New Mexico (76) rejected succession for all elected offices.
6. North Carolina (77) approved succession to a second term.
7. Indiana (78) approved succession to a second term.
8. New Mexico (80) rejected succession for both the governor and lieutenant governor.
9. South Dakota (74) rejected removing lieutenant governor as president of the senate.
10. Colorado (74) ratified removing lieutenant governor as president of the senate.
11. South Dakota (76) rejected removing lieutenant governor as president of the senate.

12. Nebraska (76) rejected removing lieutenant governor as president of the senate.
13. Michigan (80) rejected removing lieutenant governor as president of the senate.
14. Nebraska (80) approved that the governor can fill vacancy in office of lieutenant governor.
15. South Carolina (81) legislature made lieutenant governor a half time position.
16. Kentucky (81) rejected succession for all elected officials.
17. Rhode Island (82) rejected four year terms for all elected officials.
18. North Dakota (82) rejected moving the gubernatorial and lieutenant gubernatorial elections to an off-year cycle.
19. Wisconsin (83) governor appointed lieutenant governor as head of the department of development.

#### 4. Secretary of State

1. New Mexico (76) rejected succession for all elected officials.
2. Utah (80) abolished the office of secretary of state while adding a lieutenant governor.
3. Kentucky (81) rejected succession for all elected officials.
4. Rhode Island (82) rejected four year terms for all elected officials.

#### 5. Governor

1. Utah (74) rejected team election of governor and lieutenant governor (secretary of state).
2. North Dakota (74) approved team election of governor and lieutenant governor.
3. Indiana (74) approved team election of governor and lieutenant governor.
4. Utah (80) approved team election of governor and lieutenant governor.
5. New Mexico (76) rejected gubernatorial succession.
6. Georgia (76) approved gubernatorial succession for two consecutive four year terms.
7. North Carolina (77) approved gubernatorial succession for two consecutive four year terms.
8. Indiana (78) approved gubernatorial succession for two consecutive four year terms.
9. Tennessee (78) approved gubernatorial succession for two four year terms.
10. Hawaii (78) approved gubernatorial succession for two four year terms. (was unlimited).
11. New Mexico (80) rejected gubernatorial succession.

12. South Carolina (80) approved gubernatorial succession for two consecutive four year terms.
13. Kentucky (81) rejected gubernatorial succession.
14. Georgia (82) rejected a return to the single four year term for the governor.
15. Rhode Island (82) rejected four year terms for all elected officials.
16. New Hampshire (82) rejected four year terms for the governor with a limit of two terms.
17. California (76) approved requiring legislative confirmation of gubernatorial appointees in constitutional offices.
18. Nebraska (80) approved the governor filling a vacancy in the office of lieutenant governor.
19. North Dakota (82) rejected moving gubernatorial elections to the off presidential years.
20. Wisconsin (83) governor appointed lieutenant governor as head of department of development.
21. Minnesota (83) governor authorized by the legislature to appoint the superintendent of education.



### III. THE SHORT BALLOT: MODEL STATE CONSTITUTION

Goal: Governor is to be the only elective state official.

	<u>Lieutenant Governor</u>	<u>Attorney General</u>	<u>Controller</u>	<u>Treasurer</u>	<u>Auditor</u>	<u>Secretary of State</u>	<u>Education</u>	<u>Other</u>
<u>ONE</u> Maine New Jersey								
<u>TWO</u> Alaska New Hampshire Tennessee	X (team)							Exec. Council Pub. Util. Com.
<u>THREE</u> Hawaii Virginia	X (team) X	X					X	
<u>FOUR</u> Maryland New York	X (team) X (team)	X X	X X					
<u>FIVE</u> Pennsylvania Rhode Island Wyoming	X (team) X	X X		X X X	X  X	 X X	  X	
<u>SIX</u> Connecticut Delaware Minnesota Missouri Oregon Utah Vermont West Virginia Wisconsin	X (team) X X (team) X X (team) X X X (team) X X (team)	X X X X X X X X X	X       X	X X X X X X X X X	 X X X X X X X X	X X X X X X X X	    X X  X	Insurance    Labor   Agriculture

**DUANE BENSON**

Senator, District 32  
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Lanesboro, Minnesota 55949  
and  
142 State Office Building  
St. Paul, Minnesota 55155  
Phone: (612) 296-3903

**Senate**  

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**State of Minnesota**

January 6, 1984

Commission to Study State Office Options  
Attention: Patty Burke  
State Planning Agency  
Room 100 Capitol Square Building  
St. Paul, MN 55101

Dear Commission Member:

Governor Perpich announced the creation of this commission this past December to study the structure of state constitutional offices. He charged that commission with considering various options for combining or altering the constitutional offices.

Although the commission exists to review the responsibilities and structure of constitutional offices, it arises because of performance by officials in these offices. I would therefore urge the commission to address questions of job performance head-on. Questions about the abilities or efforts of individual elected officials are properly settled in democracy through elections. How an elected official performs should be determined by the requirements of his office. The obligations and responsibilities of an office should not be determined by an official's performance.

You, as a member of the commission, are meeting in large measure because of questions raised about one constitutional officer's behavior. One individual's failures should not lead to a restructuring of government, particularly if that restructuring means the elimination of his office. Although eliminating an office may be a solution to an individual problem, it raises a more serious problem over the long run: more power will be turned over to unelected bureaucrats who never face the voters.

What is needed is for more participation by voters, not less. I would therefore urge the commission to support recall of public officials, whether on the state or the local levels, who the voters judge to be performing poorly. I introduced a bill in the 1983 session. I believe that voters should have the right and the

**COMMITTEES** • Economic Development & Commerce • Governmental Operations • Health & Human Services • Taxes and Tax Laws

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safety valve of removing elected officials from office prior to the expiration of their terms through a recall petition and recall vote.

The right to recall a public official is part of the logic of our constitutional democracy. It flows from the right of petition provided in the Constitution of the United States.

Amendment I. Congress shall make no law abridging the freedom of speech, or the right of the people peacefully to assemble, and to petition the government for a redress of grievances:

The Constitution of the State of Minnesota provides for the right for citizen control of state government in Article I, Section 1 of the Constitution:

Section 1. Object of government. Government is instituted for the security, benefit and protection of the people, in whom all political power is inherent, together with the right to alter, modify or reform government whenever required by the public good.

Citizens of Minnesota presently have no sound mechanism for correcting a public official's abuse of office. Robert Mattson would be on his way out of office today if Minnesotans were able to initiate a recall petition and vote on his suitability for office.

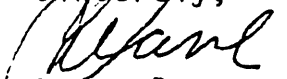
The use of recall was most recently used in Michigan. On November 22, 1983 state senator Philip O. Nastin was removed from office. On November 30, 1983 state senator David M. Serotkin was removed from office. Their removal came because of their approval of a major increase in the state income tax in 1983 after promising not to do so. There is also a move to recall 14 to 16 other state legislators and the governor in Michigan.

There are sixteen states that allow for recall of elected officials according to the National Conference of State Legislatures. These states are 1) Alaska; 2) Arizona; 3) California; 4) Colorado 5) Idaho; 6) Kansas; 7) Louisiana; 8) Michigan; 9) Montana; 10) Nevada; 11) North Dakota; 12) Oregon 13) Utah; 14) Virginia 15) Washington; 16) Wisconsin

I have attached a copy of a bill that I submitted during the 1983 legislative session to place a constitutional amendment for instituting recall of elected officials before the voters of Minnesota. I strongly urge this commission to support my bill.

Please accept this as public testimony for permanent public records of this commission.

Sincerely,

  
Duane Benson  
State Senator

enc.

Mr. Sensen introduced--

S. F. No. 1278 Referred to the Committee on Elections and Ethics

1 A bill for an act

2 proposing an amendment to the Minnesota Constitution,  
3 adding a section to article VIII; providing for the  
4 recall of elected officials.

5  
6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

7 Section 1. [CONSTITUTIONAL AMENDMENT:]

8 An amendment to the Minnesota Constitution, adding a  
9 section to article VIII, is proposed to the people. If the  
10 amendment is adopted, the new section will read:

11 Sec. 6. [RECALL.] An elective officer may be recalled by  
12 the eligible voters of the state, in the case of statewide  
13 offices, or of the electoral district from which the person was  
14 elected. Recall shall be initiated by a petition signed by  
15 eligible voters equal in number to at least 25 percent of the  
16 vote cast in the last election for the office from which the  
17 person is to be recalled. No person shall be recalled before he  
18 has completed one year of service in the office from which he is  
19 to be recalled. A special election shall be held for the office  
20 of a person against whom a petition has been filed, and that  
21 person shall be a candidate in the special election unless he  
22 chooses to resign.

23 After one petition for recall and special election, no  
24 further recall petition shall be filed against the same person  
25 during the term for which he was elected.

1       Sec. 2. [QUESTION.]

2       The proposed amendment shall be submitted at the 1984  
3       general election. The question submitted shall be:

4       "Shall the Minnesota Constitution be amended to allow for  
5       the recall of elective officers by petition and special election?

6                               Yes .....

7                               No ....."

STATE AUDITOR'S PROPOSAL  
FOR REORGANIZATION OF MINNESOTA'S CONSTITUTIONAL OFFICES

Present Responsibilities:

Proposed Reorganization:

<u>GOVERNOR</u> 1) Execution of state laws 2) Budget preparation 3) Ethics in Government Law	<u>GOVERNOR:</u> -Transfer administration of Ethics in Government Law to Secretary of State
<u>STATE AUDITOR</u> 1) Performs local post-audits 2) Prescribes uniform local accounting systems	<u>STATE AUDITOR</u> -Add responsibility for state post-audits now in Legislative Auditor's Office
<u>ATTORNEY GENERAL</u> 1) Renders opinions 2) Represents state in litigation	<u>ATTORNEY GENERAL</u> -No change
<u>SECRETARY OF STATE</u> 1) Administers election laws 2) Secures state filings, laws, etc.	<u>SECRETARY OF STATE</u> -Add responsibility for Ethics in Government Law now in Governor's Office
<u>STATE TREASURER</u> 1) Receives all state funds 2) Keeps state accounts 3) Sends statements to Finance Department 4) Accepts gifts for State	<u>STATE COMPTROLLER*</u> -Performs internal audits now the responsibility of Finance Department and is responsible for Management Analysis Division now in Department of Administration
<u>LEGISLATIVE AUDITOR</u> 1) Post-audits of executive branch 2) State program results audits	<u>LEGISLATIVE AUDITOR</u> -Transfer post-audits of executive branch to State Auditor -Add responsibility for local program results audits (new function)
<u>DEPARTMENT OF FINANCE</u> 1) Prepares budget 2) Responsible for accounting 3) Internal audit (may assign) 4) Promulgates rules for funds deposits 5) Prepares state payroll	<u>DEPARTMENT OF FINANCE</u> -Add administration and enforcement of tax laws now in Department of Revenue -Transfer budget preparation to Office of Budget -Transfer internal audit function to State Comptroller -Add all State Treasurer functions
<u>DEPARTMENT OF REVENUE</u> 1) Economic forecasting for state 2) Administration and enforcement of tax laws	<u>OFFICE OF THE BUDGET*</u> -Prepares budget -Economic Forecasting for state
<u>DEPARTMENT OF ADMINISTRATION</u> 1) Purchasing, accounting and reporting functions 2) Support services, e.g. central mail 3) Responsibility for Management Analysis Division	<u>DEPARTMENT OF ADMINISTRATION</u> -Transfer responsibility for Management Analysis Division to State Comptroller

\*Office does not currently exist, would be created

# Minneapolis Tribune



Established 1867

Charles W. Bailey Editor  
Wallace Affon Associate Editor  
Frank Wright Managing Editor  
Leonard Inskip Editorial Editor

Donald R. Dwight Publisher

8A.

Tuesday, April 7, 1981

## State auditor's independence worth saving

An important issue is at stake in the current skirmishing between Minnesota Auditor Arne Carlson and legislators out to trim his office's budget. The issue: the independence of the state's auditing program.

The need for independence was recognized by the framers of the state's Constitution. They provided for an auditor who would be elected statewide and answerable to the voters. Like Minnesota's other constitutional officers, the auditor is subject to the Legislature's power of appropriation. But even in that respect, the auditor is largely independent of legislative control since, currently, 92 percent of the office's budget comes from auditing fees charged local governments. That is as it should be; to be credible, the office should not only be independent, but also perceived as independent by the public and the agencies it audits.

The current problem is not so much that some legislators are out to trim Carlson's budget — although a House subcommittee recommended bigger cuts in his budget than in those of the other constitutional officers. Rather, the problem is that cuts are being directed at programs and positions without which the office's auditing capabilities would be reduced. For instance, the subcommittee eliminated funding for staff attorneys and criticized Carlson for spending money to train his staff in auditing computerized accounting systems. But attorneys, part of the auditor's staff long before Carlson took office, play a key role in audits. And auditors unfa-

miliar with increasingly common computerized systems would be handicapped in their work. Moreover, it seems inconsistent for the same subcommittee to criticize Carlson's computer-training program, then to increase the secretary of state's budget request to pay for a computerization feasibility study.

Carlson, always a scrappy politician, occasionally ruffles legislative feathers. A few months ago, for instance, he publicly criticized the state investment board's handling of pension funds; some legislators apparently saw that as an effort to embarrass the board's DFL majority. More recently, he moved his office to new quarters, and was criticized for not having obtained legislative authorization first.

But Carlson has also successfully tried to professionalize his office: by adding more certified public accountants; by training programs; by improved procedures; by an emphasis on compliance auditing, which looks not only at balance sheets, but also at whether money is collected and spent in accordance with applicable laws and regulations. As a result of its increased competence, the auditor's office has begun conducting audits for federal agencies. Those are worthwhile accomplishments. Legislators are right to scrutinize budget requests, including Carlson's. But they should not let disagreements with the incumbent prompt them to action that would jeopardize an efficient, independent state auditor's office.



Robert J. O'Keefe

## Drastic change in state government is rarely for the better

State Treasurer Robert Mattson, the bad boy of the Democratic-Farmer-Labor Party, has produced an idea that would wipe out three elective offices and replace them with one.

Mattson proposes that his office, the state auditor's office and the secretary of state's office be dispatched, and their duties given to a comptroller general who would also be elected by the people.

His proposal has generated editorial comment in various newspapers.

A Pioneer Press editorial headline the other day said the plan "merits a hearing." The editorial went on to describe the idea as "intriguing" and said that if it is at all feasible it should be submitted to voters for their decision.

A columnist in the Mankato Free Press implied that he doesn't care much for Mattson, but liked his idea.

I'm in the opposite position.

I admire Mattson, because he has taken on his own political party in primary elections, telling DFLers what they can do with their endorsements. While I feel

that political parties certainly have a right to endorse candidates, voters and other candidates, such as Mattson, have an equal right to ignore the endorsements when they're so inclined.

But I look with great wariness at his proposal to do away with three elective offices and replace them with one.

It would be a better idea for the Legislature, or a state commission of some sort, to examine the three offices and determine whether they're busy.

If not, additional duties could be assigned to them.

One aspect of the issue that puzzles me involves the growth we have seen in state government. Anybody who doubts there has been growth needs only to look at the ugly buildings that have risen near the Capitol in recent decades — the Centennial Building, the Highway Building, the Veterans Building and the Administration Building.

(If there ever is a serious public works program in the state, one of its first aims ought to be to demolish these monsters and build replacements that blend more with our ancient but beautiful Capitol, the Historical Society building and the old State Office Building.

ing, instead of detracting from them.)

The buildings are occupied, and the occupants are state employees, showing how much state government has expanded.

Are we supposed to accept the idea that three state elective offices haven't been affected by this growth and that they have so little to do they ought to be combined into one office? The offices have been in state government since the beginning of statehood, which means they started two years before Abe Lincoln was elected president. How has the growth of state government escaped them?

Another reason I think we should keep the three offices is because the more people who are answerable to voters the better. The work they are doing has to be done by somebody, so why not somebody the voters can bounce out of office?

Another point is that the public should be skeptical about any plan that would make major changes in state government. They aren't as glib as they sound.

Remember when we elected governors every two years? Now it is every four years. Political scientists will argue no doubt that four-year terms are by far

the best, because they allow a governor time to accomplish something without worrying about running for re-election the year after he takes office. Others might argue that a governor running for re-election is worried about voters, and having a governor in that position is great.

Another change we made was to have legislators meet every year. There are even legislators ready to admit that was a big mistake.

I haven't heard anybody claim state government today is better than it was when Gov. Orville L. Freeman was serving two-year terms and legislators were holding regular sessions only in odd-numbered years.

We also decided that the governor and lieutenant governor should run as a team, removing another position from direct control of the voters. I haven't figured out what good it did.

Throw everything together and that's why I think Mattson's proposal should be looked at with care. Maybe it is one of those rare ideas that would change government for the better, but don't bet on it.

O'Keefe covers the Capitol for the Pioneer Press and Dispatch.



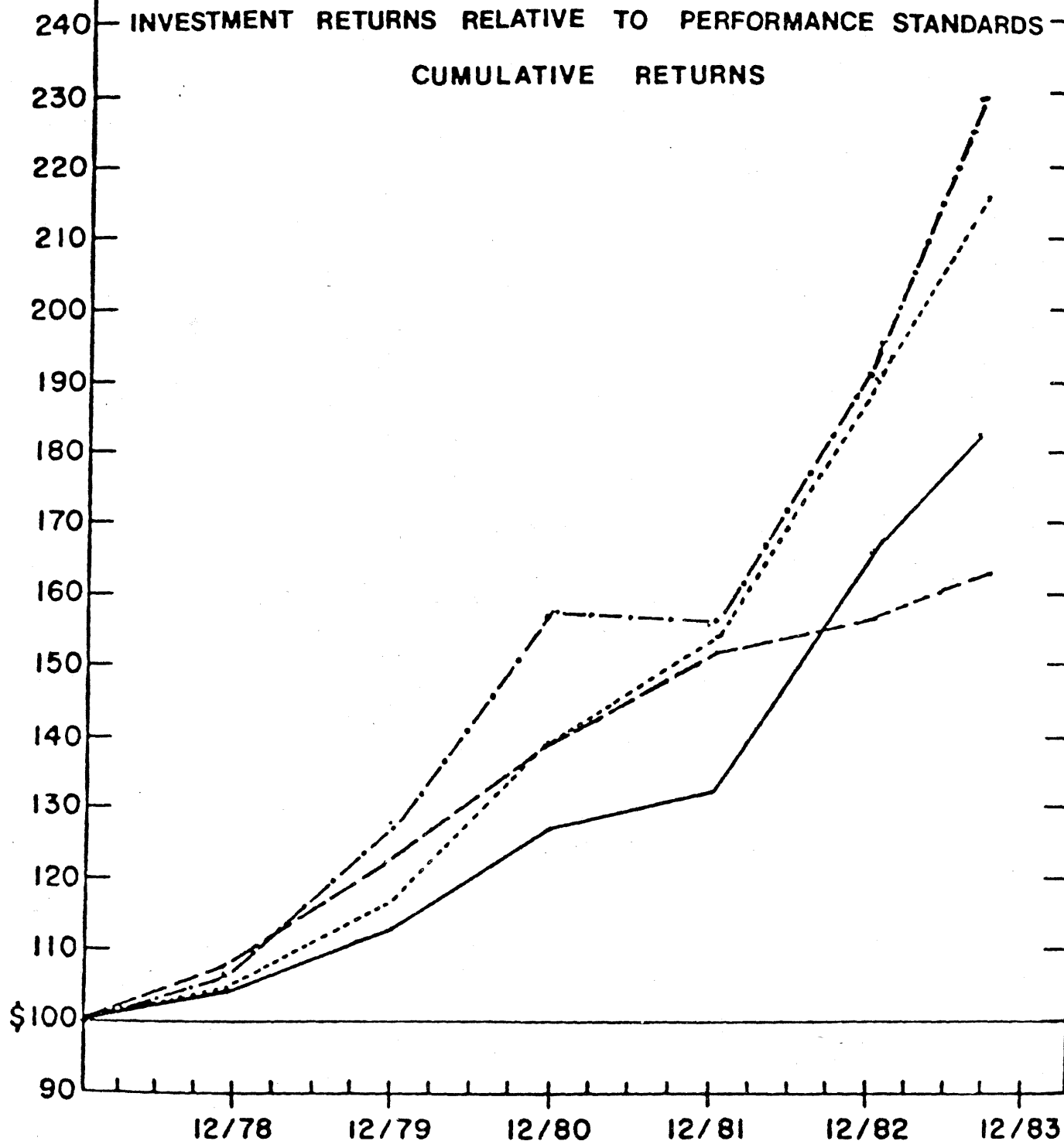
## COMPREHENSIVE (Full Scope) AUDITING



## SUGGESTIONS

- 25 -

# BASIC RETIREMENT FUNDS



- TOTAL FUND RETURN
- - - - - MEDIAN TAX-EXEMPT TOTAL FUND
- - - CONSUMER PRICE INDEX
- . . . . STOCK/BOND COMPOSITE

# BASIC RETIREMENT FUNDS

## INVESTMENT RETURNS RELATIVE TO PERFORMANCE STANDARDS

	Total Fund Return ( <u>exc. alt. assets</u> )	Median Tax-Exempt Fund	Stock/Bond Composite	Inflation	Total Fund Return ( <u>inc. alt. assets</u> )
1978	3.8 %	4.9 %	6.9 %	8.9 %	3.8 %
1979	8.8	11.3	18.8	13.3	8.8
1980	12.4	19.2	24.8	12.5	12.4
1981	3.5	10.0	- 0.6	8.9	3.5
1982	26.4	24.3	22.0	3.8	25.7
1983 1Q	4.8	6.6	9.0	0.3	4.7
2Q	7.1	6.6	9.7	1.6	6.9
3Q	- 2.0	-0.2	- 0.3	1.2	- 1.8
4Q					
1 Year Through 9-30-83	23.9	28.1	37.9	2.8	23.2
3 Years Annualized Through 9-30-83	14.6	15.2	15.6	6.2	14.3
5 Years Annualized Through 9-30-83	11.3	13.0	15.6	8.6	11.1



JOAN ANDERSON GROWE  
Secretary of State

ELAINE V. VOSS  
Deputy Secretary of State

# State of Minnesota

OFFICE OF THE SECRETARY OF STATE

St. Paul 55155

180 STATE OFFICE BUILDING  
Corporation Division: 612/296-2803  
UCC Division: 612/296-2434  
Election Division: 612/296-2805  
Office of the Secretary: 612/296-3266  
Office of Deputy Secy.: 612/296-2309

January 3, 1984

Robert D. Sheran  
Lindquist and Vennum  
4200 IDS Center  
Minneapolis, MN 55402

Dear Mr. Sheran:

Thank you for your willingness to serve on the Governor's Advisory Task Force on Constitutional Officers. Your charge is an important one: to study, review and report on the leadership of the state's executive branch.

As Minnesota's senior constitutional officer, I welcome this opportunity to submit written testimony to your panel in the form of this letter and attachments.

Two of my representatives, Elaine Voss, deputy secretary of state, and Tom Durand, office director, will attend your meeting on Jan. 7 to answer any questions pertaining to the office of secretary of state.

I would be pleased to appear before your panel should you require any additional information.

## A CASE FOR REVIEW

In June 1983 I asked the governor to form this panel because I believe in a periodic review of all government bodies: executive, legislative and judicial.

In my June 23 statement I suggested that:

"...Governor Perpich assemble a group of past and present state officials and leaders from the private sector to report to him, prior to the 1984 legislative session, on reorganization of state government leading to improved effectiveness and efficiency."

The question of reorganization, by its nature, is charged with political considerations. It is difficult, some say impossible, to separate the office holders and their political affiliations from the offices under review. Yet, we would all agree that reorganization should be made on the basis of what is best for the people of Minnesota rather than what is best for the officeholders. In this spirit, let me suggest a few basic questions for your examination. These questions apply to all of the state constitutional offices.

- (1) Do the duties of the office require a full-time administrator?
- (2) What of the "other" obligations of the officeholder? Memberships, on state boards and commissions, succession, etc.
- (3) Are the duties of the office and its other obligations best performed by an elected officeholder or an appointee?

#### COMMENTARY

In 1982, my opponent campaigned on a pledge to abolish the office of secretary of state. His lack of success does not suggest to me that voters oppose changes in the organization of state constitutional offices. It does suggest that any proposed reorganization should encompass a full review and appreciation of the duties, scope and nature of all the state constitutional offices.

The variety in composition of state constitutional offices among the states suggests there is no universal answer to these questions; no magic formula that best discharges state responsibilities.

In some states, the duties of auditor and treasurer are performed by a comptroller general.

In some states, the duties of constitutional offices other than the chief executive are performed by gubernatorial appointees.

And surely, we could devise a mixed system where the chief executive is elected by the people, others appointed by the governor, and still others elected by the legislature.

Some states have chosen to elect their commissioners of education and agriculture. Others have the duties of legislative auditor in a constitutional officer like comptroller general. I encourage you to review all these alternatives.

### CONCLUSIONS

First, let me answer the questions I posed above looking at the constitutional offices in general.

- (1) To the best of my knowledge:
  - the duties assigned each of the constitutional offices require a full-time administrator.
  - however, each office could accept added responsibilities.
- (2) In my experience, Minnesotans have been well served:
  - by an executive council and state investment board with several elected members; and
  - by the person designated to succeed the governor having been elected along with the governor.
- (3) My strong preference is for the leadership of the state's executive branch to be held by persons elected by the people. Again, there is no magic number--would four be too few, eight too many?

Second, let me address the secretary of state's office:

- (1) Its duties require a full-time administrator. The office could accept additional responsibilities, for example, in the areas of commerce and economic development or in administration of the state ethical practices law.
- (2) Again, the secretary of state's membership on the state executive council, state investment board, provide an important independent, elected voice to those bodies.
- (3) The state's chief elections officer, now the secretary of state, should be an elected official.

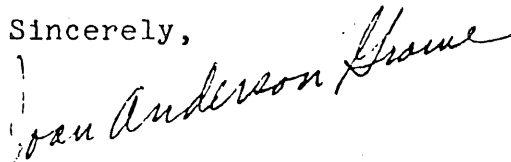
Page Four

Finally, I am eager to work with you on behalf of reform, as you sift and sort in an objective fashion and move toward making recommendations to the governor.

Attached for your information is a review of the functions and duties of the office of secretary of state. I hope you will find it helpful in your studies.

Please keep me informed of your progress.

Sincerely,

A handwritten signature in cursive script that reads "Joan Anderson Grove". The signature is written in dark ink and is slanted upwards to the right.

Joan Anderson Grove  
Secretary of State

JAG/rlp  
Attachments

WRITTEN COMMENTARY ON THE ACTIVITIES OF THE OFFICE  
OF THE MINNESOTA SECRETARY OF STATE  
JOAN ANDERSON GROWE  
JANUARY 1984

THANK YOU FOR THE OPPORTUNITY TO PROVIDE YOU WITH WRITTEN COMMENTS AND BACKGROUND ON THE DUTIES AND RESPONSIBILITIES OF THE OFFICE OF THE SECRETARY OF STATE,

I HAVE ENCLOSED TWO HANDOUTS FROM OUR OFFICE, ONE OF THEM LISTS ALL OF THE VARIOUS FUNCTIONS THAT THE OFFICE PERFORMS AND THE OTHER SUMMARIZES THE VOLUME OF TRANSACTIONS THAT WE HANDLE, I THINK IT WORTH NOTING THAT THE VOLUME HAS BEEN GOING UP CONSISTENTLY EVERY YEAR THAT I HAVE HELD THE OFFICE AND THAT THIS YEAR WITH FINAL FIGURES NOT YET COMPILED, IT APPEARS THAT WE ARE 16% AHEAD OF LAST YEAR'S VOLUME,

NOTE ALSO, IF YOU WILL, THAT MANY OFFICE FUNCTIONS ARE PERFORMED FOR WHICH NO FEE IS CHARGED, THEREFORE, IN ADDITION TO THE 125,000 PAID TRANSACTIONS THAT WILL BE COMPLETED THIS YEAR, THERE WILL BE ANOTHER 125,000 PERFORMED WITH NO REMITTANCE PAID. IN ADDITION, WE RECEIVED ABOUT 150,000 PHONE CALLS THIS YEAR FROM PEOPLE WANTING INFORMATION ABOUT CORPORATIONS, ELECTIONS, UNIFORM COMMERCIAL CODES, AND OPEN APPOINTMENTS. WE WILL TAKE IN NEARLY \$6 MILLION IN THE CURRENT BIENNIUM AND WE WILL SPEND ONLY \$2.7 MILLION,

WE HAVE FOUR DIVISIONS IN THE OFFICE:

FIRST, THE BUSINESS SERVICES DIVISION WHICH HANDLES THE INCORPORATION OF NEW BUSINESSES IN THE STATE, AS WELL AS THE OTHER ITEMS YOU FIND LISTED UNDER THAT DIVISION. THEY WILL REVIEW THE DOCUMENTS OF NEARLY 15,000 NEW BUSINESS ENTITIES THIS YEAR AS WELL AS MAINTAINING THE RECORDS OF 170,000 EXISTING BUSINESSES,



## ACTIVITIES--2

SECOND, THE UNIFORM COMMERCIAL CODE DIVISION MAINTAINS SOME 350,000 CURRENT RECORDS ON BUSINESS SECURITY INTERESTS, THEY WILL RECEIVE NEARLY 65,000 NEW FILINGS IN 1983, AND THEY WILL RESPOND TO OVER 12,000 REQUESTS FOR WRITTEN LEIN SEARCHES.

I THINK THE ACCURACY AND SPEED WITH WHICH THESE TWO DIVISIONS PERFORM THEIR DUTIES ARE VITAL TO BUSINESS ACTIVITY IN THIS STATE,

THIRD, THE ELECTIONS DIVISION HANDLES THE DEVELOPMENT OF ELECTION RULES AND PROCEDURES, ADMINISTERS THE TRAINING PROCESS FOR ALL OF THE STATE'S ELECTION OFFICIALS, PREPARES TRAINING AND INFORMATION PUBLICATIONS, OVERSEES THE STATE'S OPEN APPOINTMENTS PROCESS, AND COMPILES AND PUBLISHES THE MN LEGISLATIVE MANUAL,

I KNOW THAT NO ONE THINKS ABOUT IT, BUT ALL OF THE PREPARATION THAT GOES INTO ADMINISTERING AN ELECTION IS ENORMOUS. IF YOU THINK ABOUT 2,000,000 PEOPLE GOING TO OVER 4,000 POLLING PLACES AND DEALING WITH 30,000 ELECTION JUDGES IN A 13 HOUR PERIOD, . . . YOU KNOW THAT EVERYTHING HAS TO RUN SMOOTHLY OR THE PROBLEMS CAN BE IMMENSE,

FOURTH, THE FISCAL OPERATIONS DIVISION IS RESPONSIBLE FOR HANDLING ALL MONEY TRANSACTIONS FOR FILING FEES FROM ALL DIVISIONS WITHIN THE OFFICE, FOR BUDGET PREPARATION, PURCHASING AND PAYROLL, THIS YEAR THE DIVISION WILL PROCESS OVER 125,000 TRANSACTIONS, AND ACCOUNT FOR NEARLY \$3 MILLION IN REVENUES,

FIFTH, THE ADMINISTRATION DIVISION PROVIDES OVERALL MANAGEMENT COORDINATION AS WELL AS PERSONNEL AND INFORMATION FUNCTIONS,

IN ADDITION TO THE NORMAL INTERNAL MANAGEMENT FUNCTIONS, I SERVE ON THE STATE BOARD OF INVESTMENT AND THE STATE EXECUTIVE COUNCIL, THOSE POSITIONS REQUIRE, AMONG OTHER THINGS, THE EXERCISE OF FIDUCIARY RESPONSIBILITY FOR USE OF STATE FUNDS AMOUNTING TO BILLIONS OF DOLLARS.

## ACTIVITIES--3

I THINK IT IS WORTH LOOKING AT WHAT THE OFFICE WAS IN 1975 WHEN I TOOK OFFICE AND WHAT IT IS TODAY,

-IN 1975 WE EMPLOYED 19 PEOPLE -- TODAY WE EMPLOY 36,

-IN 1975 WE TOOK IN \$1,156,000 -- THIS YEAR WE WILL TAKE IN CLOSE TO \$3 MILLION EVEN THOUGH OUR FEE STRUCTURE HAS REMAINED FAIRLY STABLE,

-IN 1975 WE HAD 59,000 PAID TRANSACTIONS, COMPARED TO 125,000 PLUS THIS YEAR,

A NUMBER OF IMPORTANT THINGS HAVE HAPPENED IN THE PAST NINE YEARS:

--MANDATORY TRAINING OF ELECTION JUDGES HAS BEEN INSTITUTED, I STARTED TO DO THIS ON A VOLUNTARY BASIS WHEN I TOOK OFFICE AND IN 1980, WE WERE ABLE TO MAKE IT MANDATORY, WE'VE DEVELOPED TRAINING PROGRAMS, TRAINING MATERIALS AND HAVE GONE TO ALL PARTS OF THE STATE TO DO WHATEVER WE CAN TO ENSURE THAT ELECTION OFFICIALS ARE GIVEN THE INFORMATION THAT THEY NEED TO CONDUCT ELECTIONS EFFICIENTLY,

--RE-CODIFICATION OF THE CORPORATION LAWS: A TASK FORCE I CONVENED MADE RECOMMENDATIONS FOR THE FIRST REAL CHANGE IN THE CORPORATE LAWS IN 50 YEARS, WE FOLLOWED THIS UP WITH EXTENSIVE TRAINING OF LAWYERS ON THE NEW REQUIREMENTS AND PROCEDURES,

--OPEN APPOINTMENTS. IN 1983, 2668 PEOPLE APPLIED FOR 561 POSITIONS ON 121 BOARDS AND AGENCIES, SINCE 1979, MY OFFICE HAS PROVIDED A STANDARD METHOD FOR NOTIFYING THE PUBLIC ABOUT VACANCIES, AND STANDARD METHOD FOR APPLYING AND AN ASSURANCE THAT THEY WILL HAVE AN EQUAL OPPORTUNITY FOR BEING CONSIDERED FOR APPOINTMENTS TO BOARDS,

## ACTIVITIES--4

- ASSUMED BUSINESS NAMES WERE ASSIGNED TO THE SECRETARY OF STATE IN 1978, AND LIMITED PARTNERSHIPS IN 1981. THIS HAS PROVIDED A STANDARDIZED METHOD FOR FILING THIS INFORMATION IN A CENTRAL LOCATION,
- IN 1978-81, WE UNDERTOOK A COMPREHENSIVE UPDATING OF OUR CORPORATE RECORDS BY CONTACTING ALL 130,000 CORPORATIONS THAT WERE THEN ON FILE TO OBTAIN UP-TO-DATE INFORMATION ON THEM,
- WE DEVELOPED A GET-OUT-THE-VOTE EFFORT, COORDINATING WITH THE PRIVATE SECTOR, THAT HELPED MINNESOTA TO LEAD THE NATION IN VOTER TURNOUT IN 1976, '78, AND '80.
- A MASSIVE RE-CODIFICATION OF THE ELECTION LAWS WAS UNDERTAKEN TO SIMPLIFY AND CLARIFY THE ELECTION LAWS. MORE MINNESOTA CITIZENS -- AS VOTERS, ELECTION JUDGES, POLITICAL PARTY OFFICIALS AND CANDIDATES -- ACTUALLY GET INVOLVED IN INTERPRETING THE ELECTION LAWS THAN ANY OTHER SET OF LAWS IN OUR STATE,
- WE ARE NOW IN THE PROCESS OF DEVELOPING A COMPUTER SYSTEM FOR OUR CORPORATE RECORDS,

IN ADDITION, WE HAVE DEVELOPED NUMEROUS INFORMATION PAMPHLETS FOR THE PUBLIC ABOUT PRECINCT CAUCUSES, ELECTIONS, REGISTRATION, PROFIT AND NON-PROFIT CORPORATIONS, AND WE ARE CURRENTLY DEVELOPING A UNIFORM COMMERCIAL CODE FILING GUIDE,

IN SUMMARY, I WOULD LIKE TO STATE THAT WE ARE ONE OF THE MOST ACTIVE SMALL DEPARTMENTS YOU WILL FIND IN STATE GOVERNMENT. WE DO A VERY GOOD JOB WITH A LIMITED STAFF AND A LIMITED BUDGET. WHEN I HEAR THAT THE OFFICE OF THE SECRETARY OF STATE IS A CEREMONIAL JOB I CAN ONLY SURMISE THAT IT IS BECAUSE WE ARE DOING SUCH A GOOD JOB IN FULFILLING OUR STATUTORY OBLIGATIONS THAT PEOPLE HAVE TAKEN THEM FOR GRANTED,

## ACTIVITIES--5

-IF IT TOOK TWO WEEKS TO PROCESS A NEW CORPORATION INSTEAD OF ONE DAY, YOU WOULD CERTAINLY HEAR MORE ABOUT THE OFFICE OF THE SECRETARY OF STATE,

-IF ANY ELECTION WAS CONDUCTED IN A SLIPSHOD WAY, YOU WOULD CERTAINLY HEAR MORE ABOUT THE OFFICE OF THE SECRETARY OF STATE,

-IF THE LAWS OF THE STATE WERE MISPLACED, YOU WOULD CERTAINLY HEAR MORE ABOUT THE OFFICE OF THE SECRETARY OF STATE,

THESE THINGS DON'T HAPPEN, WE DO OUR JOB, TRY TO GIVE GOOD SERVICE, AND, MOST OF ALL, MANAGE TO PERFORM SOME RATHER VITAL SERVICES IN A MANNER AS COST EFFECTIVE AS POSSIBLE,

ANY CHANGES THAT YOU DETERMINE SHOULD BE MADE MUST TAKE INTO ACCOUNT THE NECESSITY FOR PROVIDING THESE VARIOUS SERVICES TO THE PEOPLE IN OUR STATE,

# # #

SUM. Y OF MONEY TRANSACTIONS IN THE OFFICE OF THE SECRETARY OF STATE

<u>ACTIVITY</u>	<u>1980 TRANSACTIONS</u>	<u>1981 TRANSACTIONS</u>	<u>1982 TRANSACTIONS</u>
UCC Financing Statements	47,250	53,600	55,003
Tax Liens	2,370	2,508	2,822
UCC Searches	7,892	9,206	9,738
New Business Corporations	6,998	7,293	7,313
Non-Profit Corporations	1,361	1,406	1,450
Cooperatives	63	35	27
Out-of-State Corporations	728	874	905
Limited Partnerships	--	413	597
Assumed Business Names	5,370	5,470	5,598
Trademarks	566	518	657
Miscellaneous Filings and Amendments	17,698	16,726	23,896
<u>Total Transactions</u>	89,196	98,049	107,434
<u>Total Revenue</u>	\$1,672,695.45	\$1,918,220.61	\$2,377,620.72

## MAJOR RESPONSIBILITIES OF THE SECRETARY OF STATE

### ADMINISTRATION

- \*Executive Council
- \*Investment Board
- \*Management
- \*Personnel
- \*Budget Development
- \*Legislation

### FISCAL OPERATIONS

- \*Receipt all in-coming monies
- \*Accounting
- \*Purchasing
- \*Budget Preparation
- \*Payroll
- \*Leave Accounting
- \*Fixed Assets

### UNIFORM COMMERCIAL CODE

- \*Financing Statements
- \*Tax Liens
- \*Mechanic's Liens
- \*Attorney's Liens
- \*Bulk Transfers

### ELECTIONS

- \*Rules and Procedures
- \*Training Election Officials
- \*Training Materials Development
- \*Review & Approval of Voting Equipment
- \*Filing Candidates for Office
- \*Public Information Get-out-the-Vote
- \*Certifying Election Results
- \*Conduct Recounts
- \*Prepare Legislative Manual
- \*Administer the Open Appointments Process
- \*Administer P.E.R.A. Elections
- \*Conduct Indian Inter-Tribal Board Elections
- \*File Federal Candidate Financial Reports
- \*Special Elections

### BUSINESS SERVICES

- \*Domestic and Foreign Corporations
- \*Non-profit and Professional Corporations
- \*Banking Corporations and Cooperatives

### \*Mergers

- \*Trademarks and Servicemarks
- \*Assumed Business Names
- \*Domestic & Foreign Limited Partnership
- \*Legal Newspapers
- \*Auctioneer Licenses
- \*Agency Administrative Rules
- \*Oaths of Office
- \*Appointments
- \*Delegation of Authority
- \*International Wills
- \*Proclamations
- \*Extraditions
- \*Plumbers Bonds
- \*Power of Attorney
- \*Chapter Laws
- \*Approval of Special Laws
- \*Service of Process
- \*Certification of Documents
- \*Notary Public Certification
- \*Maintain Original Land Survey Maps and Notes

TESTIMONY OF STATE TREASURER ROBERT W. MATTSON  
THE ADVISORY TASK FORCE ON CONSTITUTIONAL OFFICES  
January 14, 1984, State Capitol, St. Paul

Chief Justice Sheran and Members of the Commission:

INTRODUCTION

I welcome the opportunity to be here today, and appreciate the fact that this Commission is in existence and at work. I will briefly review the highlights of the proposal I have submitted and make some comments and observations on other matters which you have before you, but which were not addressed in my original proposal.

Your task is not an easy one--but it is one that is long overdue. I appreciate the time-frame that you are being forced to work within. It may be difficult to deal comprehensively with all issues, but I urge you to make a recommendation to the Governor and the Legislature on the key points under consideration, even if all of the issues are not capable of agreement, so that the major thrust can be encompassed in a proposed amendment and hopefully be on the ballot this fall for voter consideration.

I urged consideration of this issue with the Governor in February, 1983, and presented it to the Legislature on March 8 of last year. I was disappointed to have received a total of only 5 responses from the 201 members of the Legislature. Because an issue of this type involving governmental reorganization inevitably involves individual political situations, it is difficult to reach a consensus on any proposal because of its affect on those individuals.

I reference you to the public and political dialogue involving Secretary Grove, Auditor Carlson and myself as evidence of this problem. Politics and personalities have no place in the deliberations of these issues or in the consideration of your work by the legislature.

I am extremely hopeful that this Commission, given the notoriety of and public respect for its membership, will be viewed as the best possible vehicle for advancing a proposed constitutional amendment in an election year, through a legislative session, signature by the Governor and placement on the ballot for consideration by Minnesota voters.

#### CRITERIA

The important criteria, I believe, that should be used in considering any significant change in government structure are three in number:

1. The proposal must recognize that most government functions should find their ultimate accountability with the voters and this can often be best accomplished by directly making those functions the responsibility of elected officials, i.e., the head of Public Works might not fill the pothole, but a call to the Mayor's office sure can. The same principle applies to the important issues facing state government.
2. The proposal should recognize the necessity to streamline and simplify for citizens, access to their government and introduce an element of efficiency to the delivery of necessary services.



3. The proposal should assure that there are the necessary checks and balances, particularly in the area of finances, of the operation of government to assure the integrity of public tax dollars.

#### MATTSON PROPOSAL

Let me briefly outline for you the substance and major points of my proposal as presented on March 8, 1983.

The offices of treasurer, state auditor and secretary of state would be abolished and replaced with a single office basically comprising the duties of the three offices. It would be elected and known as the comptroller-general. Its duties would include the following:

1. Post-audit of local government currently in the auditor's office. (Post-audit meaning the generation of an audit report after the books for the year have been closed.)
2. Supervision of elections currently within the secretary of state's office.
3. The issuance and management of state debt currently a dual function of the department of finance and treasurer.
4. The receipt, deposit and management of state funds currently a duty of the treasurer.
5. A revision of the Land Exchange Board, the Executive Council and the State Board of Investment, with the lieutenant governor, attorney general and comptroller-general as members of all three boards with the addition of the governor as a member of the Executive Council only.

### POSSIBLE ALTERNATIVES

As I indicated last March, I have flexibility with respect to some of the details and I would like to reflect that flexibility with my support, as alternatives, of two ideas which have been advanced in these hearings.

#### Alternative #1

It has been proposed that the secretary of state's office be abolished and that the election and corporation duties of the secretary of state be transferred to the lieutenant governor, which office I think all can agree lacks sufficient responsibilities and duties. (HANSON PROPOSAL)

#### Alternative #2

A second alternative advanced is that the state treasurer be given the responsibility for the internal audit of state government. Presently our internal audit mechanism, which is a necessary check and balance, is done on a post-audit basis by the legislative auditor. This works well, but the audits are intermittent and delayed by one, two or three years. The state auditor's proposal that there be an on-going, daily pre-audit of the collection, processing, accounting and expenditure of state funds has merit, but I still believe it could be accomplished under a single office of comptroller-general.

The major benefit to internal control administered by the internal auditor (comptroller-general) could also correct what I consider a void in the concept of checks and balances,

namely, financial review of the expenditures of the Minnesota Legislature. There now exists no pre or post-audit with regard to legislative expenditures, the only public entity in Minnesota that is not reviewed for compliance or abuse. Even the Supreme Court is subject to audit. Under our present structure the public has no independent assurance of the propriety of legislative spending on itself. I have found that nothing shocks people more than to learn that the rules legislators have adopted for all others do not apply to themselves. This is wrong and merits correction.

The abolishment of the secretary of state's office, transfer of duties to the lieutenant governor and the combination of the auditor and the treasurer into one office providing an internal audit function is a workable scheme which I can support.

#### ELECTION OF LIEUTENANT GOVERNOR

The lieutenant governor should be elected separately from the governor. I endorse this view and recommend it strongly to you for two reasons.

1. No person should be in line to be governor of this State, should the governor vacate, without having had to stand for election on his or her own merits. It simply defies the concept of representative, elective government to have that situation exist.
2. If the duties of the secretary of state and other responsibilities are within the lieutenant governor's office, they should be administered by an elected

official who has direct responsibility to the electorate and not one directly responsible to any other official, such as the governor, as is presently provided for by law.

#### HISTORY OF CHANGES

I want to also make a brief comment about the history of the changes in the structure of our government with respect to the auditor and treasurer which have taken place over the last ten years which ought to be cause for alarm and are, in part, a basis for my recommendation.

The so-called Reform of 1973 changed the basic relationship between the constitutional offices and weakened the control which the electorate exercises over fiscal matters. Simply put, it abolished all of the state auditor's functions in terms of the pre-audit review of the expenditure of state funds and significantly reduced the authority of the state treasurer in supervising state finances through the creation of the department of finance. Both changes in my judgment were a mistake. We lost the ability of the state auditor, an elected official, to monitor the expenditure of every single dollar of state money on an individual warrant basis. Former Auditors Stafford King and Roland Hatfield did an excellent job in watching how our tax dollars were being spent on a dollar-by-dollar basis before they were disbursed. One only need ask elected officials who served during those times to verify that unless the auditor and treasurer were in concurrence as to the legality and the propriety of expenditures, they were not made. Today, that check and balance protection has been lost.

UNCLAIMED PROPERTY (An illustration)

Also, as an illustration of the necessity to have these functions under an elected official, let me give you an illustration of what the legislature did last year which is a dangerous precedent. One of the most important functions the state treasurer had was the unclaimed property responsibility wherein the treasurer was empowered to recover funds and property from the banks, insurance companies and other holders for the benefit of rightful owners. Funds which were recovered and went unclaimed then went to the state treasury.

State Treasurer Lord did an excellent job in administering that program and I think he can verify for you the fact that this program, in order to be successful, requires the authority, visibility and influence which an elected official possesses, as opposed to a sub-level division head within one of the bureaucratic departments. Election is an essential element to success in this area. The Legislature last year, in the eleventh hour, without hearing in conference committee, snatched this duty from the treasurer's office and moved it into the commerce department. It is my prediction that it effectively has diminished the ability of this program to function as it did under the state treasurer. This example is illustrative of what the legislature has done over the last ten years with respect to the authority of the treasurer's office to have primary responsibility for state funds.

CONCLUSION

I submit that a proposal encompassing these basic elements may have the best opportunity for consensus, passage and voter approval.

1. Abolish auditor, treasurer and secretary of state.
2. Establish comptroller-general.
3. Assign election and corporation duties of the secretary of state to the lieutenant governor.
4. Merge duties of auditor and treasurer in comptroller-general.
5. Assign primary fiscal responsibilities to comptroller-general including internal audit function.
6. Elect lieutenant governor separately.
7. Revise Land Exchange Board and State Board of Investment to include lieutenant governor, comptroller-general and attorney general.
8. Revise Executive Council to include governor, lieutenant governor, comptroller-general and attorney general.

#### FUTURE

I also urge the Commission to remain intact. Too often a report of this type will be shelved and forgotten when the partisan, political forces take over. I have made this recommendation to the Governor. The Commission can provide invaluable insight for the public should a constitutional amendment be proposed for voter approval and assist in moving these issues forward on the basis of merit rather than on the basis of partisanship.

**Mark J. Piepho**

District 24A

Blue Earth-Nicollet Counties

**Committees:**

Appropriations

State Departments Division

Commerce and Economic Development

General Legislation and Veterans Affairs



**Minnesota  
House of  
Representatives**

Harry A. Sieben, Jr., Speaker

January 16, 1984

TO: Task Force on Constitutional Officers  
FROM: State Representative Mark Piepho  
RE: Reorganization of Constitutional Offices

Members,

Please allow me this opportunity to present some of my thoughts regarding the reorganization and realignment of Minnesota's six constitutional offices. As a six-year state legislator, I have had occasion to study the situation, and have come to some definite conclusions.

Beginning in 1981, and continuing every year since, I have introduced legislation to abolish the treasurer's office. My actions are not motivated by dislike for past or current state treasurers; after all, the incumbent did not hold the position when I began my quest three years ago. Instead, I am motivated by a desire to see government made more efficient, and to see government adapt to the changing times.

For the last 20 years, the Legislature has whittled away at the functions and duties of the state Treasurer's office. For example, in 1960, the Legislature moved several investment activities from the Treasurer to the state Board of Investment. As recently as last year, the Legislature shifted administration of the unclaimed properties program from the state Treasurer to the commissioner of commerce.

What remains in the Treasurer's office is a mere shell of its former self. Today, the treasurer and his 28 staff members do little more than process checks and deposits, and reconcile state payments -- functions that could easily be handled by another state department or another constitutional office.

This commission has allotted only two days of testimony to study a matter that could have far-reaching impact. If commission members recommend the merger of two or more offices, into what is being called a 'comptroller general,' there is a strong likelihood that the recommendation will end up on the November election ballot. My fear is that you are moving too far, too fast.

Task Force on Constitutional Officers  
Page Two

I also fear that you are acting more out of spite against one incumbent, Treasurer Robert Mattson, than out of a responsibility for good government. You threaten to eliminate other constitutional offices, simply because you want to get rid of Mattson. There is a better way.

Rather than hit Auditor Arne Carlson, Secretary of State Joan Growe and Lt. Governor Marlene Johnson in the cross-fire, why not just recommend abolition of the Treasurer's office? Farm out the one remaining function of the office, and let it die a natural death, without bringing other constitutional offices down with it.

I have introduced my bill to abolish the office. I urge you to endorse it when you make your report to the governor February 1. If I can be of any further assistance, please feel free to call upon me.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mark Piepho". The signature is fluid and cursive, with a small "kk" written below the name.

Mark Piepho  
State Representative  
IR-Mankato  
District 24A

MP:kk



OPEN LETTER  
TO THE LAYPERSON--

Dear Citizens of St. Paul;

In the month of December 1977, I John James Richardson, was able to take action that caused the Minnesota State Constitution, the original document ratified May II, 1857 to be returned to the state Capitol, with the sincere hope that the citizens of this state would read and understand it. Up until December 1977, the Minnesota State Constitution was on display in the Minnesota Club, (located at 4th and Washington St. Paul), the Minnesota Club is the embodiment of special intrest within our state, a club whos members include the govenor of this state, legislatures and members of our judicial branch of government while holding office, educators, religious leaders of law.

After 20 years of Constitutional scholarly study, I was able to break the code of special-intrest. This code takes the form of destroying legislative intent and the letter of law itself through Circumvented legislation, although circumvented legislation may sound vauge, if the citizens of St. Paul read (VOL.9) RULES OF COURT to befound within a IO volume set of books entitled (MINNESOTA STATUTES 1982) a person will see as I see, Circumvented legislation-- sham rule that destroys Statutes deliberately, by an "Enabling Legislation Act", deligated power to exempt words, sentences, paragraphs and entire capters, for being inconsistent or in conflict with the rules, violating Article 3 of the Minnesota State Constitution the Seperation of Powers. These rules are what Thomas Jefferson called;  
\* "Pretended Legislation". \*

FOR EXAMPLE:

The state legislative branch will pass a law designating tax monies for a certain purpose and need. The executive branch, the Governor, will then sign this into law. The judicial branch of government will then pass this law on to committees of lawyers, who will then supersede this Statute with a rule, in a most subtle manner, beneficial to Special Intrest and Police State power only. To enforce this, the Executive branch of Government, through its organ of police state power--the Attorney General, will then draw state authority from the Rules of the Judicial committees, contrary to the statutes of the state. These Rules are used in all Minnesota State courts.

I have contacted, in the last 10 years, repeatedly, members of the legislative, Executive and Judicial branches of government of this state. Always getting the same answer "political reality", basing political reality on rules, while drawing pay to uphold the rules, opposing constitutional statutes, they have deliberately violated their oath of office and support to this state's Constitution.

An "Enabling Act" which the legislative branch of government passed deligating its law making power, was signed by the governor, deliberately destroying the "Seperation of Powers", Article 3 of the Minnesota State Constitution, giving the judicial branch of government, through it's rule making committees, the apperance of Central power.

We the people, either have a Constitution or we don't have a Constitution. And if you wish to keep your Constitution you must understand it. By understanding it, you must know it.

In conclusion, the financial hemmorage of taxation, we now suffer and face is not our blood, but the blood of Special Intrest. It was not caused by the Statutes of Constitutional process, but through rules that circumvent our legislation.

It is my intention to contact every household in the city of St. Paul, for the Media, has refused to cover this issue; denying this newsworthy knowledge to the citizens, of the Constitutional correctness that will oppose "Special Intrest". Surely the experiment of self government, lies within the understanding of our Constitution.

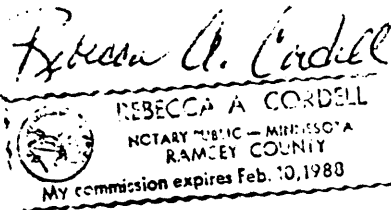
Sincerely,

*John James Richardson*  
John James Richardson

P.S. I did take the time to return the State Constitution to the State Capital, In sincere hope, that my neighbors read it.

1-5-84

Further Inquiry write,  
724 E. 7th. ST.  
ST. Paul MN. 55106  
or ph. 771-5331



Appendix III: References Made Available to the Members  
of the Task Force

REFERENCES ON THE SUBJECT OF CONSTITUTIONAL OFFICERS/REORGANIZATION

1. Report of the Constitutional Commission of Minnesota, St. Paul, 1948
2. How to Achieve Greater Efficiency and Economy in Minnesota's Government, Minnesota Efficiency in Government Commission (Little Hoover Commission) Bradshaw Mintener, Chairman, 1950
3. Reorganizing the State Government of Minnesota; State Governmental Research Bulletin No. 29; July 1952
4. Governmental Reorgnaization: A Special Message by Governor O. L. Freeman Delivered to the Joint Session of the Minnesota Legislature; February 25, 1955
5. The Minnesota Self-Survey: Reports of the Functional Task Forces and Summary Review. Commissioner of Administration: Arthur Naftalin; 1955-6
6. The Minnesota Self-Survey: Reports of the Operational Task Forces and Summary Evaluation. Commissioner Arthur Naftalin; 1955-58
7. A Summary of Earlier Comprehensive Survey Proposals for Executive Reorganization, State of Minnesota; Public Administration Service, Chicago, 1968
8. Modernizing State Executive Organization, Government of Minnesota, Public Administration Service, Chicago, 1968
9. Report of the Governor's Council on Executive Reorganization (MN); 1968
10. Reorganization of State Government: a Selective Bibliography; K. A. Chase; Library of the Institute of Governmental Studies; University of California Berkley; March 1968
11. Cabinets in State Government; The Council of State Governments; October 1969
12. Working Memoranda from the Governor's Council on Executive Reorganization:
  - a) October 22, 1968: Authority, Structure and Activities and Progress of the Governor's Council on Executive Reorganization (W.E. Thompson)
  - b) September 1, 1969; Report to the Governor on Some Legal Implications of the authority of the Commissioner of Administration to Transfer Functions and Appropriations from one department to Another (G. Warp)
  - c) Working Memorandum 1: Commerce and Consumer Protection (Public Administration Service) July, 1968
  - d) Working Memorandum 5: Law, Justice, Human Rights, and Public Safety (Public Administration Service) July, 1968
  - e) Working Memorandum 9: Revenue Administration (Public Administration Service ) July, 1968
  - f) Working Memorandum 10: Executive Management and Central Functions and Services (Public Administration Service) July, 1968
13. Minnesota Constitutional Study Commission: Executive Branch Committee Report, N November, 1972
14. Final Report of the Governor's Loaned Executive Action Program, D. J. Dayton; Chairman. St. Paul, MN, December 23, 1972
15. State Executive Reorganization Clearinghouse Document #5, The Council of State Governments, Lexington, KY; May, 1974
16. The Lieutenant Governor, The Office and its Powers (Revised Edition) 1983 Council of State Governments, by Debora A. Gona, prepared for the National Conference of Lieutenant Governors. CSG Lexington, KY
17. The Office and Duties of the Secretary of State by Debora A. Gona 1983, prepared for National Association of Secretaries of State. CSG. Lexington, KY

OVERVIEW OF THE VARIOUS PROPOSALS PRESENTED TO  
THE GOVERNOR'S TASK FORCE ON CONSTITUTIONAL OFFICES

<u>PROPOSER</u>	<u>OFFICE</u>	<u>ABOLISH?</u> <u>(YES-NO)</u>	<u>FUNCTIONS OF THE OFFICE TO BE CHANGED</u>
AUDITOR CARLSON	<u>GOVERNOR</u>	NO	Transfer Ethics in Government Law to Secretary of State
TREASURER MATTSON		NO	No change
SENATOR POGEMILLER		NO	No change
REPRESENTATIVE PIEPHO		NO	No change
AUDITOR CARLSON	<u>LIEUTENANT GOVERNOR</u>	NO	No change
TREASURER MATTSON		NO	Add election and corporation duties currently under the Secretary of State; elect this office separately; add this officer to Land Exchange Board and SBI
SENATOR POGEMILLER		NO	No change
REPRESENTATIVE PEIPHO		NO	No change
AUDITOR CARLSON	<u>ATTORNEY GENERAL</u>	NO	No change
TREASURER MATTSON		NO	No change
SENATOR POGEMILLER		NO	No change
REPRESENTATIVE PIEPHO		NO	No change
AUDITOR CARLSON	<u>SECRETARY OF STATE</u>	NO	Add responsibility for ethics in Government Law (now in Governor's Office)
TREASURER MATTSON		YES	Election and corporation duties to Lieutenant Governor
SENATOR POGEMILLER		YES*	Comptroller General would take on the constitutional duties now in the offices of treasurer, auditor and secretary of state

(\*The individual in this office would become the new Comptroller General)

<u>PROPOSER</u>	<u>OFFICE</u>	<u>ABOLISH? (YES-NO)</u>	<u>FUNCTIONS OF THE OFFICE TO BE CHANGED</u>
REPRESENTATIVE PIEPHO	<u>SECRETARY OF STATE</u>	NO	No change
DR. NAFTALIN		YES	Transfer elections responsibility to Department of Administration; all other duties to Commerce
MR. BURGGRAAFF		YES	Transfer elections responsibility to Department of Administration; all other duties to Commerce
<u>TASK FORCE</u>		YES	<u>TRANSFER ELECTIONS RESPONSIBILITY TO DEPARTMENT OF ADMINISTRATION; ALL OTHER DUTIES TO COMMERCE</u>
AUDITOR CARLSON	<u>STATE AUDITOR</u>	NO	Add post-audit of executive branch which is now in the office of Legislative Auditor
TREASURER MATTSON		YES	All duties transferred to a newly created Comptroller General's office
SENATOR POGEMILLER		YES	All constitutional duties to a newly created Comptroller General's office
REPRESENTATIVE PIEPHO		NO	No change
DR. NAFTALIN		YES	Transfer responsibility for local post-audits and the prescribing of uniform local accounting systems to the office of Legislative Auditor
MR. BURGGRAAFF		NO	No change
AUDITOR CARLSON	<u>TREASURER</u>	YES	All functions to the Department of Finance
TREASURER MATTSON		YES	All functions to the office of a newly created Comptroller General
SENATOR POGEMILLER		YES	All constitutional functions transferred to a newly created Comptroller General's office
REPRESENTATIVE PIEPHO		YES	Eliminate all constitutional functions; transfer state bond fund administration to "the state"; replace SBI position with an officer appointed by law
LEAP STUDY		YES	Transfer responsibilities to Finance Department
DR. NAFTALIN		YES	Transfer responsibilities to Finance Department
MR. BURGGRAAFF		YES	Transfer responsibilities to Finance Department
<u>TASK FORCE</u>		YES	<u>TRANSFER RESPONSIBILITIES TO FINANCE DEPARTMENT</u>