

	PAGE
CORRECTIONS DEPT	2
HUMAN RIGHTS DEPARTMENT	17
PUBLIC SAFETY DEPT	23
COURT OF APPEALS	45
DISTRICT COURTS.....	53
LEGAL PROFESSION BOARDS	62
SUPREME COURT	65
PUBLIC DEFENSE BOARD.....	75
JUDICIAL STANDARDS BOARD	83
OMBUDSMAN FOR CORRECTIONS	87
PEACE OFFICERS BOARD (POST).....	91
PRIVATE DETECTIVE BOARD	95
SENTENCING GUIDELINES COMMISSION	99
TAX COURT.....	103
UNIFORM LAWS COMMISSION.....	107

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	PAGE
Transmittal Letter	3
Budget in Brief Report	5
Agency Fiscal Page	7
Change Items	
Agency Change Items	
Agency Operating Reduction	9
Double Bunking Offenders	11
Grants And Subsidy Reduction	13
Short Term Offenders	14
Program Change Items	
Community Services	
Mille Lacs County Probation	16



State of Minnesota
Minnesota Department of Corrections
Office of the Commissioner

February 18, 2003

The 2003 Minnesota Legislature:

Please accept the Department of Corrections (DOC) FY 2004-05 budget in the amount of \$876.405 million. This amount includes all funding sources for this agency. These funds will be used to provide core correctional services: adult male and female prisons, community supervision for offenders on probation and supervised release, placement for serious and chronic juvenile offenders, and providing subsidies to local jurisdictions for correctional services. This base budget reflects a \$56.423 million reduction, 7% of General Fund appropriations from the original FY 2004-05 base budget.

Base funding will be utilized to enhance public safety for the citizens of Minnesota by providing supervision for offenders in the community and incarcerating offenders committed to the commissioner of corrections. The biennial budget of \$876.405 million will be split among divisions with Correctional Institutions receiving 70%, Juvenile Services receiving 4%, Community Services receiving 22%, and Operations Support receiving 4% of the biennial budget.

The DOC must responsibly provide core correctional services to ensure public safety. To this end, all budget reductions were carefully reviewed to ensure that impact on core services was as limited as possible. A number of agency programs and funding for grants were eliminated, as funding is simply not available.

Prison populations continue to rise. As of October 2002, the number of offenders in Minnesota prisons exceeded the 2001 projections by over 300. This is primarily due to a dramatic increase in prison admissions from the courts, new crime categories, and the result of sentencing enhancements. The department has responded to this sudden increase in offenders by opening the last unit at the Rush City facility, which is expected to be full by July 2003. The new 2002 projection indicates that by July 2010, prison populations will approach 9,500, based on current laws, practices and correctional policies.

The DOC is planning to responsibly double bunk the close-security prisons. This will add a significant number of beds to existing prisons and save approximately \$10 million for the biennium. This is a cost-effective measure, as existing support and administrative staff will manage the additional population. There will be minimal additions of security staff. There is a threshold to the number of cells that can be double-bunked as the infrastructures of these over 100 year-old buildings have limited plumbing/electrical systems and program space. The number of double-bunked beds is impacted by the ability to provide food and required services. With increased population, offender idleness will be a management concern. Innovative solutions will be endorsed to deal with this issue.

Included in the long-range planning for the DOC is further expansion of existing facilities. Approximately 200 beds would be added to existing medium-security facilities and a plan is being developed to double the MCF-Faribault capacity. In the MCF-Faribault plan, new efficient 416-bed living units would be designed to allow for better supervision with few staff. The new buildings would provide enhanced safety and security for staff and offenders. These units would include "wet" cells that could be locked down when needed. This expansion would increase capacity to 2,280. These beds would be added for a marginal per diem of approximately \$44 - \$50. If this long-range expansion plan were accepted, it would require capital bonding.

With this substantial budget reduction and population increases, it was necessary to encourage new ideas and creativity to make sure the DOC deliver services in the most efficient manner possible. This meant recognizing an alternative to prison should be considered for short-term offenders, such as local sanctions including jail time. These are mostly non-violent drug and repeat property offenders; utilizing prison beds to incarcerate them is not efficient. With considerations for funding and bed space, it is feasible that local jurisdictions should manage a portion of this population. This budget proposes local sanctions for short-term offenders with less than six months remaining on their sentence.

The DOC administers a number of grants and subsidies that are passed through to local units of government. The purposes of these grants vary widely, but can generally be categorized as subsidies funding direct service to offenders or grants that fund supportive programs to enhance supervision and programming of offenders in the community. The funds related to core probation services are reduced by 5% and, non-core grants are eliminated.

Several operational areas had budget reductions of almost 20%, limiting them to providing of essential services only. Areas will utilize technology and centralized/regionalized work units to improve efficiency. Managers and supervisors will be provided training to better manage their limited budgets while continuing to strive for improved services for customers. Staff at every level will be accountable for their responsibilities and encouraged to provide innovative ideas for change.

Sincerely,



Joan Fabian
Commissioner

FY 2004-05 Expenditures (\$000s)

	General Fund	Other Funds	Total
2003 Funding Level	728,199	157,172	885,371
Forecast Caseload/Enrollment Changes	55,170	0	55,170
Legislatively Mandated Base	-10,390	0	-10,390
New Programs To Agency Base	3,367	0	3,367
One-Time Appropriations	-2,000	0	-2,000
Transfers Between Agencies	564	0	564
Adjusted Base Funding	774,910	157,172	932,082
Change Items			
Agency Operating Reduction	-17,062	0	-17,062
Double Bunking Offenders	-9,974	0	-9,974
Grants And Subsidy Reduction	-20,598	0	-20,598
Short Term Offenders	-8,789	0	-8,789
Community Services			
Mille Lacs County Probation	746	0	746
Governor's Recommendations	719,233	157,172	876,405
Biennial Change, 2002-03 to 2004-05	4,237	-5,781	-1,544
Percent Change	1%	-4%	0%

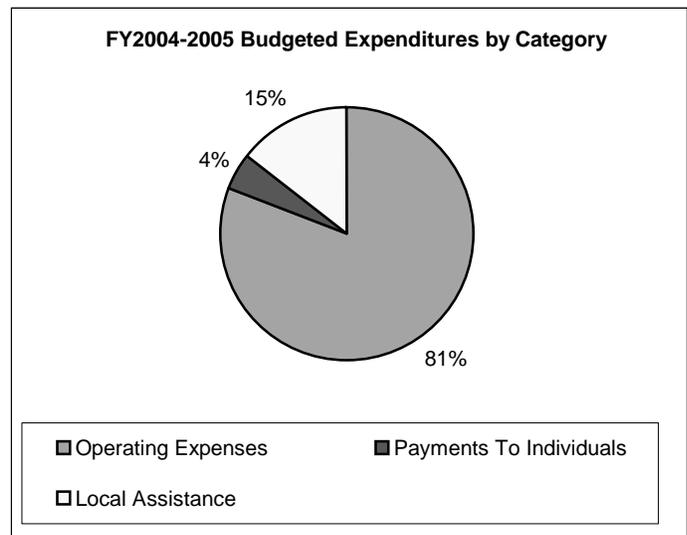
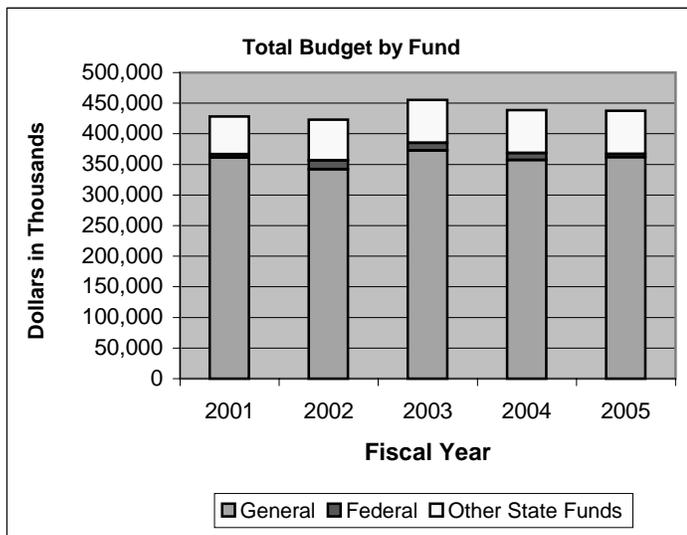
Brief Explanation Of Budget Decisions:

Base adjustments are provided for the following:

- ◆ Caseload increase funding of \$55.17 million is included for projected inmate population growth. This adjustment is calculated using an increase of 1,308 inmates by the end of FY 2005 over current funding levels at a marginal average daily cost per inmate of \$68.80. The department must house all prisoners committed to the Commissioner of Corrections.
- ◆ Legislatively mandated changes include an increase of \$2.4 million for community services reductions in FY 2003 that are restored in FY 2004-05 and a decrease of \$12.79 million for unallocated reductions across the department in FY 2004-05.
- ◆ New program to agency base is increased funding of \$3.367 million for community supervision for felony DWI offenders.
- ◆ One-time funding of \$2 million for facility cost efficiency projects is eliminated.
- ◆ Funding of \$564,000 is transferred from the Department of Human Services for inmate mental health discharge planning and medications.

The Governor's recommendation for \$876,405,000 in biennial funding includes reductions for: agency operations, grants, and subsidies; partial double bunking of offenders in close custody facilities; and local sanctions for short-term offenders with less than six months remaining on their sentences. The state will also assume probation services in Mille Lacs County, with all costs to be reimbursed by the county. These changes are detailed on the following pages.

	FY 2004-05 Revenues (\$000s)		
	General Fund	Other Funds	Total
FY 2004-05 Current Law Revenues	22,090	152,279	174,369
Change Items			
Community Services			
Mille Lacs County Probation	746	0	746
FY 2004-05 Total Revenues	22,836	152,279	175,115
Biennial Change 2002-03 to 2004-05	972	(8,349)	(7,377)
Percent Change	4%	(5%)	(4%)



<i>Dollars in Thousands</i>	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Expenditures by Fund						
Carry Forward						
General	169	100	100	45	0	45
Direct Appropriations						
General	360,294	341,911	372,810	357,267	361,921	719,188
Statutory Appropriations						
General	968	75	0	0	0	0
Special Revenue	12,717	16,229	16,979	17,097	16,607	33,704
Federal	5,198	14,681	12,311	11,091	5,277	16,368
Miscellaneous Agency	23,951	25,599	25,671	24,875	24,875	49,750
Gift	27	72	44	23	23	46
Correctional Industries	25,086	24,210	27,157	28,301	29,003	57,304
Total	428,410	422,877	455,072	438,699	437,706	876,405

Expenditures by Category	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Operating Expenses	328,490	314,817	351,905	350,428	354,558	704,986
Capital Outlay & Real Property	4,069	10,776	7,549	5,299	176	5,475
Payments To Individuals	21,608	21,388	19,497	19,471	19,471	38,942
Local Assistance	74,243	75,896	76,121	63,501	63,501	127,002
Total	428,410	422,877	455,072	438,699	437,706	876,405

Expenditures by Program	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Correctional Institutions	285,360	280,494	304,081	306,884	304,639	611,523
Juvenile Services	20,560	18,645	20,316	18,956	19,061	38,017
Community Services	107,019	108,972	111,018	97,333	98,442	195,775
Operations Support	15,471	14,766	19,657	15,526	15,564	31,090
Total	428,410	422,877	455,072	438,699	437,706	876,405

CORRECTIONS DEPT

Fiscal Report

<i>Dollars in Thousands</i>	Actual	Actual	Preliminary	Governor's Rec		Biennium
Revenue by Type and Fund	FY2001	FY2002	FY2003	FY2004	FY2005	2004-05
Non Dedicated						
General	235	10,815	10,974	11,418	11,418	22,836
Cambridge Deposit Fund	8,062	0	0	0	0	0
Subtotal Non Dedicated	8,297	10,815	10,974	11,418	11,418	22,836
Dedicated						
General	1,066	75	0	0	0	0
Special Revenue	15,678	17,041	16,973	16,173	15,511	31,684
Federal	7,530	15,750	9,959	8,898	3,919	12,817
Miscellaneous Agency	23,880	26,523	24,795	24,795	24,795	49,590
Gift	95	13	25	24	24	48
Correctional Industries	21,185	22,829	26,720	28,620	29,520	58,140
Subtotal Dedicated	69,434	82,231	78,472	78,510	73,769	152,279
Total Revenue	77,731	93,046	89,446	89,928	85,187	175,115
Full-Time Equivalentents (FTE)	3,725.0	3,694.7	3,924.4	3,848.9	3,849.4	

CORRECTIONS DEPT**Change Item: AGENCY OPERATING REDUCTION**

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	(\$8,531)	(\$8,531)	(\$8,531)	(\$8,531)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(\$8,531)	(\$8,531)	(\$8,531)	(\$8,531)

Recommendation

The Governor recommends a biennium budget reduction of \$17.062 million from the DOC base budget for agency operating expenses.

Background

This budget reduction is necessary to assist in managing the state's deficit. Several operational areas are impacted by this budget reduction.

The community services division will be reducing core services by 5%. These services include the supervision of offenders released from state prisons. These funds are directly related to the supervision of over 130,000 offenders in the community that are supervised by either county or DOC employees. Two program areas in this division have been eliminated - restorative justice and female offender planning. Several program units have taken significant budget reductions such as: DWI felony offender supervision, sex offender evaluation, sex offender notification, jail resources, licensing and inspection, research and evaluation, and technical support. The DWI felony offenders funding equate to approximate 12 positions that have were authorized but never filled due to budget constraints. The administrative units have also made budget reductions. The total number of positions reduced in community services will be 48.5.

The juvenile services division will be reducing positions in juvenile support services and transition activities. The contract for housing juvenile female offenders will also be reduced as well as a restorative justice grant for these offenders. The total number of positions reduced in juvenile services will be 3.5.

The operational support division will be reducing positions and operating costs in most support areas such as: financial services, human resources, employee development, policy and legal services, information technology, administrative management, and office services. Efficiencies will be gained through further use of regional or centralized services. The total number of positions reduced in operations support will be 19.5.

The facilities division will be reducing positions in education, health services, office of special investigations (OSI), fugitive unit, program areas, and security. Facilities will utilize shared services with education director positions. This is an effective utilization of staff to maintain supervision, direction, and integrity of prison educational programs. The associate of arts program will be eliminated in adult facilities. Health services will be integrating clinical services, reducing dental services, reducing on-call mental health services, and reducing administrative positions. These changes will directly impact offender services, our ability to meet ACA standards, and could have legal implications. The elimination of investigators will greatly reduce investigative resources, emergency response to facilities, and timely completion of investigations. The monitoring of offender telephone calls and mail will also be greatly reduced. Security and program positions will be eliminated and functions of these positions will be disseminated to existing staff. The total number of positions reduced in facilities will be 30.3.

The DOC will be eliminating a total of 101.8 positions. Approximately 44 positions are vacant, or are new positions that have never been filled, as of 1-15-03. This means approximately 58 people will require layoff notices. It will be necessary to eliminate these positions prior to 7-1-03, in order to meet our budget reduction target.

Relationship to Base Budget

This change item is very significant to the base budget as it is 30% of the required agency budget cut by the Governor.

Key Measures

Goal: Operational Effectiveness

Key Measure: Reduce Correctional Costs

This budget reduction lowers overall correctional costs to the state of Minnesota. Facility per diems may decrease slightly, community corrections costs will decrease, and administrative/operational costs will decrease as efficiencies are gained.

Statutory Change: Not Applicable.

CORRECTIONS DEPT**Change Item: DOUBLE BUNKING OFFENDERS**

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	(\$2,137)	(\$7,837)	(\$13,181)	(\$15,675)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(\$2,137)	(\$7,837)	(\$13,181)	(\$15,675)

Recommendation

The Governor recommends a biennium budget reduction of \$9,974 million from the DOC base budget for agency operating expenses.

Background

This budget reduction is necessary to assist in managing the state's deficit.

Prison populations continue to rise. As of October 2002, the number of offenders in Minnesota prisons exceeded the 2001 projections by over 300. This is primarily due to a dramatic increase in court volume, crime categories, and the result of enhanced sentencing. The department has responded to this sudden increase in offenders by opening the last unit at the Rush City facility. This facility is expected to be full by July 2003. The new 2002 projections indicates that by July 2010, prison populations are anticipated to approach 9,500 offenders, based on current laws, practices and correctional policies.

This initiative will require a portion of the Stillwater and St. Cloud close-security prisons to be double-bunked in a responsible way. This scenario will be challenging, but double bunking has been successful at medium and low-security prisons in Minnesota we are willing to endure the challenges this initiative presents.

This will add a significant number of beds to existing prisons. This is a cost-effective measure as existing support and administrative staff will manage the additional population and there will be minimal additions of security staff. There is a threshold to the number of cells that can be double-bunked as the infrastructures of these 100 year-old buildings have limited plumbing/electrical systems. It is not possible to double bunk more than 50% of existing cells. The number of double-bunked cells is also impacted by the ability to provide program space, dining areas, time and space for visiting, and recreational services for the added number of offenders. Offender idleness will also be a management concern, and innovative solutions will be endorsed to deal with this issue.

In addition to double bunking, there is a plan for expansion at the MCF-Faribault. An initial asset preservation study was completed for the MCF-Faribault. This study, completed in 2002, evaluated the condition of existing campus buildings that range in age from 5 to more than 100 years. This study determined an estimated \$70 million would be required for long-term repair and preservation of these buildings. However, this figure will be dramatically reduced if we move forward with the following plan.

A second study, also completed in 2002, evaluated the cost/benefits of replacing existing housing units at the MCF-Lino Lakes with larger, more staff-efficient buildings that can be secured during non-programming periods. This study, in conjunction with the MCF-Faribault asset preservation study, provided the Department of Corrections an opportunity to explore expansion of an existing facility.

The long-range plan for expansion of the MCF-Faribault will almost double the capacity. This expansion will include:

- ◆ construction of five new 416-bed lockable housing units - adding 1,155 beds;
- ◆ substandard buildings will be vacated and demolished;
- ◆ conversion of five existing non-secure living units into program or support space;
- ◆ construction of a consolidated kitchen and dining facility; and
- ◆ the power plant and tunnel systems will be abandoned and new distributed heating plants will be constructed at each building.

The new 416-bed living units will be designed to allow better supervision with fewer staff. These buildings will provide enhanced safety and security for staff and offenders. These units will include "wet" cells that can be locked down when needed. Demolition of the tunnels will also provide enhanced security as this will eliminate potential escape routes. This expansion will increase capacity to 2,280. These beds would be added for a marginal per diem of approximately \$44 – 50.

The overall cost of phase 1 of this long-term plan is approximately \$65 million, plus future asset preservation expenditures. Planning for phase 1 would begin June 2003 with construction completed in the fall of 2005. A second phase of construction will complete the project with a capital cost of \$35 million. Phase 2 construction would begin in June of 2005 with completion in the fall of 2007.

With expansion of offender beds at the MCF-Faribault from 1,125 to 2,280 beds, accompanied by a significant increase in staffing efficiency, the per diem cost can be reduced from the current \$72.09 to a projected \$52.19. The payback period of this plan's capital cost, resulting from the per diem reduction and other efficiencies achieved through this plan, is projected to be less than seven years. This will lower the overall department per diem from \$79.89 to approximately \$72.

Relationship to Base Budget

This change item is very significant to the base budget as it is 18% of the required agency budget cut by the Governor.

Key Measures

Goal: Operational Effectiveness

Key Measure: Reduce Correctional Costs

This budget reduction lowers overall correctional costs to the state of Minnesota and increases safety and efficiency. The remaining facility per diems will decrease as beds are added to the close-security prisons for a marginal rate.

Statutory Change: Not Applicable.

CORRECTIONS DEPT

Change Item: GRANTS AND SUBSIDY REDUCTION

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	(\$10,299)	(\$10,299)	(\$10,299)	(\$10,299)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(\$10,299)	(\$10,299)	(\$10,299)	\$10,299

Recommendation

The Governor recommends a biennium budget reduction of \$20.598 million from the DOC base budget by eliminating certain grants and reducing various pass through-funds.

Background

This budget reduction is necessary to assist in managing the state's deficit.

The Department of Corrections administers a number of grants and subsidies that are passed through to local units of government. The purposes of these grants vary widely, but can generally be categorized as subsidies funding direct service to offenders or grants that fund supportive programs to enhance supervision and programming of offenders in the community. Most of the grants are limited in scope and do not benefit corrections statewide. It is proposed that funds related to core probation services be reduced by 5% and that non-core grants be reduced by 100%.

Core services (5 percent) are defined as those services providing direct probation and supervised release supervision to offenders in the community. These include the CCA Subsidy, County Probation Officer Reimbursement, Statewide Caseload Reduction, Adult Felon Caseload Reduction, Sex Offender Supervision and Treatment, and Intensive Supervision Grants. These services include the supervision of offenders released from state prisons. These funds are directly related to the supervision of over 130,000 offenders in the community by either county or DOC employees.

Non-core grants (100 percent) provide important services to the community, but do not rise to the level of core services. These grants include Adult and Juvenile Female Offender, Amicus, Community and Regional Corrections Center, Juvenile Restitution, Extended Jurisdiction Juveniles, Juvenile Continuum of Care, Intensive Repeat DWI, Sex Offender Assessment Reimbursement, Restorative Justice, Juvenile Residential Treatment and American Indian Grants. The elimination of these grants will impact the services provided to offenders by both the DOC and counties.

Relationship to Base Budget

This change item is very significant to the base budget as it is 37% of the required agency budget cut by the governor. This encompasses over 9 percent of the Community Services budget. This level of cut will impact the ability of counties and DOC field services to provide the level of service to offenders that has the potential to reduce recidivism. These reductions will exacerbate already high probation caseloads. It is critical to all probation units that reductions be as minimal as possible.

Key Measures

Goal: Community Safety

Key Measure: Reduce the Risk of Recidivism

The elimination or reduction of grants and pass-through funding for supervision and programming of offenders in the community could negatively impact recidivism rates.

Alternatives Considered

An alternative to this request is to lessen the reduction in non-core areas and impact the core areas even greater.

Statutory Change: Not Applicable.

CORRECTIONS DEPT**Change Item: SHORT TERM OFFENDERS**

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	(\$3,767)	(\$5,022)	(\$5,022)	(\$5,022)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(\$3,737)	(\$5,022)	(\$5,022)	(\$5,022)

Recommendation

The Governor recommends a biennium budget reduction of \$8.789 million from the DOC base budget for removing short-term with less than six months to serve from the prison system.

Background

This budget reduction is necessary to assist in managing the state's deficit.

Short-term offenders can be defined as offenders serving less than one year in prison. This occurs most frequently with:

- ◆ offenders whose actual time to be served in prison is less than one year;
- ◆ offenders that have jail credit reducing their term of imprisonment to less than one year; and
- ◆ probation violators coming to prison for short periods of time.

For the purpose of this initiative the DOC is proposing any short-term offender with less than six months to serve will be sanctioned at the local jurisdiction level.

Within this category of short-term offenders there were 592 admissions to the commissioner of corrections during calendar year 2001. This short-term offender population is approximately 200 on any given day. With the relief from offenders serving less than six months, the DOC will save approximately 200 beds available for long-term, dangerous offenders.

Short-term offenders must be processed and managed in a correctional facility in the same manner as long-term offenders. The initial orientation process must minimally include a Level-of-Service Inventory assessment, medical, dental and mental health examinations, and an incapability assessment. Intake is an expensive process, over and above the daily per diem charge for each offender. Eliminating the intake process for this population is not viable because of existing statutes and health regulations, as well as security and safety concerns.

Treatment and education programs for short-term offenders are generally not available as their time spent in prison is shorter than the length of most programs. These offenders are usually moved from the intake facility to a lower-security prison within 60 days. Transportation costs are another expense of short-term offenders.

Short-term offenders consist mostly of non-violent drug and repeat property offenders.

Prison population projections indicate a significant increase over the four years. Prison populations are expected to rise to over 9,500 offenders by the year 2010. This major population surge will demand more prison beds. It is inefficient to have short-term offenders as a part of this population as state prison beds are designed for dangerous, long-term offenders.

The prison system is expected to be full by July 2003, given the current projections. To ensure adequate bed space for the incoming population, this initiative is needed.

Relationship to Base Budget

This change item is very significant to the base budget as it is 16% of the required agency budget cut by the Governor.

Key Measures

Goal: Community Safety

Key Measure: Reduce the Risk of Recidivism

It is unknown whether this change item would have impact on recidivism. These offenders would still be in custody or under the supervision of a local jurisdiction but caseloads will be extremely crowded. Short-term offenders consist mostly of non-violent drug and repeat property offenders.

Alternatives Considered

Continue probation violators on probation instead of sending them to prison. This option would keep offenders in the community to be managed by local jurisdictions.

Options with a short-term facility include state funding for construction and local operation or local funding of construction and operation.

Contract with private facilities to house short-term offenders. The current cost for renting beds ranges from \$50-65 per day. Health care, case management, and contract administration costs would remain the responsibility of the Department of Corrections.

Work with the bench and local jurisdictions to examine sentencing practices that apply to the misdemeanor population. This in turn may create jail space at the local level to accommodate additional short-term offenders.

Statutory Change:

Minnesota Statute 609.105

CORRECTIONS DEPT**Program: COMMUNITY SERVICES****Change Item: MILLE LACS COUNTY PROBATION**

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	\$373	\$373	\$373	\$373
Revenues	373	373	373	373
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	0	0	0	0

Note: These figures do not include inflationary increases.

Recommendation

The Governor recommends that \$373,000 be appropriated in FY 2004 and FY 2005 to fund probation officer positions that become the responsibility of the Department of Corrections (DOC) due to the Mille Lacs County Board resolution requesting the state assume the responsibility of juvenile and misdemeanor offender supervision. This is in accordance with the provisions contained in M.S. 244.19. The county will reimburse the state for all costs related to this supervision, thus the proposal is revenue neutral.

Background

In those counties that do not belong to the Community Corrections Act, probation services are either delivered through a county court services unit or through the DOC. The DOC delivers these services at the request of the counties under the authority of M.S. 244.19, subd. 1 (3), which states:

"A county or a district court may request the commissioner of corrections to furnish probation services in accordance with the provisions of this section, and the commissioner of corrections shall furnish such services to any county or court that fails to provide its own probation officer by one of the two procedures listed above."

If such a request is made the DOC must by law assume these duties. This request is being made to ensure that funds are available.

Relationship to Base Budget

This change would be an addition to the Probation and Supervised Release base budget. However, the state will be reimbursed by the county for all costs, thus this is a very small change with regard to the overall budget.

Key Measures

Assumption of these duties is mandatory under M.S. 244.19. Therefore, this change request is not quantified by performance measures. This change should not adversely or positively impact probation services in Mille Lacs County.

Alternatives Considered

There is no alternative due to the mandatory nature of the request.

Statutory Change: Not Applicable.

	PAGE
Transmittal Letter	18
Budget in Brief Report	19
Agency Fiscal Page	20
Change Items	
Agency Change Items	
Operating Budget Reduction	21



Minnesota Department of Human Rights

February 18, 2003

The 2003 Minnesota Legislature:

The purpose of this letter is to explain the proposed FY 2004-05 budget for the Department of Human Rights. The proposed budget includes Governor Pawlenty's recommended reduction of \$752,000 over the biennium.

The Minnesota Department of Human Rights (MDHR) proposes to spend more than \$7 million in the next biennium to process complaints of discrimination, monitor contractor compliance and to provide management oversight and services to the department.

The proposed budget, including reductions, is summarized as follows:

Proposed FY 2004-05 General Fund Spending (dollars in thousands)

Agency Function	FY 2004-05 Adjusted Base Funding	Proposed Funding Changes	Proposed Total Funding	Function Reduction (%)
Contract Compliance	\$ 796	(\$ 0)	\$ 796	0%
Complaint Processing	5,736	(261)	5,475	4.6%
Hearings	4	(0)	4	0%
Litigation Support	4	(0)	4	0%
Management Info Systems	238	(91)	147	38.2%
Mgt Services & Admin	1,104	(400)	704	36.2%
Expenditure Totals	\$7,882	(\$752)	\$7,130	
Revenues Received	\$720	(\$200)	\$520	
Net General Fund Impact	\$7,162	(\$552)	\$6,610	

MDHR's budget is approximately 90% salaries and rent, and 10% non-labor. A reduction of this size affects the number of employees in the department. This proposal includes a staff reduction we anticipate will affect our ability to fully support a contract with the EEOC, thus resulting in the loss of approximately \$200,000 in federal reimbursements over the biennium. Any further operating reductions could result in the loss of all federal reimbursements to the state. Services provided by our core functions—complaint processing and contractor compliance monitoring—will be affected the least by the proposed reduction. MDHR will continue to implement existing statutory requirements.

Sincerely,

Velma Korb
Commissioner

HUMAN RIGHTS DEPARTMENT

Budget in Brief

FY 2004-05 Expenditures (\$000s)

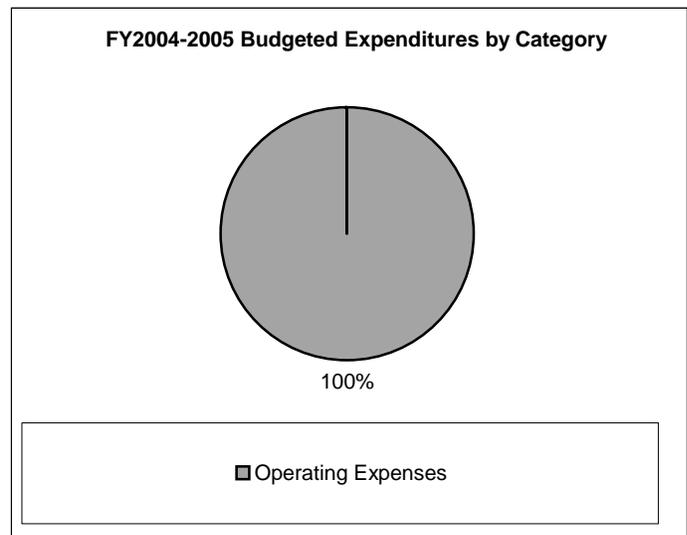
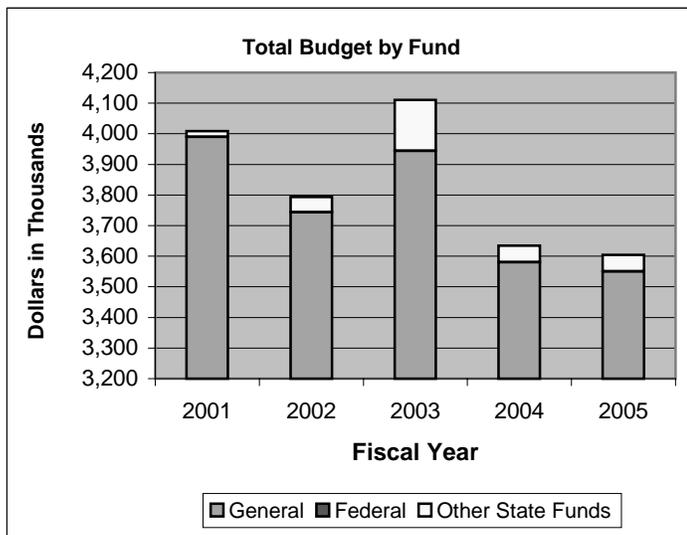
	General Fund	Other Funds	Total
2003 Funding Level	7,882	108	7,990
Adjusted Base Funding	7,882	108	7,990
Change Items			
Operating Budget Reduction	-752	0	-752
Governor's Recommendations	7,130	108	7,238
Biennial Change, 2002-03 to 2004-05	-558	-109	-667
Percent Change	-7%	-50%	-8%

Brief Explanation Of Budget Decisions:

The Governor recommends total funding of \$7,238,000, which includes a reduction of \$752,000 over the biennium. This proposal is expected to result in the loss of \$200,000 in federal reimbursements that are transferred to the General Fund. The agency's core functions of complaint processing and contractor compliance monitoring will be affected the least by the proposed reduction.

FY 2004-05 Revenues (\$000s)

	General Fund	Other Funds	Total
FY 2004-05 Current Law Revenues	4	828	832
Change Items			
Operating Budget Reduction—Loss of Federal Funds (Reduces Reimbursement to General Fund)		(200)	(200)
FY 2004-05 Total Revenues	4	628	632
Biennial Change 2002-03 to 2004-05	0	(175)	(175)
Percent Change	0%	(22%)	(22%)



<i>Dollars in Thousands</i>	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Expenditures by Fund						
Direct Appropriations						
General	3,990	3,744	3,944	3,580	3,550	7,130
Statutory Appropriations						
Special Revenue	19	50	167	54	54	108
Total	4,009	3,794	4,111	3,634	3,604	7,238
Expenditures by Category						
Operating Expenses	4,009	3,794	4,111	3,634	3,604	7,238
Total	4,009	3,794	4,111	3,634	3,604	7,238
Expenditures by Program						
Human Rights Enforcement	3,973	3,794	4,111	3,634	3,604	7,238
Management Services And Admin	36	0	0	0	0	0
Total	4,009	3,794	4,111	3,634	3,604	7,238
Revenue by Type and Fund						
Non Dedicated						
General	5	2	2	2	2	4
Subtotal Non Dedicated	5	2	2	2	2	4
Dedicated						
Special Revenue	24	48	56	54	54	108
Federal	337	518	181	260	260	520
Subtotal Dedicated	361	566	237	314	314	628
Total Revenue	366	568	239	316	316	632
Full-Time Equivalents (FTE)	58.6	56.6	55.7	47.7	47.7	

HUMAN RIGHTS DEPARTMENT

Change Item: OPERATING BUDGET REDUCTION

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	(\$361)	(\$391)	(\$391)	(\$391)
Revenues	0	0	0	0
Federal Fund				
Expenditures	0	0	0	0
Revenues Transferred to The General Fund	(\$100)	(\$100)	(\$100)	(\$100)
Net Fiscal Impact	(\$261)	(\$291)	(\$291)	(\$291)

Recommendation

The Governor recommends a reduction of \$752,000 in the agency's biennial appropriation as a part of his of his budget plan for FY 04-05. Due to the agency's limited operating budget, significant reductions in staffing levels will be required to achieve these savings. This proposal eliminates seven positions and downgrades three additional positions. This \$752,000 reduction proposal will result in a loss of \$200,000 in federal reimbursements that are transferred to the state General Fund over the biennium.

Background

MDHR set the following priorities in determining budget cuts: 1) implement existing statutory requirements to the maximum extent possible; 2) minimize the impact of cuts on revenue-generating activities; and 3) distribute reductions proportionately among bargaining units and plans. The following are the anticipated impacts of this budget reduction:

- ⇒ Three to four hundred fewer cases (approximately 25%) would be investigated annually resulting in the loss of approximately \$100,000 in annual EEOC reimbursements to the state General Fund. (Non-performance on the EEOC work share agreement may result in the total cancellation of our \$360,000 annual contract.).
- ⇒ The agency's quarterly legal newsletter, read by 6,000 subscribers, would be eliminated.
- ⇒ In-house computer support and web site maintenance services would be reduced by two-thirds; only semi-annual updates to the agency's web site would be possible.
- ⇒ Due to the loss of staff, the agency's annual Human Rights Day Conference (with over 400 attendees in FY 2002) would be eliminated.
- ⇒ Response time required to fulfill data practices requests from the public and the legal community would double, thus exceeding statutory time limits.
- ⇒ Management positions would be reduced by 50% in the areas of agency cases and workflow; one manager and one of two managerial plan positions would be eliminated.

Relationship to Base Budget

This proposal will require significant changes in the agency's operations. In FY 2003, MDHR sustained a 5% permanent budget reduction resulting in the loss of six full time positions. Since MDHR currently spends over 90% of its base budget on salaries and rent, this proposal will require the agency to eliminate 16.5% of its remaining staff at a time when employment discrimination and post-September 11 discrimination (e.g. religion and national origin) charges are increasing. Additionally, it may be necessary for the Department to handle charges that originate in other jurisdictions as local human rights enforcement agencies may defer some of their charges to us as a result of local budget problems. The only strategy we can reasonably pursue, given this environment, is to reduce the number of charges we accept and eliminate some of the EEO certification and prevention education services we currently provide to businesses and the general public.

Key Measures

Key measures are:

- ⇒ Investigation and determination of disputes within prescribed timelines.
- ⇒ Administrative appeals resolved within statutory time frame of 20 days.
- ⇒ Satisfactory settlements arising from disputes.
- ⇒ Women and minorities employed on state contracts (construction and non-construction) at a rate at least equal to their availability in the labor market.

Alternatives Considered

MDHR is committed to enforcement of all areas of the Human Rights Act, even if that enforcement must be scaled back to manage budget reductions during this uncertain time. The communities served by the agency support continuation of the Complaint Processing and Contract Compliance budget activities. Major reductions have been made to the Management and Administration budget activity in an effort to preserve as many of our enforcement activities as possible.

Statutory Change: Not Applicable.

	PAGE
Transmittal Letter	24
Budget in Brief Report	26
Agency Fiscal Page	29
Change Items	
Agency Change Items	
Budget Reduction Plan-General Fund (CJ)	31
Budget Reduction Plan-Grants (CJ)	33
Program Change Items	
Emergency Management	
Criminal Apprehension	
BCA Building Lease Adjustment	34
BCA Lab- Use Of DWI Reinstatement Fee	36
BCA Reimb- Use Of DWI Reinstatement Fee	37
CJDN Fee Increases	38
Fire Marshal	
Fire Protection Certification Exam Fee	41
Fire Safety Inspections- Public Schools	42
Law Enforc. & Community Grants	
Peace Officer Death Benefit Acct. (CJ)	43

MINNESOTA DEPARTMENT OF PUBLIC SAFETY



Office of the Commissioner

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February 11, 2003

Dear 2003 Legislature:

This is the submission of the Governor's recommendation of the 2004-05 biennial budget for the Department of Public Safety (DPS). Developing a budget plan for the DPS reduction was a challenge. Our goal was to protect the core services of the department - keeping Minnesotans safe and providing quality service - while meeting our budgetary responsibility. Through teamwork and innovation, we've met this challenge and created opportunities to improve services.

The Department's budget request for the 2004-05 biennium is \$560.226 million. The budget breakdown consists of 34% Trunk Highway Funds, 6.6% Highway User Tax Distribution Funds, 24% Federal Funds, 28% in General Funds, 8% in Special Revenue Funds and .1% other funds.

For 2004-05, DPS proposes a reduction in the General Fund appropriation for the department of \$21.660 million for the biennium, as well as the transfer to the General Fund from the Special Revenue Fund\ Criminal Justice Project Account of up to \$2.170 million each year in revenue collections. In addition, with the Bureau of Criminal Apprehension (BCA) moving to a new building in the fall of 2003, the BCA will be paying an additional \$6.546 million in rent payments that will be offset by \$5.809 million in budget reallocations within the BCA base budget and by \$0.737 million in sub-leasing of office space to other agencies.

DPS began with reviewing a wide variety of alternatives, including the elimination of whole programs, divisions or service areas. The biggest cuts were to areas going through a period of reform, that also have additional funding sources.

First, DPS proposes a reduction to the Minnesota Center for Crime Victim Services (MCCVS) per diem budget by \$2 million. Per diem, once an entitlement program, will become a grant program on July 1, 2003. This change involved a great deal of staff time focused on the appropriate level of funding for per diem, the role of the state in program delivery and the effectiveness of the services.

Program changes will include the elimination of depreciation expenses (the state has no responsibility for shelter capital costs) and a new funding formula. These changes will minimize the impact of the cut and provide greater funding equity among the programs. The changes were developed with the input of all shelter programs in the state.

The second reduction in MCCVS was to crime victim assistance program grants. As a result of the cut, the Center will have a competitive grant process for the first time. This process will allow local communities to have more input into the way services are delivered in their communities, encourage programs to become more innovative and ensure greater equity in funding distribution. To further offset the cut, we will be focused on securing additional federal funds, as well as pursuing other alternative funding resources.

The next largest reduction was to the BCA programs. A total of \$5.809 million in program dollars had to be reallocated to offset the BCA rent differential for the new building. Although reductions were made in several general program areas, the most significant reduction was to the CrIMNet backbone in FY 2005.

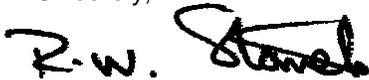
As the CriMNet program evolves from concept to reality, DPS and other partners in CriMNet are developing a clearer vision of the program goals and the related funding strategy. Rather than a large, expensive, central office, the new vision of CriMNet is a decentralized model, focused on the delivery of service in local communities. In addition, we have recently developed new opportunities to leverage greater local support, increase private and federal partnerships, as well as increase the exchange with our internal governmental partners. All of these changes will offset the impact of the reduction, increase the support of the project, produce better decisions, create more stability and ensure the project's success.

DPS' last significant reduction involves the Division of Emergency Management. In past years, DPS worked to create a disaster assistance fund. During times of large surpluses, the legislature adopted funds in 2004-05 to provide the match money needed for federal dollars available to communities hit by a disaster. In these dire financial times, we suggest a reversion back to the former process.

Other smaller, but significant, program reductions included a reduction in staff and rent to Alcohol and Gambling Enforcement, a reduction in grants and staff to Law Enforcement and Community Grants. The Fire Marshall's office budget was also significantly reduced in the area of hotel, motel and resort fire safety inspections; however, DPS proposes that inspection fees be charged in the future to offset the budget reduction and to recover the cost of the inspections.

I believe the department has responsibly met the budget challenge. In addition, we've created an opportunity to strengthen our services so that we can more effectively and efficiently keep Minnesotans safe and provide quality customer service.

Sincerely,

A handwritten signature in black ink that reads "R.W. Stanek". The signature is written in a cursive, slightly slanted style.

Rich Stanek, Commissioner
Department of Public Safety

FY 2004-05 Expenditures (\$000s)

	General Fund	Other Funds	Total
2003 Funding Level	185,260	100,080	285,340
Agency Technical Reallocations	2,668	0	2,668
One-Time Appropriations	-31,035	-3,848	-34,883
Adjusted Base Funding	156,893	96,232	253,125
Change Items			
Budget Reduction Plan-General Fund (CJ)	-3,312	1,500	-1,812
Budget Reduction Plan-Grants (CJ)	-14,158	0	-14,158
Criminal Apprehension			
BCA Building Lease Adjustment	0	0	0
BCA Lab-Use Of DWI Reinstatement Fee	0	84	84
BCA Reimb-Use Of DWI Reinstatement Fee	0	72	72
CJDN Fee Increases	158	316	474
Fire Marshal			
Fire Protection Certification Exam Fee	0	24	24
Fire Safety Inspections- Public Schools	0	1,144	1,144
Law Enforc. & Community Grants			
Peace Officer Death Benefit Acct (CJ)	-83	0	-83
Governor's Recommendations	139,498	99,372	238,870
Biennial Change, 2002-03 to 2004-05	-46,008	-118,467	-164,475
Percent Change	-25%	-54%	-41%

Brief Explanation Of Budget Decisions:

A total of \$31.035 million in one-time General Fund appropriation base level reductions FY 2004-05 and \$3.848 million in direct appropriation reductions from the Special Revenue Fund. The General Fund base adjustments for one-time appropriations are made each year in the following programs:

Emergency Management program, original base of \$1.283 million for disaster assistance state match, base was to be increased by \$3.717 million each year of the FY 2004-05 biennium. The FY 2003 appropriation was reduced by \$200,000 and the FY 2004-05 budget was to be reduced by an additional \$3.427million per year leaving a base budget of \$1.373 million per year for FY 2004-05. One-time appropriations of \$12.245 million in FY 2003 were removed from the base budget for FY 2004-05.

Criminal Apprehension program, a one-time appropriation in FY 2003 of \$1.5 million for CriMNet local planning grant funding was removed from the base. The base was adjusted in FY 2004-05 for the CriMNet project tails with a CriMNet backbone project reduction in FY 2004 of \$629,000 and an increase in FY 2005 of \$3.480 million and a CriMNet policy group increase of \$22,000 in FY 2004 and \$44,000 in FY 2005. One-time anti-terrorism act funding of \$150,000 for DNA testing was removed from the base.

Law Enforcement & Community Grants program, one-time appropriation of \$250,000 for COPS, HEAT, and Financial Crimes grants and \$750,000 for Criminal Gang Strike Force grants were removed from the base. The original base of \$1.595 million for Criminal Gang Strike Force grants was reduced in FY 2003 by \$117,000 with a reduction of only \$80,000 from the base in FY 2004-05 leaving a base budget of \$1.515 million each year for the FY 2004-05 biennium. Office of Drug Policy and Violence Prevention grants base of \$2.377 million was reduced by \$142,000 in FY 2003 and the base was to be reduced by \$243,000 for the FY 2004-05 leaving a base budget of \$2.134 million per year for the FY 2004-05 biennium.

Crime Victim Services program, one-time appropriations of \$1 million for battered women shelter per diem payments and for a \$75,000 grant to the City of St. Paul were removed from the base. The original base of \$17.979 million for battered women shelter per diem payments was reduced in FY 2003 by \$600,000 and for the FY 2004-05 biennium leaving a base budget of \$17.379 million per year for the FY 2004-05 biennium. The original base for Crime Victim Service grants of \$9.597 million was reduced in FY 2003 by \$768,000 and was to

PUBLIC SAFETY DEPT

Budget in Brief

be reduced by \$2 million each year of the FY 2004-05 biennium with reductions in grants and administration of the program. Crime victim assistance administration is being reduced by \$143,000 each year and grants by a total of \$1.857 million per year leaving a base budget of \$7.74 million each year for grants.

A one-time appropriation reduction of \$1.924 million each year is made in Law Enforcement and Community Grant program\ the Criminal Justice Project account in the Special Revenue Fund.

Agency technical reallocations of appropriations were made in the base moving dollars from the Administration and Related Services program, Technical Support Services activity of \$1,496,000 in General Fund dollars to the Criminal Apprehension program, Criminal Justice Information Systems activity. This reallocation of appropriations was made as part of an overall reorganization effort to place the appropriate technology staff with the assigned information technology systems. A General Fund appropriation transfer of \$162,000 from Crime Victim Services to Administration and Related Services was made to cover the cost of support services provided to the Crime Victim Services program. Also a General Fund appropriation transfer of \$102,000 was transferred from the Fire Marshal program to the Emergency Management program as part of an overall reorganization effort to streamline the hazardous materials response activity in Minnesota.

Federal Fund revenues in the FY 2004-05 base are 44.1% less than the revenues in the FY 2002-03 biennium. Federal Fund revenues in the Emergency Management program are \$104.995 million less in FY 2004-05. No federal disaster assistance revenues from the Federal Emergency Management Administration are projected in FY 2004-05.

FY 2004-05 Revenues (\$000s)			
	General Fund	Other Funds	Total
FY 2004-05 Current Law Revenues	8,102	94,421	102,523
Change Items			
Criminal Apprehension			
-Criminal Justice Data Network Fee Increases	158	316	474
Fire Marshal			
-Hotel, Motel, Resort Inspection Fees	0	1,500	1,500
-Fire Safety Inspections- Public Schools	0	1,144	1,144
-Fire Protection Certification Exam Fee	0	24	24
Law Enforcement and Community Grants			
-Criminal Justice Project Acct.-surcharge on fines	4,340	0	4,340
FY 2004-05 Total Revenues	12,600	97,405	110,005
Biennial Change 2002-03 to 2004-05	3,013	(114,619)	(111,606)
Percent Change	31%	(54%)	(50%)

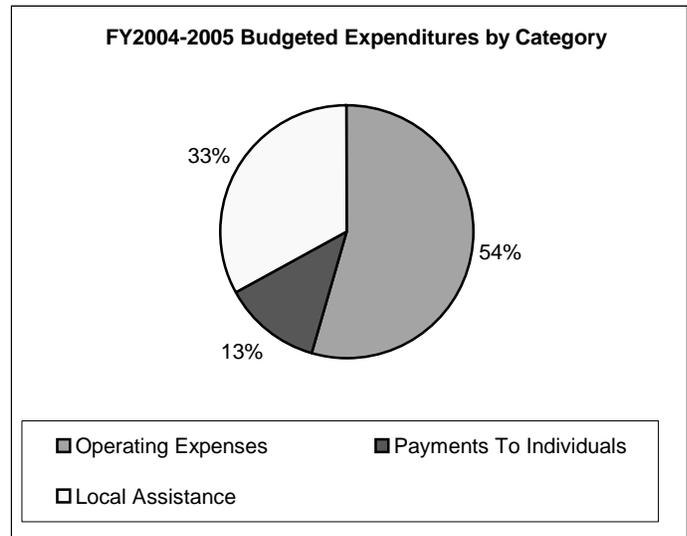
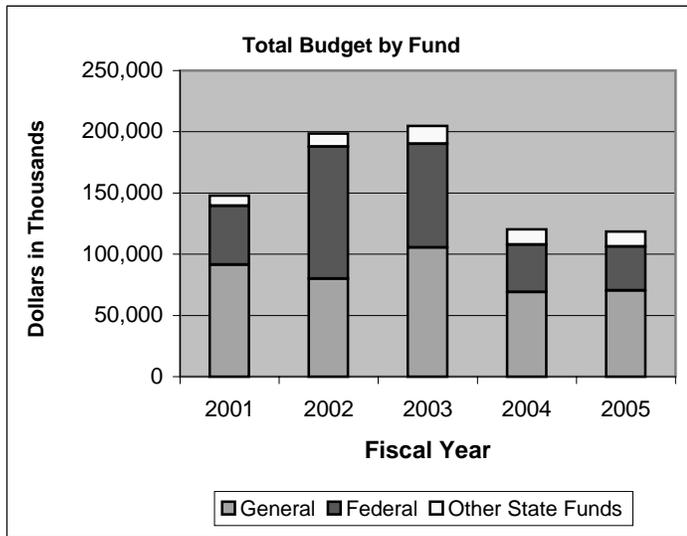
The budget includes fee increases for the Criminal Justice Data network (CJDN) and related services, such as secure Internet and dial-up access to the Criminal Justice Information System (CJIS), having non-criminal justice agencies pay for full costs of their connectivity to CJDN, increasing the fees for electronically processing applicant fingerprints with the Federal Bureau of Investigation (FBI), and charging fees for fingerprinting individuals (except when clarifying identity).

The budget includes authority for the State Fire Marshall to fund the fire safety inspections of hotels, motels, and resorts through inspection fees that are assessed every three years at the time of the fire safety inspections.

The budget includes a proposal that a dedicated fire marshal special revenue account be established in the Department of Public Safety and a fee structure be authorized for funding fire and life safety inspections in public schools.

The budget includes a proposal that a dedicated fire marshal special revenue account be established in the Department of Public Safety and a fee structure be authorized for administering the Fire Protection Systems Licensing Program.

The plan also includes the transfer of the funds in the Criminal Justice Project account in the Special Revenue Fund to the General Fund. The racial profiling study was funded in FY 2002-03 from this account. No programs are being funded from this account in FY 2004-05.



<i>Dollars in Thousands</i>	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Expenditures by Fund						
Carry Forward						
General	0	0	0	16	17	33
Direct Appropriations						
General	89,984	79,010	100,934	67,580	68,706	136,286
State Government Special Revenue	2	2	12	7	7	14
Special Revenue	2,258	1,332	2,551	635	635	1,270
Trunk Highway	139	346	369	361	361	722
Environmental	46	43	53	49	49	98
Statutory Appropriations						
General	1,597	1,032	4,530	1,577	1,602	3,179
State Government Special Revenue	0	0	96	96	96	192
Special Revenue	5,751	9,044	11,534	11,258	11,088	22,346
Federal	47,854	107,719	84,684	38,654	36,068	74,722
Gift	270	10	44	4	4	8
Total	147,901	198,538	204,807	120,237	118,633	238,870

Expenditures by Category	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Operating Expenses	65,276	53,043	77,154	64,940	66,059	130,999
Payments To Individuals	19,182	17,477	19,884	15,379	15,379	30,758
Local Assistance	63,443	128,018	107,769	41,063	38,340	79,403
Transfers	0	0	0	-1,145	-1,145	-2,290
Total	147,901	198,538	204,807	120,237	118,633	238,870

Expenditures by Program	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Emergency Management	37,394	92,514	53,687	10,207	7,464	17,671
Criminal Apprehension	47,130	34,787	56,914	47,564	48,543	96,107
Fire Marshal	3,985	3,990	4,264	4,448	4,458	8,906
Alcohol & Gambling Enforcement	2,462	2,352	2,775	2,458	2,458	4,916
Crime Victims Services	43,188	44,580	52,312	34,582	34,881	69,463
Law Enforc. & Community Grants	13,742	20,315	34,855	20,978	20,829	41,807
Total	147,901	198,538	204,807	120,237	118,633	238,870

PUBLIC SAFETY DEPT

Fiscal Report

<i>Dollars in Thousands</i>	Actual	Actual	Preliminary	Governor's Rec		Biennium
Revenue by Type and Fund	FY2001	FY2002	FY2003	FY2004	FY2005	2004-05
Non Dedicated						
General	129	2,532	2,726	4,894	4,894	9,788
Cambridge Deposit Fund	2,290	-4	0	0	0	0
Subtotal Non Dedicated	2,419	2,528	2,726	4,894	4,894	9,788
Dedicated						
General	1,888	1,729	2,600	1,409	1,403	2,812
State Government Special Revenue	0	0	96	96	96	192
Special Revenue	8,679	9,475	10,437	11,333	11,180	22,513
Federal	47,996	107,512	84,493	38,638	36,054	74,692
Gift	283	10	5	4	4	8
Subtotal Dedicated	58,846	118,726	97,631	51,480	48,737	100,217
Total Revenue	61,265	121,254	100,357	56,374	53,631	110,005
Full-Time Equivalent (FTE)	431.2	469.3	508.6	462.1	451.8	

PUBLIC SAFETY DEPT**Change Item: BUDGET REDUCTION PLAN-GENERAL FUND**

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	(\$1,656)	(\$1,656)	(\$1,656)	(\$1,656)
Revenues	2,170	2,170	2,170	2,170
Other Fund				
Expenditures-Special Revenue	750	750	750	750
Revenues-Spec.Rev.Fire Insp.	750	750	750	750
Net Fiscal Impact	(\$3,826)	(\$3,826)	(\$3,826)	(\$3,826)

Recommendation

The Governor recommends a reduction in General Fund appropriations of \$1,656,000 each year for operating costs of the Criminal Justice activities of the Department of Public Safety. The Governor also recommends the transfer to the General Fund from the Criminal Justice Project Account in the Special Revenue Fund of up to \$2,170,000 each year in revenue collections.

Relationship to Base Budget

This proposal includes a number of direct appropriation expenditure reductions in the following programs. Additional reductions are also included in the following descriptions with respect to grant programs. The reductions to grant programs are included in a separate initiative but are described in this initiative as well for completeness.

- ◆ **Criminal Apprehension** - \$935,000 each year and 4.0 FTEs. 2.5% of base level of funding
Expenditure reductions of \$150,000 in criminal justice information systems activity and \$295,000 in police training and development activities will be made in compensation and operating expenses. A \$490,000 reduction will also be made in the criminal justice information systems activity for interagency agreements.
- ◆ **Fire Marshal** - \$750,000 each year and 10.0 FTEs. 24% of base level of funding
These reductions will eliminate direct appropriations for the mandatory (M.S. 299F.46) inspection of hotels, motels, and resorts from the General Fund. Instead, this proposal includes authority to fund this inspection program through inspection fees that are assessed every three years at the time of the fire safety inspections. The revenues collected would be annual appropriated to the commissioner of Public Safety for the purpose of conducting fire safety inspections of hotels, motels, and resorts.
- ◆ **Alcohol & Gambling Enforcement** - \$158,000 each year and 1.0 FTEs. 8% of base level of funding
Alcohol enforcement activities will be reduced.
- ◆ **Law Enforcement & Community Grants** - \$634,000 each year and 1.0 FTE. 28% of grant funding for prevention grants.
A \$38,000 reduction (10% of the administrative base) will be made in the administration of the Criminal Gang Strike Force Oversight Council. A \$596,000 budget reduction will be made in prevention grant programs.
- ◆ **Crime Victims Services** - \$5,085,000 each year. 18% of base level of funding
A \$2,000,000 reduction (12% reduction) will be made in funding for per diem grant payments to battered women shelters. A \$2,820,000 (37%) reduction in crime victim assistance program grants and a \$265,000 reduction in compensation that is equivalent to approximately 4.5 FTE's would be made under this plan.

Increased revenues to the General Fund of \$2,170,000 per year are from the following sources:

- ⇒ The plan also includes the transfer of the funds in the Criminal Justice Project account in the Special Revenue Fund to the General Fund. The racial profiling study was funded in FY 2002-03 from this account. No programs are being funded from this account in FY 2004-05.

Key Measures

Criminal Apprehension - Reductions are being made in the compensation and operating expenses. Reductions may mean that potentially fewer police training courses maybe offered to local law enforcement agencies. Expanded access to the Criminal Justice Data Network maybe delayed. The pass-through of \$490,000 each year to the Supreme Court will be discontinued.

Fire Marshal - Fire safety inspections of hotels, motels, and resorts will now be funded through inspections fees. More than 3,000 fire code violations were noted in these facilities in 2001. Historically some of the most disastrous fires (fire deaths) have been in hotels, motels, and resorts.

Alcohol and Gambling Enforcement - Gambling enforcement activities will be reduced. Special Agents assigned to gambling enforcement activity will be reduced by one agent. Response to criminal complaints will be reduced and reprioritized.

Law Enforcement and Community Grants - Twenty-eight percent of the state funding for prevention grants is being eliminated. State and local units of government, as well as public and nonprofit agencies, will receive fewer grant dollars for the reduction and prevention of crime, violence, and drug abuse. These grant funds have been used as a statewide match to the federal Byrne Program. A 28% reduction in these funds will result in the increase of up to \$595,000 in hard cash match that eligible state and local agencies will need to provide in order to qualify for a Byrne grant.

Crime Victims Services - A \$2,000,000 reduction in funding for per diem payments to battered women shelters is part of the budget reduction plan. Nine of the 21 shelter have had historically less than an 80% occupancy rate. Adequate shelter space will be maintained throughout the state. A \$2,820,000 (37%) reduction will be made in grants that support crime victim assistance programs. Staff reduction of 4.5 FTE's and \$265,000 are included in the plan.

Statutory Change: M.S. 2002 sect. 299F.46 and 357.021, subd. 7.

PUBLIC SAFETY DEPT**Change Item: BUDGET REDUCTION PLAN-GRANTS (CJ)**

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	(\$7,079)	(\$7,079)	(\$7,079)	(\$7,079)
Revenues	0	0	0	0
Net Fiscal Impact	(\$7,079)	(\$7,079)	(\$7,079)	(\$7,079)

Recommendation

The Governor recommends \$7,079,000 reduction each year in appropriations from the General Fund for grants in the Department of Public Safety.

Relationship to Base Budget

Direct appropriation expenditure reductions were made in the following programs:

- ◆ **Emergency Management** - \$1,173,000 each year. 85% of grant funding
Eliminate all but \$200,000 of the state matching funds for federally funded disaster assistance program. The state has provided 15% of match along with the local's 10% share of the project costs.
- ◆ **Criminal Apprehension** - \$935,000 each year and 4.0 FTEs. 2.5% of base level of funding
Of that amount, a \$490,000 reduction will be made in the criminal justice information systems activity for interagency agreements.
- ◆ **Law Enforcement & Community Grants** - \$634,000 each year and 1.0 FTE. 28% of grant funding for prevention grants.
Of this amount, a \$596,000 budget reduction will be made in prevention grant programs.
- ◆ **Crime Victims Services** - \$5,085,000 each year. 18% of base level of funding
A \$2,000,000 reduction (12% reduction) will be made in funding for per diem payments to battered women shelters. A \$2,820,000 (37%) reduction in crime victim assistance program grants and a \$265,000 reduction in compensation that is equivalent to approximately 4.5 FTEs would be made under this plan.

Key Measures

Emergency Management - Elimination of all but \$200,000 of the state matching funds for federally funded disaster assistance program will not impact the state's preparation time for federal disaster assistance requests. Local units of government may need to assume up to 25% of the project costs up from the current 10% match requirement.

Criminal Apprehension -The pass through of \$490,000 each year to the Supreme Court will be discontinued.

Law Enforcement and Community Grants - Twenty-eight percent of the state funding for prevention grants is being eliminated. State and local units of government, as well as public and nonprofit agencies will receive fewer grant dollars for the reduction and prevention of crime, violence, and drug abuse. These grant funds have been used as statewide match to the federal Byrne Program. A 28% reduction in these funds will result in the increase of up to \$595,000 in hard cash match that eligible state and local agencies will need to provide in order to qualify for a Byrne grant.

Crime Victims Services - A \$2,000,000 reduction in funding for per diem payments to battered women shelters is part of the budget reduction plan. Nine of the 21 shelter have had historically less than an 80% occupancy rate. Adequate shelter space will be maintained throughout the state. A \$2,820,000 (37%) reduction will be made in grants that support crime victim assistance programs. Staff reduction of 4.5 FTEs and \$265,000 are included in the plan.

Statutory Change: Not Applicable.

PUBLIC SAFETY DEPT**Program: CRIMINAL APPREHENSION****Change Item: BCA BUILDING LEASE ADJUSTMENT**

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	\$1,500	(\$1,500)	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$1,500	(\$1,500)	\$0	\$0

Recommendation

The Governor recommends the reallocation of funds within the Criminal Apprehension program for rent increases for the new Bureau of Criminal Apprehension (BCA) building. This reallocation is needed to cover the increased square footage in the new facility, the higher rent rate, and the additional cost of debt service on the bonds used to finance the facility.

Background

The new BCA facility is scheduled for completion in the fall of 2003. This facility has three times the space of the current facility (63,027 sq. ft. to 184,255 sq. ft.). The cost per square foot will be higher in the new facility. In addition, the cost will be increased due to legislative action in the 2002 session that changed the previous cash allocation to bonds which now means the costs will also include the debt service on those bonds. Although the rent supplement was part of the original request, no additional funds were allocated to address the increased rent costs that the BCA will experience.

Relationship to Base Budget

The BCA currently pays \$719,289 per year for 63,027 sq. feet of space. The estimated costs of the new facility are \$3,963,099 in FY 2004 and \$4,022,043 in FY 2005 for 184,255 sq. feet of useable space. An additional \$3,243,810 in FY 2004 and \$3,302,754 in FY 2005 will need to be reallocated within the Criminal Apprehension base budget to cover these increased costs. Sub-leasing office space in the new facility is also proposed.

Alternatives Considered

The agency proposes to sublease office space in the building to a number of programs/agencies:

Program\Agency	Sq. Ft.	FY 2004 \$21.51 @ sq. ft.	FY 2005 \$21.83 @ sq. ft.	Total
Alcohol & Gambling	3,000	\$64,530	\$65,490	\$130,020
CriMNet	2,500	\$53,775	\$54,575	\$108,350
Criminal Gang Strike Force-metro team	7,500	\$161,325	\$163,725	\$325,050
POST Board	4,000	\$86,040	\$87,320	\$173,360
Total	17,000	\$365,670	\$371,110	\$736,780

Additional budget reductions options have been developed to address the remaining budget issue (see table on next page) and would have the following impact on key performance measurers:

(a) CriMNet lease savings

The CriMNet Office will realize lease savings from moving to new BCA building from its current space.

(b) Suspending the CriMNet Suspense File Project

The suspense project is the ultimate integrity test of arrest and conviction records, used for criminal justice and non-criminal justice background checks. The CriMNet project is based on accurate suspense files. Within the next two months, the project was going to move to real-time notice to law enforcement of suspense accuracies or

PUBLIC SAFETY DEPT**Program: CRIMINAL APPREHENSION****Change Item: BCA BUILDING LEASE ADJUSTMENT**

inaccuracies. The budget reduction of \$500,000 each year would extend the project out another two years beyond the 2004-05 biennium.

(c) Reduction in funding for CriMNet Backbone project

As the CriMNet program evolves from concept to reality, we are developing a more clear vision of the program goals and the related funding strategy. Rather than a large, expensive, central office, the new vision of CriMNet is a decentralized model, focused on the delivery of service in local communities. In addition, we have recently developed new opportunities to leverage greater local support, increase private and federal partnerships, as well as increase the exchange with our internal governmental partners. All of these changes will offset the impact of the cut, increase the support of the project, produce better decisions, create more stability and ensure the project's success.

(d) DWI Program and Forensic Lab

Reductions in Forensic Laboratory dollars will impact the turn-around time on DWI cases. This may impact every law enforcement agency in the state in terms of their ability to prosecute DWI's. BCA conducts nearly all alcohol blood/urine tests in the state. Each year approximately 250 Minnesotans die as a result of alcohol-related crashes.

The reallocations will allow the lease differential to be absorbed within the 2004-2005 biennium, and will position the BCA to fully fund the lease in future years.

Additional budget reduction options to offset lease differentials

Item	FY 2004	FY 2005	Total
Lease Differential	\$3,243,810	\$3,302,754	\$6,546,564
Sub-lease office space	(\$365,670)	(\$371,110)	(\$736,780)
Additional Options			
(a) CriMNet lease savings (from moving to new BCA building from current space)	(\$171,735)	(\$158,935)	(\$330,670)
(b) CriMNet Suspense File Project (5.0 FTE)	(\$500,000)	(\$500,000)	(\$1,000,000)
(c) CriMNet Backbone	(\$0)	(\$3,000,000)	(\$3,000,000)
Base of \$1,371,000 FY 04			
Base of \$5,480,000 FY05			
(d) DWI Lab Analysis (3.4 FTE)	(\$357,000)	(\$357,000)	(\$714,000)
Base of \$1,357,000			
(d) Forensic Lab (4.0 FTE)	(\$349,405)	(\$415,709)	(\$765,114)
Total	\$1,500,000	(\$1,500,000)	\$0

Statutory Change: Not Applicable.

PUBLIC SAFETY DEPT**Program: CRIMINAL APPREHENSION****Change Item: BCA LAB- USE OF DWI REINSTATEMENT FEE**

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Fund				
Expenditures	\$42	\$42	\$42	\$42
Revenues				
Net Fiscal Impact	\$42	\$42	\$42	\$42

Recommendation

The Governor recommends a base adjustment in special revenue funds collected from drivers convicted of DWI (reinstatement fee) to increase the allotment related to the Bureau of Criminal Apprehension (BCA) laboratory. The proposal will allow the lab to cover salaries paid from this account.

Background

A percentage of the reinstatement fees collected under M.S. 171.29 is allotted to the laboratory to provide support for costs associated with laboratory testing of impaired driving incidents. This fund has provided a static level of funding to the laboratory. Originally this account provided salaries for eight scientists along with support funds for training, supplies, etc. Today the fund is only able to support salaries and will not even be sufficient to do that in the 2004-2005 biennium. This revenue neutral base adjustment will allow the forensic science laboratory to maintain the current level of service provided by these scientists.

Relationship to Base Budget

This is a small but strategically significant change in the overall base budget of the laboratory. Receipts have consistently exceeded the amount necessary to support the current allotment and a carry forward, estimated to be about \$144,000, will make this adjustment revenue neutral.

Key Measures

This adjustment will assist the forensic science laboratory in maintaining current service levels to law enforcement.

Alternatives Considered

One forensic scientist would be laid off resulting in a reduced level of service to law enforcement.

Statutory Change:

PUBLIC SAFETY DEPT**Program: CRIMINAL APPREHENSION****Change Item: BCA REIMB – USE OF DWI REINSTATEMENT FEE**

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Fund				
Expenditures	\$36	\$36	\$33	\$33
Revenues				
Net Fiscal Impact	\$36	\$36	\$33	\$33

Recommendation

The Governor recommends an increase in the direct appropriation cap collected from drivers convicted of DWI (reinstatement fee) to increase the allotment related to the local reimbursement fund. The proposal will allow the Bureau of Criminal Apprehension (BCA) to continue grants to local law enforcement for extraordinary expenses, multi-jurisdictional criminal activity, and witness/victim protection expenses.

Background

A percentage of the reinstatement fees collected under M.S. 171.29 are allotted to the BCA for grants to local agencies as provided in M.S. 299C.065. All of these funds are granted directly to local law enforcement for unexpected costs related to criminal activities and witness/victim protection activities. These include cases such as the Katie Poirier investigation/prosecution in Carlton County and the Coppage family investigation/prosecution of the murder of five children in St. Paul.

Receipts have consistently exceeded the amount necessary to support the current allotment. This change item will make this adjustment revenue neutral while providing critical funds to local law enforcement.

Relationship to Base Budget

This change item increases the direct appropriation cap to meet current funding needs. This will increase the base budget from \$99,000 to \$135,000 each year.

Key Measures

This adjustment will assist the BCA in maintaining current service levels and grants to local law enforcement agencies.

Alternatives Considered

Continue to fund local law enforcement agencies at a rate less than requested.

Statutory Change:

PUBLIC SAFETY DEPT

Program: CRIMINAL APPREHENSION

Change Item: CJDN FEE INCREASES

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	\$82	\$76	\$76	\$76
Revenues	82	76	76	76
Other Fund				
Expenditures	158	158	158	158
Revenues	158	158	158	158
Net Fiscal Impact	0	0	0	0

Recommendation

The Governor recommends that fees be charged to provide additional technological options for users of the Criminal Justice Data network. Fee revenues will be used to cover the costs of the added service options.

Background

Criminal Justice Information System Access

- MN Statute 299C.46 provides for the establishment and management of the Criminal Justice Data Communications (CJDN) network. M.S. 299C.46 subd. 3. (b) and 299C.48 allow the commissioner of Public Safety to set fees for the access and operational use of the CJDN. Currently the fees for criminal justice agencies are set at \$50 per month for access and \$40 per month per terminal or \$30 per month per mobile data computer. Recently two changes have occurred that necessitate or facilitate new connectivity to the CJDN. First, the Federal Bureau of Investigation (FBI) now allows secured connection via Internet or dial-up. Second, the statute 299C.46 has been amended (subd. 2a) to allow non-criminal justice agencies that are statutorily mandated to perform background checks to have access to the data on the CJDN.

The proposal covers a number of different components:

- Fees be set for secure Internet and dial-up access to the Criminal Justice Information System (CJIS).
- Non-criminal justice agencies pay for full costs of their connectivity to the Criminal Justice Data network (CJDN).
- Increase in fees for electronically processing applicant fingerprints with the Federal Bureau of Investigation (FBI).
- Charging fees for fingerprinting individuals (except when clarifying identity).

Recommendation is to set new fees for these changes.

Criminal Justice Agency Access:

- direct connection to the CJDN – no change;
- Internet - \$15 per month per device plus the cost of security hardware and software; and
- dial-up - \$35 per month per device plus the cost of security hardware and software.

The CJDN network was initially set-up to provide service to the criminal justice community. Today over 8000 devices are directly connected to the CJDN. The CJDN is viewed as the core network backbone on which CriMNet will run. The data that is accessed by this connection is provided by the criminal justice community.

The number of connections (devices) for this new connectivity is unknown at this time as we previously were not allowed to provide this method of access. Without advertising this capability we have about 50 agencies requesting this type of connectivity.

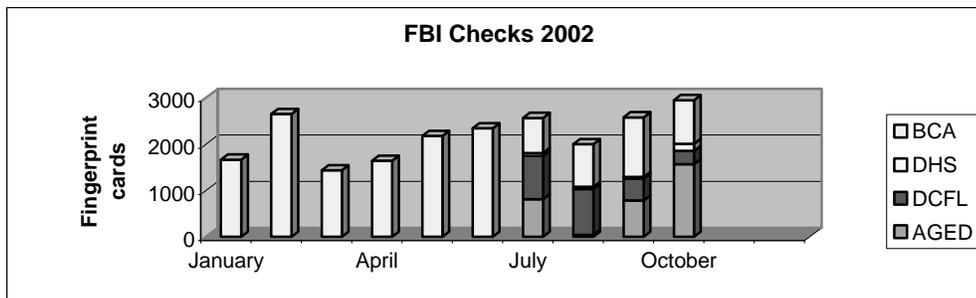
⇒ Non-Criminal Justice Agency Access:

- direct circuit connections to the CJDN - full access and operating costs;
- Internet - \$35 per device per month plus the cost of security hardware and software; and
- dial-up - \$55 per device per month plus the cost of security hardware and software.

In most cases, the non-criminal justice community charges a fee for the service that they are using this data for, therefore, they have the ability to recover their costs. While the number of these connections are low at this time, we expect that with the increasing demand for background checks, this area will increase. Either they need to pay their way or an increase in funding to subsidize their connectivity will be required.

⇒ Applicant Fingerprint Cards

We are currently averaging 2,200 applicant fingerprint cards per month that are sent to the FBI. Currently those cards are mailed to the FBI. The turnaround for a response is as short as two weeks and as long as a couple of months with the average about 6-8 weeks. This delay in getting a response many times allows an individual to be in a position that they should not be in until the results are returned. We have had instances where an individual has been working in the gaming industry pending their background check. When the check comes back we find out that there was a warrant out for their arrest in another state. By the time we get the information back they have left the employment of the casino.



M.S. 299C.10 allows the Bureau of Criminal Apprehension (BCA) to charge for processing background checks. The current part of the fee for processing FBI fingerprint cards is \$24 per card. Most of that money goes to the FBI. We currently keep \$2 for our handling charge. The proposal would be to increase the fee by \$5. The increase in fee would allow the BCA to hire staff to process the cards electronically with the FBI via the Interim Distributed Imaging System (IDIS). We need to scan in the prints, key in the demographic data, and process the results. This would allow 50% of the responses to be processed within one business day and 90% of the responses to be processed within 96 hours.

⇒ Charging for Taking Fingerprints

The BCA's current policy is to only take fingerprints when there is a question of whether or not the person is the subject of a criminal history record. These prints are taken at no cost in order to make an identification. Currently the BCA does not take fingerprints for employers that require their employee to be printed for either employment or licensing. In these cases the requestor is referred to local law enforcement offices. We have heard that many of the local law enforcement offices do not want to perform this service. We get three to four calls a day requesting this service. In reviewing some of the local agencies (Ramsey County and Hennepin County) we have found that they charge \$15. Ramsey County does approximately 10 per day. We are proposing a charge of \$10 to cover costs.

Relationship to Base Budget

Most of these fees will simply cover projected expenses and increasing costs of newer communications technology.

Key Measures

Connections to CJIS:

This would make criminal justice information available to as many criminal justice agencies as possible. Many small police departments cannot afford the cost of a direct connect circuit and the associated equipment costs, but can afford the dial-up or Internet connection. Newer security technologies now allow us to provide cost effective secure services.

PUBLIC SAFETY DEPT

Program: CRIMINAL APPREHENSION

Change Item: CJDN FEE INCREASES

Applicant Fingerprint Cards to FBI:

This would allow 50% of the responses to be processed within one business day and 90% of the responses to be processed within 96 hours.

Fingerprint Public:

This would provide a service to our client base. We would expect that the number per week would be between 15 and 150.

Alternatives Considered

None.

Statutory Change: M.S. 299C.10 and 299C.46

Technology Funding Detail (Dollars in Thousands)

Funding Distribution	2004-2005 Biennium		2006-2007 Biennium		2008-2009 Biennium	
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personnel	146	146	146	146	146	146
Supplies	4	4	4	4	4	4
Hardware	70	64	64	64	64	64
Software	1	1	1	1	1	1
Facilities	0	0	0	0	0	0
Services	19	19	19	19	19	19
Training	0	0	0	0	0	0
Grants	0	0	0	0	0	0
TOTAL	240	234	234	234	234	234

Office of Technology Analysis

The Office of Technology recommends the fee increases proposed. The Department of Public Safety needs to align its divisions under a department wide strategy.

- ROI - Agency indicates the proposed fee structures will offset/recover the cost of new hardware and services.
- Project constitutes an enhancement/expansion of connectivity to the CJDN.
- Divisions have made *moderate* use of the strategic planning process (SIRMP) to establish direction, assessment and planning of projects

PUBLIC SAFETY DEPT**Program: FIRE MARSHAL****Change Item: FIRE PROTECTION CERTIFICATION EXAM FEE**

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Fund				
Expenditures	\$12	\$12	\$12	\$12
Revenues	12	12	12	12
Net Fiscal Impact	0	0	0	0

Recommendation

The Governor recommends a dedicated fire marshal special revenue account be established in the Department of Public Safety and a fee structure be authorized for administering the Fire Protection Systems Licensing Program.

Background

The purpose of this proposal is to create a dedicated account to fund the costs associated with the development and administration of the Journeyman Sprinkler Fitter and Fire Protection Contractor Managing Employee examinations, which are required for certification and licensure of individuals by M.S. 299M, and Minnesota Rules Chapter 7512.

A private contractor has administered and conducted these examinations since inception of the Fire Protection Systems Program. For financial reasons, the contractor is no longer willing to provide this service. No other private contractor is available; therefore, the State Fire Marshal Division is proposed to assume this function.

Because of the private contractor's involvement, state funding has not previously been provided to conduct and administer the examinations. This account will provide new revenue to perform this function, covering staff time, exam development, printing, mailing, travel, necessary computer hardware and software, and administrative costs. In the past, the private contractor charged a fee of \$90 per candidate per exam. The commissioner proposes to reduce that charge to \$55 per candidate per exam. The fire protection industry supports this change.

Relationship to Base Budget

There would be no fiscal impact to the General Fund. M.S. 299M permits the collection of this fee; however, it also requires that all revenue be deposited in the General Fund. This is new money not previously collected by the division, thus there would not be a negative impact on the General Fund.

Key Measures

A dedicated account would provide the resources necessary to develop, conduct, and administer the examinations required for licensure/certification.

Costs to candidates for licensure / certification would be reduced by approximately 40%.

Alternatives Considered

The services of a private contractor have previously been used to develop, conduct and administer these examinations. For financial reasons, the contractor is no longer willing to provide this service. No other private contractor is available to perform this function.

Statutory Change: M.S. 299M.11

PUBLIC SAFETY DEPT**Program: FIRE MARSHAL****Change Item: FIRE SAFETY INSPECTIONS- PUBLIC SCHOOLS**

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Fund				
Expenditures	\$572	\$572	\$572	\$572
Revenues	572	572	572	572
Net Fiscal Impact	0	0	0	0

Recommendation

The Governor recommends a dedicated fire marshal special revenue account be established in the Department of Public Safety and a fee structure be authorized for funding fire and life safety inspections in public schools.

Background

Since 1990, the State Fire Marshal Division has been inspecting public schools through an interagency agreement with the Department of Children, Families and Learning (DCFL). This has been a successful and popular program that protects the fire and life safety of students, teachers, and staff in schools. In July 2002, CFL redirected these funds to other purposes in response to budget reductions, and ended the interagency agreement with the State Fire Marshal Division.

Funding for this program is proposed to be provided by local school districts; however, districts do not oppose this fee collection. The current, temporary, practice during FY2003 of contracting with school districts adds to the administrative costs of the program. Without this funding mechanism, the school inspection program would cease and school fire and life safety would be jeopardized.

Relationship to Base Budget

No base budget exists for FY 2004-05 for the fire safety school inspection program.

Key Measures

The ability to charge this fee is more cost effective than negotiating individual contracts with approximately 350 school districts and 75 additional charter schools.

Alternatives Considered

Currently, contracts are being negotiated with individual school districts, but this is a costly and time-consuming process.

Statutory Change: M.S. 123B.73 and 299F

PUBLIC SAFETY DEPT**Program: LAW ENFORCE. & COMMUNITY GRANTS****Change Item: PEACE OFFICER DEATH BENEFIT ACCT.**

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures—Transportation	\$39	\$44	\$49	\$54
Expenditures—Criminal Justice	(\$39)	(\$44)	(\$49)	(\$54)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$0	\$0	\$0	\$0

Recommendation

The Governor recommends the reallocation of \$39,000 FY 2004 and \$44,000 FY 2005 in crime prevention grant money from the Law Enforcement and Community Grants program (DPS—Criminal Justice) to the Administration and Related Services program (DPS—Transportation) to increase the base level of funding for the Peace Officer Death Benefit Account. This program pays out a set amount of money to the dependents of peace officers/fire fighters killed in the line of duty as authorized under M.S. 299A.44.

Background

The current rate that is paid out to dependents upon the death of a peace officer/fire fighter killed in the line of duty as of 10-1-02 is \$118,816.92. This rate is adjusted each October based on the annual percentage change in the Consumer Price Index for all urban consumers. When the program began, the \$326,000 annual appropriation was sufficient to cover the death of three peace officers/fire fighters. With the annually adjusted increase in the payment, the appropriation needs to be adjusted to cover the death of three peace officers/fire fighters.

Relationship to Base Budget

The requested change would increase the base budget appropriation to the Peace Officer Death Benefit Account.

Key Measures

This change item would ensure that the appropriation would be enough to cover the deaths of three peace officers/fire fighters killed in the line of duty in Minnesota.

Alternatives Considered

The alternative would be to leave the appropriation at \$326,000 and pay out for the deaths of only two peace officers/fire fighters killed in the line of duty.



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February 18, 2003

The Minnesota Legislature
State Capitol
St. Paul, Minnesota

Dear Legislators,

I hereby respectfully submit for your consideration the FY 2004-05 Governor's budget proposals for the Supreme Court, Court of Appeals, District Courts, Legal Profession Boards, and Board of Public Defense. The Governor respects the separation of powers and the desire of officials in the judicial and legislative branches and other constitutional officers to independently present their budget requests directly to the legislature without specific recommendations from the Governor. However, since the Governor is required by law to submit a balanced budget to the legislature, it is necessary to identify funding for those offices as part of preparing a complete balanced budget.

The Governor's general recommendations for the judicial and legislative branches and other constitutional officers reflect his concern with the magnitude of the projected budget shortfall and the desire to protect core government functions. As with the executive branch, the Governor suggests that these offices and institutions individually redesign their operations to increase efficiencies while minimizing the disruption to public services as much as possible. They should also consider collaboration with other agencies to consolidate operations, co-locate facilities, or otherwise cooperate to share services in order to reduce costs.

For the Supreme Court, Court of Appeals, and the District Courts, the Governor recommends a 10% reduction in appropriations for the FY 2004-05 biennium. For the Board of Public Defense, the Governor recommends a 15% reduction in appropriations for the FY 2004-05 biennium. The Legal Profession Boards are fully funded by fees collected under court rules, so no further actions are required on their budgets. The Governor makes no recommendation regarding the specific initiatives put forward by these agencies.

Sincerely,

Dan McElroy
Commissioner

	PAGE
Transmittal Letter	44
Budget in Brief Report	46
Agency Fiscal Page	47
Change Items	
Governor's Change Items	
Operating Budget Reduction	48

Agency Transmittal Letter	49
Agency Request Summary	52

FY 2004-05 Expenditures (\$000s)

	General Fund	Other Funds	Total
2003 Funding Level	16,054	0	16,054
Legislatively Mandated Base	24	0	24
New Programs To Agency Base	201	0	201
Adjusted Base Funding	16,279	0	16,279
Change Items			
Operating Budget Reduction	-1,628	0	-1,628
Governor's Recommendations	14,651	0	14,651
Biennial Change, 2002-03 to 2004-05	-956	0	-956
Percent Change	-6%	n.m.	-6%

Brief Explanation Of Budget Decisions:

Adjustments to the base include:

- ⇒ Legislatively mandated change of a \$24,000 increase in FY 2004-05 tails required under 2002 legislation.
- ⇒ New programs to agency base of a \$201,000 increase for judges salary increases provided under law.

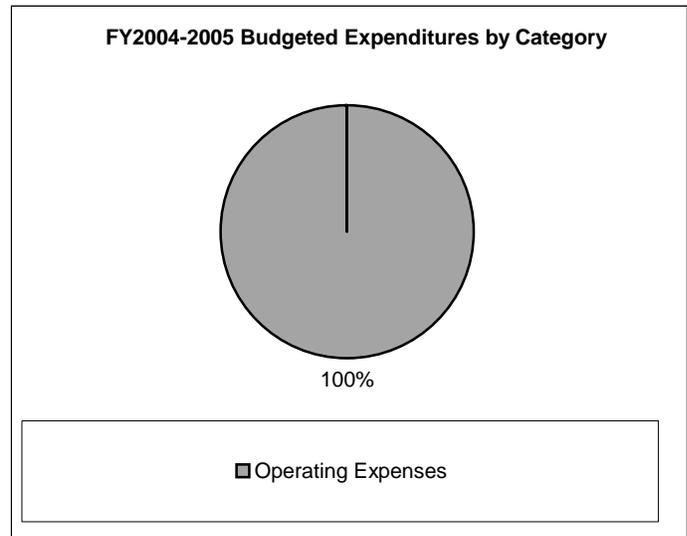
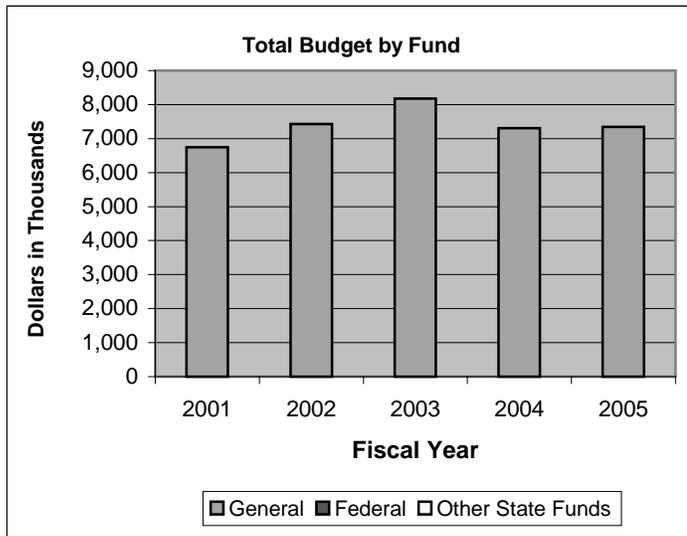
The Governor recommends a 10% reduction totaling \$1,628,000.

Agency Request:

The Governor has submitted the Court of Appeals' request to the Legislature. A narrative summary of the agency's request is included after the transmittal letter in this document. Additional detail on the Court of Appeals' change items may be found on the Department of Finance's budget web site at <http://www.budget.state.mn.us/budget/operating/>. The following table summarizes the agency's request:

FY 2004-05 Expenditures (\$000s)

	General Fund	Other Funds	Total
FY 2003 Funding Level (Biennial Base)	16,054	0	16,054
Legislatively Mandated Base	24	0	24
One-Time Appropriations	201	0	201
Adjusted Base Funding	16,279	0	16,279
Agency Change Items			
Maintain Core Justice Operations	825	0	825
FY 2004-05 Total Agency Request	17,104	0	17,104
Biennial Change 2002-03 to 2004-05	1,497	0	1,497
Percent Change	10%	n.m.	10%



<i>Dollars in Thousands</i>	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Expenditures by Fund						
Direct Appropriations						
General	6,749	7,429	8,178	7,307	7,344	14,651
Total	6,749	7,429	8,178	7,307	7,344	14,651
Expenditures by Category						
Operating Expenses	6,749	7,429	8,178	7,307	7,344	14,651
Total	6,749	7,429	8,178	7,307	7,344	14,651
Expenditures by Program						
Court Of Appeals	6,749	7,429	8,178	7,307	7,344	14,651
Total	6,749	7,429	8,178	7,307	7,344	14,651
Full-Time Equivalents (FTE)	82.9	84.4	83.8	83.8	83.8	

COURT OF APPEALS

Change Item: OPERATING BUDGET REDUCTION

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	(812)	(816)	(816)	(816)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(812)	(816)	(816)	(816)

Recommendation

The Governor recommends a 10% reduction in the agency's base budget. The Governor makes no specific recommendations on the agency's change request.

Background

The Governor respects the separation of powers and the desire of officials in the judicial and legislative branches and other constitutional officers to independently present their budget requests directly to the legislature without specific recommendations from the Governor. However, since the Governor is required by law to submit a balanced budget to the legislature, it is necessary to identify funding for those offices as part of preparing a complete and balanced budget.

The Governor's general recommendations for the judicial and legislative branches and other constitutional officers reflect his concern with the magnitude of the projected budget shortfall and the desire to protect core government functions. As with the executive branch, the Governor suggests that these offices and institutions individually redesign their operations to increase efficiencies while minimizing the disruption to public services as much as possible. They should also consider collaboration with other agencies to consolidate operations, co-locate facilities, or otherwise cooperate to share services in order to reduce costs.

Relationship to Base Budget

This reduction represents 10% of the base funding for the FY 2004-05 biennium.

Statutory Change: Not Applicable



THE SUPREME COURT OF MINNESOTA
MINNESOTA JUDICIAL CENTER
25 REV. DR. MARTIN LUTHER KING JR. BLVD.
SAINT PAUL, MINNESOTA 55155

February 18, 2003

The 2003 Minnesota Legislature:

On behalf of the hundreds of thousands of litigants, 297 judges and more than 3,000 employees of the judicial branch of the state of Minnesota, I transmit the FY 2004-05 budget request for the judicial branch.

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\$25.904 million in salary and insurance funding to Maintain Core Justice Operations
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\$1.3 million for staffing to address Caseload Needs
\$4 million for Civil Legal Services for the Poor

You may ask why the judicial branch has proposed a budget increase rather than a budget reduction in this time of financial retrenchment. The Minnesota judiciary is in a period of transition on a number of legislatively authorized, mission-critical initiatives including the completion of the Minnesota Court Information System (a key component of CrIMNet); transition of Districts 1, 2, 3, and 4 to state funding; and aggressive efforts to meet federal and state mandates regarding protection of children in cases of abuse and neglect. At the same time the judiciary is undertaking these major initiatives, we are experiencing an 11% increase in criminal and civil caseloads for judges who, the Office of the Legislative Auditor recently concluded, already carry caseloads 49% higher than other comparable states. The judiciary recognizes that in this time of budgetary crisis we all need to share in the solution. However, we believe the Minnesota judicial branch is different and unique as compared to many Executive Branch agencies and other state funded programs.

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"Every person is entitled to a certain remedy in the laws for all injuries or wrongs which he may receive to his person, property or character and to obtain justice freely and without purchase, completely and without denial, promptly and without delay conformable to the laws."

Other provisions of the Minnesota Constitution promise citizens a right to a speedy and public trial by an impartial jury. It is imperative that the judicial branch carry out its constitutional and legal mandates to protect the rights and safety of our citizens. In order to meet these requirements, we must provide court services "promptly and without delay." To do so, courts must be staffed sufficiently to ensure prompt service because justice delayed is justice denied. The judicial branch is also required by law to ensure that courts, even those in rural areas, remain open for those residents who need to seek justice. Severely reducing the court's budget threatens the ability of the judiciary to meet these constitutional and statutory imperatives.

The budget that we have proposed provides timely adjudication of the more than two million cases presented to the courts for disposition each year. It protects public safety by the fair, but swift disposition of criminal cases and the enforcement of court sanctions, including collection of fines, in those cases. It protects the most vulnerable of our citizens -- children -- through guardians ad litem who advocate for their best interests and through additional child support collection efforts. By providing sufficient resources, this budget protects the rights of each citizen to due process, to well reasoned decisions, and to the fair and impartial administration of justice.

No Control Over Workload

The Minnesota judiciary is an open door for justice in the state. Our workload is dictated by the will of prosecutors enforcing state and local laws, the desires of citizens and businesses for redress and the needs of children and other vulnerable citizens for protection. The judiciary is unable to turn away those who enter the courthouse and has an impact on the lives of citizens from birth to death. Unlike other agencies, we do not run programs and have no discretionary budget to cut. All resources of the court system support the adjudication of matters brought to us by other entities.

Judicial Response to Federal and Legislative Mandates

The judicial branch is currently engaged in implementing CriMNet to improve the information available to courts and other state and local agencies such as the Department of Public Safety, the Board of Public Defense, Corrections, Revenue, the Secretary of State, and county and city prosecutors and law enforcement. This multi-year court initiative has begun implementation in local courts and should be completed in the next biennium. The Minnesota Court Information System (MNCIS) is the hub of the CriMNet system. Fifty percent of the information flowing to CriMNet is produced by the courts. Without implementation of the MNCIS system, CriMNet will not be able to function and the resources already expended to develop the system will be lost.

The judicial branch is also engaged in completing the legislative mandate to transfer courts to state funding by July 2005. Fifty-five counties of the court system, including the entire western half of the state, have already transferred to state funding. During the FY 2002-03 biennium, thousands of hours of state and county staff time has been devoted to identifying and resolving the issues and developing the policies and administrative systems to facilitate a smooth transition in the FY 2004-05 biennium of the states' largest courts in Hennepin and Ramsey Counties on 7-1-03 and in the counties of the First and Third Judicial Districts in southeastern Minnesota on 7-1-04. The employees in these counties have worked tirelessly to prepare for the transition and are poised to move forward with the funding provided by this budget request. Successful transition to state funding will allow the judiciary to operate as one system and develop the efficiencies which could not be accomplished with 87 individual county-based courts.

The courts are working diligently to implement federal law (1974 Child Abuse Prevention and Treatment Act) and state law (M.S. 260C.163, subd. 5(a)) which mandate the appointment of a Guardian ad litem in every case in which a child has been alleged to have been abused and neglected. Today 20% of the maltreated children in Minnesota still have no guardian ad litem and no effective voice in our courtrooms despite the longstanding federal and state mandates. Additional resources are necessary to ensure that all children suffering from abuse and neglect have an appointed guardian. Failure to meet these federal mandates could result in the loss of significant federal funds which would only increase the budgetary demands on the state.

Federal law requires all states to have an expedited process for the adjudication of IV-D cases establishing, modifying or enforcing child support obligations. The Federal government requires that 75% of the IV-D matters in the expedited process move from service of process to filing of the final order in six months or less. Historically this program has grown at the rate of 15% per year. Any downturn in the economy increases the demand for services in the Expedited Child Support Process as more families separate and current support obligations require adjustment downward. The judiciary has not asked for any increase in state funding since 1998 despite a

53% caseload growth. Every state dollar allocated to this service generates a significant return of federal dollars. By using child support magistrates, 66% of the cost of handling these matters is borne by the federal government. More importantly, basic financial support to sustain the health and well being of Minnesota's children is put in place.

Enforcement of court sanctions is critical to respect for the law. Courts must have the staff adequate to implement the orders and judgments of the courts. As a by-product of that enforcement effort, the courts collect annually fees and fines in excess of \$130 million, which are currently shared by state, county, and municipal governments.

With fewer resources, the courts would be unable to meet these fundamental constitutional and statutory mandates, nor address the workload that has increased almost 40% in the past decade and be prepared to handle the additional increase in workload that occurs in periods of economic downturn.

We have examined various budget reduction scenarios in anticipation of this budget discussion. Absorbing the skyrocketing FY 2004-05 costs for employee health insurance and sustaining a 10-15% budget base cut would mean a reduction in the range of 33% of court staff statewide. While the court's entire caseload would be impacted, without a third of our staff, including law clerks, court reporters, courtroom and filing staff, wholesale categories of cases essentially would not be heard. Growing backlogs and delay would prevent courts from effectively enforcing court sanctions, especially for misdemeanor, petty misdemeanor, and even some gross misdemeanor case types with a resultant loss of state and local government revenue. This cut likely would mean closing court locations as well, forcing citizens, law enforcement and prosecutors to travel significant distances to conduct court business. In sum, public safety will be put at risk and our citizens' constitutionally guaranteed access to justice would be substantially impeded, undermining the public's trust and confidence in the courts – a central tenet of our democratic form of government.

We believe it is important that the legislature understand the needs of the judicial branch before any determination is made about whether the judicial branch should curtail its operation. I am therefore presenting to the legislature for its consideration a FY 2004-05 budget request which funds core justice operations and meets federal and state justice mandates. I look forward to discussing it with you in the days ahead.

Very truly yours,

<<signed>>

Kathleen A. Blatz
Chief Justice

Court of Appeals

	FY 2004	FY 2005	Total
Adjusted Base Budget	\$8,119	\$8,160	\$16,279
Change Requests:			
Maintain Core Justice Mandates	260	565	825
Total Request	\$8,379	\$8,725	\$17,104

The Court of Appeals processes more than 2,000 appeals annually. For many citizens it is the court of last resort. In order to continue to expedite child protection, child custody and civil commitment cases, the court seeks to retain a full staff complement to prioritize those cases. The FY 2004-05 budget for this court is \$16.279 million or 4.3% more than the previous biennium. With the additional funding requested to maintain core justice operations, the increase for the FY 2004-05 Biennium over the FY 2002-03 biennium would be 10%.

The Court of Appeals is requesting additional funding as follows:

Maintain Core Justice Operations seeks to fund employee compensation costs and projected insurance cost increases to be negotiated by the Department of Employee Relations.

	PAGE
Transmittal Letter	44
Budget in Brief Report	54
Agency Fiscal Page	56
Change Items	
Governor's Change Items	
Operating Budget Reduction	57

Agency Transmittal Letter	58
Agency Request Summary	61

FY 2004-05 Expenditures (\$000s)

	General Fund	Other Funds	Total
2003 Funding Level	273,952	244	274,196
Legislatively Mandated Base	107,704	0	107,704
New Programs To Agency Base	3,259	0	3,259
One-Time Appropriations	-500	0	-500
Adjusted Base Funding	384,415	244	384,659
Change Items			
Operating Budget Reduction	-38,386	0	-38,386
Governor's Recommendations	346,029	244	346,273
Biennial Change, 2002-03 to 2004-05	81,288	-57	81,231
Percent Change	31%	-19%	31%

Brief Explanation Of Budget Decisions:

Adjustments to the base include:

- ⇒ Legislatively mandated base changes:
 - ◆ \$5,687,000 for salary and insurance conversion costs of equity adjustments across the trial courts.
 - ◆ \$100,449,000 for costs related to the state court takeover of county funding responsibilities in judicial districts 2 (Ramsey County) and 4 (Hennepin County) on 7/1/03 and judicial districts 1 (southern metro) and 3 (SE MN) on 7/1/04. These costs are mostly offset by fine and fee revenues collected by the state and reductions in HACA aid to the counties.
 - ◆ \$408,000 for changes in FY 2004-05 tails required in 2002 legislation.
 - ◆ \$732,000 for district court infrastructure positions.
 - ◆ \$428,000 for annualization of authorized new judges.
- ⇒ New programs to agency base include \$3,259,000 for judges salary increases provided under statute.
- ⇒ One-time appropriations include reductions of \$500,000 for community courts.

Changes in other funds reflect adjustments in dedicated and federally funded programs such as loss of dedicated funding for the second district community circle.

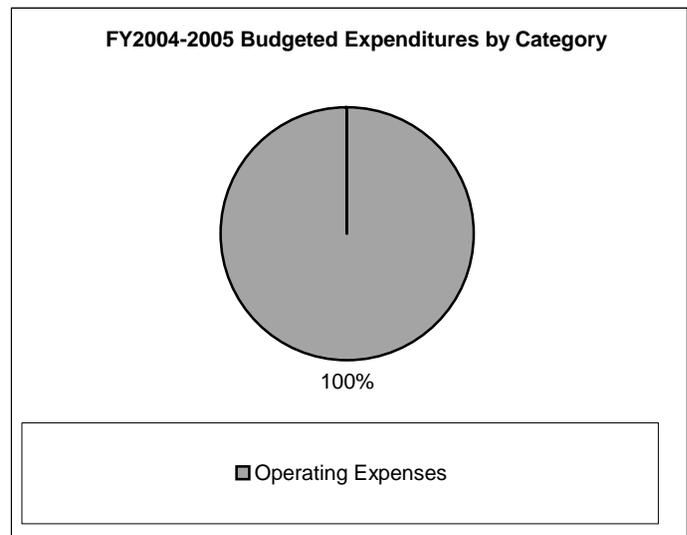
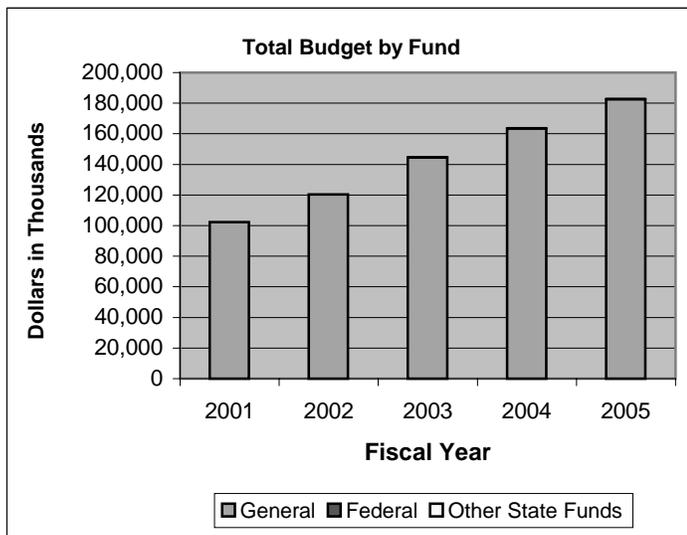
The Governor recommends a 10% reduction in funding totaling \$38,386,000.

Agency Request:

The Governor has submitted the District Courts' request to the Legislature. A narrative summary of the agency's request is included after the transmittal letter in this document. Additional detail on the District Courts' change items may be found on the Department of Finance's budget web site at <http://www.budget.state.mn.us/budget/operating/>. The following table summarizes the agency's request:

FY 2004-05 Expenditures (\$000s)			
	General Fund	Other Funds	Total
FY 2003 Funding Level (Biennial Base)	273,952	244	274,196
Legislatively Mandated Base	107,704	0	107,704
New Programs to Agency Base	3,259		3,259
One-Time Appropriations	(500)	0	(500)
Adjusted Base Funding	384,415	244	384,659
Agency Change Items			
Childrens Justice Mandates	9,296	0	9,296
Maintain Core Justice Operations	22,518	0	22,518
Staffing for Caseload Needs	1,300	0	1,300
FY 2004-05 Total Agency Request	417,529	244	417,773
Biennial Change 2002-03 to 2004-05	152,788	-57	152,731
Percent Change	58%	-19%	58%

The Staffing for Caseload Needs request also projects additional non-dedicated general fund revenue of \$466,000 in the FY 2004-05 biennium from new fine and fee revenues that would be collected by five screener/collector positions.



<i>Dollars in Thousands</i>	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Expenditures by Fund						
Direct Appropriations						
General	102,055	120,095	143,774	163,531	182,342	345,473
Statutory Appropriations						
General	221	182	690	278	278	556
Special Revenue	2	16	0	0	0	0
Federal	0	105	157	111	111	222
Miscellaneous Agency	8	12	11	11	11	22
Total	102,286	120,410	144,632	163,531	182,742	346,273
Expenditures by Category						
Operating Expenses	102,286	120,410	144,632	163,531	182,742	346,273
Total	102,286	120,410	144,632	163,531	182,742	346,273
Expenditures by Program						
Trial Courts	102,286	120,410	144,632	163,531	182,742	346,273
Total	102,286	120,410	144,632	163,531	182,742	346,273
Revenue by Type and Fund						
Non Dedicated						
General	8,412	7,792	8,853	17,715	24,940	42,655
Subtotal Non Dedicated	8,412	7,792	8,853	17,715	24,940	42,655
Dedicated						
General	221	594	278	278	278	556
Special Revenue	8	0	0	0	0	0
Federal	0	132	130	111	111	222
Miscellaneous Agency	10	10	11	11	11	22
Subtotal Dedicated	239	736	419	400	400	800
Total Revenue	8,651	8,528	9,272	18,115	25,340	43,455
Full-Time Equivalents (FTE)	1,113.5	1,205.3	1,492.9	1,495.2	1,495.2	

DISTRICT COURTS

Change Item: OPERATING BUDGET REDUCTION

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	(18,125)	(20,261)	(20,261)	(20,261)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(18,125)	(20,261)	(20,261)	(29,261)

Recommendation

The Governor recommends a 10% reduction in the agency's base budget, to be distributed proportionately between operating costs and grants. The Governor makes no specific recommendations on the agency's change requests.

Background

The Governor respects the separation of powers and the desire of officials in the judicial and legislative branches and other constitutional officers to independently present their budget requests directly to the legislature without specific recommendations from the Governor. However, since the Governor is required by law to submit a balanced budget to the legislature, it is necessary to identify funding for those offices as part of preparing a complete and balanced budget.

The Governor's general recommendations for the judicial and legislative branches and other constitutional officers reflect his concern with the magnitude of the projected budget shortfall and the desire to protect core government functions. As with the executive branch, the Governor suggests that these offices and institutions individually redesign their operations to increase efficiencies while minimizing the disruption to public services as much as possible. They should also consider collaboration with other agencies to consolidate operations, co-locate facilities, or otherwise cooperate to share services in order to reduce costs.

Relationship to Base Budget

This reduction represents 10% of the base funding for the FY 2004-05 biennium.

Statutory Change: Not Applicable



THE SUPREME COURT OF MINNESOTA
MINNESOTA JUDICIAL CENTER
25 REV. DR. MARTIN LUTHER KING JR. BLVD.
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Very truly yours,

<<signed>>

Kathleen A. Blatz
Chief Justice

District Courts

	FY 2004	FY 2005	Total
Adjusted Base Budget	\$181,656	\$ 203,003	\$384,659
Change Requests:			
Maintain Core Justice Mandates	7,188	15,330	22,518
Children's Justice Mandates	4,158	5,138	9,296
Staffing for Caseload Needs	542	758	1,300
Total Request	\$193,544	\$ 224,229	\$417,773

More than 2 million cases are disposed of annually by 274 trial court judges and 2,800 support staff. The Legislative Auditor found that trial court judges in Minnesota are among the hardest working in the country. They handle on average a caseload that is 49% greater than judges in comparable state court systems. Caseloads have increased nearly 40% in the last decade and the time to process each case has dropped dramatically in many critical areas. In times of economic downturn, the business of the courts increases to deal with the stresses on families, businesses, and other areas of life. In just the last two years, major criminal and civil case filings have increased by 11%.

The courts are currently engaged in a legislatively mandated transfer of the administrative components of the trial courts to the state budget. This transfer exchanges state aid dollars paid to counties (Homestead and Agriculture Credit Aid) for a General Fund appropriation to the courts. This transfer funding mechanism accounts for \$95.702 million or 80% of the \$119.617 million base level change from the FY 2002-03 biennium to the FY 2004-05 **which represents no new state dollars**. If these reconstituted aid dollars were recognized as same level funding in FY 2002-03, the increase in the District Court Request for the FY 2004-05 biennium over the FY 2002-03 biennium would be 17%.

Court Administration Offices in the 32 counties remaining under county funding will be transferred according to the following schedule

- ◆ July 2003 Second and Fourth Judicial Districts
- ◆ July 2004 First and Third Judicial Districts
- ◆ July 2005 Sixth and Tenth Judicial Districts

The FY 2004-05 base budget for the trial courts of \$384.569 million includes the costs of transferring court administration costs in four of the remaining six judicial districts, including the two largest: Hennepin and Ramsey Counties.

The District Courts are requesting additional funding as follows:

- ⇒ **Maintain Core Justice Initiatives** to fund employee compensation costs subject to collective bargaining and projected insurance cost increases to be negotiated by the Department of Employee Relations.
- ⇒ **Childrens Justice Mandates** to meet state and federal mandates by providing guardians ad litem in 100% of abuse and neglect cases by July 1, 2005.
- ⇒ **Staffing for Caseload Needs** seeks funding for additional staff in targeted locations to schedule and manage cases, process court documents, create and maintain court records and enhance fee and fine collection capabilities resulting in additional revenue for the state. The costs of the five screener collector positions will be fully offset by new fine revenue collected \$310,000 in FY 2004 and \$356,000 in FY05.

	PAGE
Transmittal Letter	44
Budget in Brief Report	63
Agency Fiscal Page	64

LEGAL PROFESSION BOARDS

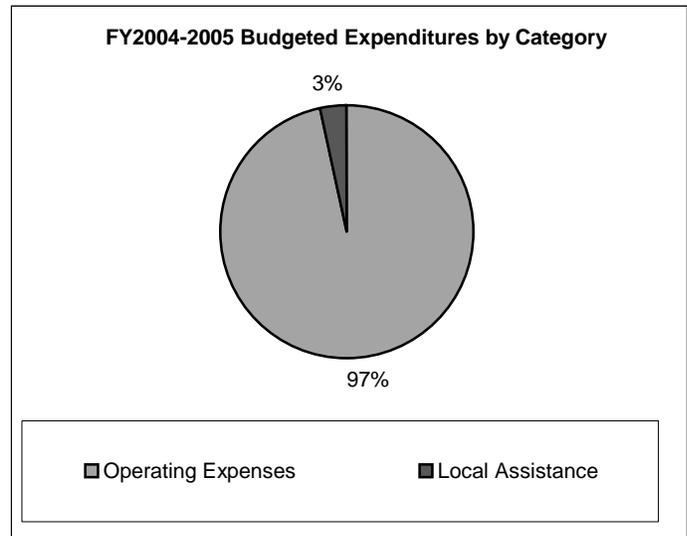
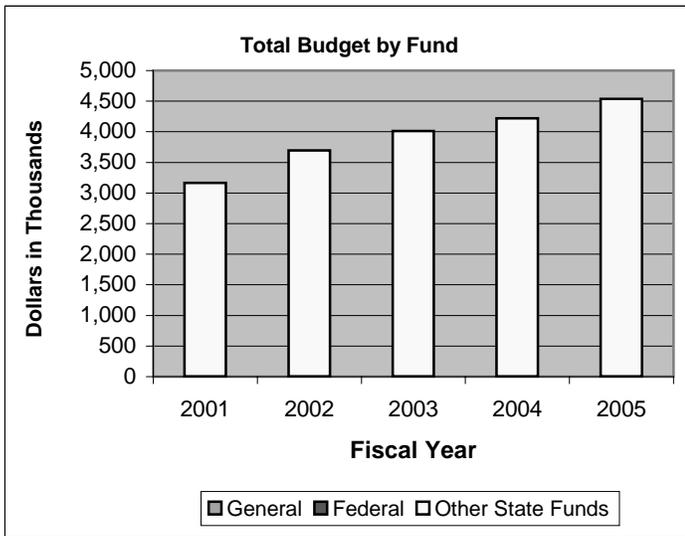
Budget in Brief

FY 2004-05 Expenditures (\$000s)

	General Fund	Other Funds	Total
2003 Funding Level	0	8,753	8,753
Adjusted Base Funding	0	8,753	8,753
Governor's Recommendations	0	8,753	8,753
Biennial Change, 2002-03 to 2004-05	0	1,049	1,049
Percent Change	n.m	14%	14%

Brief Explanation Of Budget Decisions:

The Legal Profession Boards are fully funded by fees collected under court rules, so no further actions are required on their budgets.



<i>Dollars in Thousands</i>	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Expenditures by Fund						
Statutory Appropriations						
Special Revenue	3,167	3,694	4,010	4,218	4,535	8,753
Total	3,167	3,694	4,010	4,218	4,535	8,753

Expenditures by Category	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Operating Expenses	3,167	3,586	3,890	4,078	4,375	8,453
Local Assistance	0	108	120	140	160	300
Total	3,167	3,694	4,010	4,218	4,535	8,753

Expenditures by Program	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Continuing Legal Education Bd	287	298	356	319	340	659
Professional Responsibility Bd	1,907	2,089	2,364	2,506	2,725	5,231
Legal Certification Board	43	45	51	53	57	110
Client Security Board	161	388	300	350	360	710
Law Examiners Board	769	874	939	990	1,053	2,043
Total	3,167	3,694	4,010	4,218	4,535	8,753

Revenue by Type and Fund	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Dedicated						
Special Revenue	3,827	3,818	3,909	4,202	4,254	8,456
Subtotal Dedicated	3,827	3,818	3,909	4,202	4,254	8,456
Total Revenue	3,827	3,818	3,909	4,202	4,254	8,456

Full-Time Equivalent (FTE)	35.7	36.0	49.2	49.2	49.2
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	PAGE
Transmittal Letter	44
Budget in Brief Report	66
Agency Fiscal Page	67
Change Items	
Governor's Change Items	
Budget Reductions	69
Reduce Grant Funding From DPS	70
<hr/>	
Agency Transmittal Letter	71
Agency Request Summary	74

FY 2004-05 Expenditures (\$000s)

	General Fund	Other Funds	Total
2003 Funding Level	80,364	7,526	87,890
Legislatively Mandated Base	-1,721	0	-1,721
New Programs To Agency Base	95	0	95
Adjusted Base Funding	78,738	7,526	86,264
Change Items			
Budget Reductions	-7,725	0	-7,725
Reduce Grant Funding From DPS	-980	0	-980
Governor's Recommendations	70,033	7,526	77,559
Biennial Change, 2002-03 to 2004-05	-8,672	-1,052	-9,724
Percent Change	-11%	-12%	-11%

Brief Explanation Of Budget Decisions:

Adjustments to the base include:

- ⇒ Legislatively mandated changes of a \$3,000,000 reduction for the end of MNCIS development costs, a \$1,159,000 increase for judicial infrastructure positions, and a \$120,000 increase in FY 2004-05 tails required under 2002 legislation.
- ⇒ New programs to agency base include \$95,000 for judges salary increases provided under statute.

Reductions in other funding primarily reflect completion of federal funding for parent education and juvenile accountability in the current biennium.

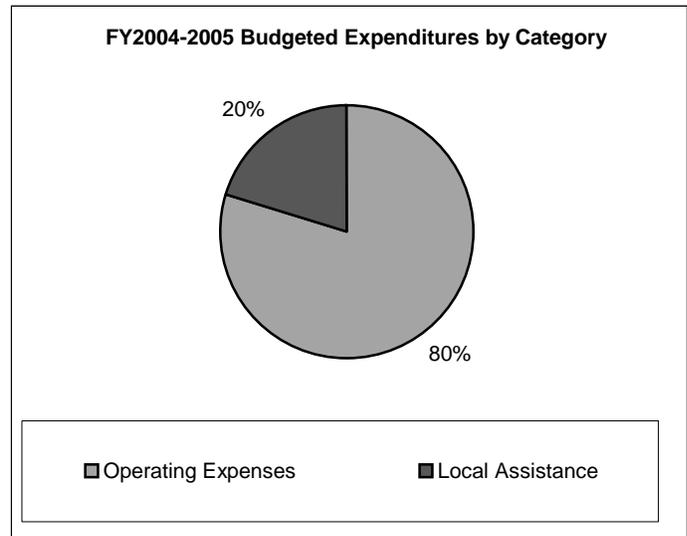
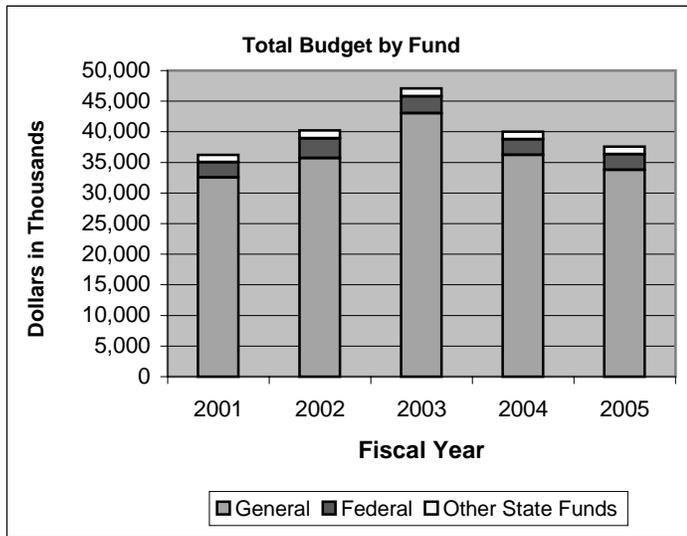
The Governor recommends a 10% reduction in funding totaling \$7,725,000. The Governor also recommends a reduction in payments from the Department of Public Safety for criminal justice projects in the amount of \$980,000.

Agency Request:

The Governor has submitted the Supreme Court's request to the Legislature. A narrative summary of the agency's request is included after the transmittal letter in this document. Additional detail on the Supreme Court's change items may be found on the Department of Finance's budget web site at <http://www.budget.state.mn.us/budget/operating/>. The following table summarizes the agency's request:

FY 2004-05 Expenditures (\$000s)

	General Fund	Other Funds	Total
FY 2003 Funding Level (Biennial Base)	80,364	7,526	87,890
Legislatively Mandated Base	-1,721	0	-1,721
One-Time Appropriations	95	0	95
Adjusted Base Funding	78,738	7,526	86,264
Agency Change Items			
Childrens Justice Mandates	569	0	569
Civil Legal Services	4,000	0	4,000
Maintain Core Justice Operations	2,561	0	2,561
FY 2004-05 Total Agency Request	85,868	7,526	93,394
Biennial Change 2002-03 to 2004-05	7,163	-1,052	6,111
Percent Change	9%	-12%	7%



<i>Dollars in Thousands</i>	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Expenditures by Fund						
Direct Appropriations						
General	32,159	34,810	42,188	35,986	33,537	69,523
Statutory Appropriations						
General	379	872	835	253	257	510
Special Revenue	1,146	1,235	1,242	1,196	1,200	2,396
Federal	2,488	3,261	2,754	2,524	2,524	5,048
Miscellaneous Agency	1	1	1	1	1	2
Gift	64	40	44	39	41	80
Total	36,237	40,219	47,064	39,999	37,560	77,559

Expenditures by Category	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Operating Expenses	27,428	31,285	38,233	32,087	29,648	61,735
Capital Outlay & Real Property	6	68	112	0	0	0
Local Assistance	7,792	8,866	8,719	7,912	7,912	15,824
Other Financial Transactions	1,011	0	0	0	0	0
Total	36,237	40,219	47,064	39,999	37,560	77,559

Expenditures by Program	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Supreme Court Operations	4,681	4,917	5,486	5,387	5,408	10,795
Civil Legal Services	7,473	8,758	8,609	8,569	8,569	17,138
Unallocated Reduction	0	0	0	-3,999	-3,726	-7,725
State Court Administrators	22,226	24,598	30,724	27,887	25,153	53,040
Law Library Operations	1,857	1,946	2,245	2,155	2,156	4,311
Total	36,237	40,219	47,064	39,999	37,560	77,559

SUPREME COURT

Fiscal Report

<i>Dollars in Thousands</i>	Actual	Actual	Preliminary	Governor's Rec		Biennium
Revenue by Type and Fund	FY2001	FY2002	FY2003	FY2004	FY2005	2004-05
Non Dedicated						
General	0	412	417	417	417	834
Cambridge Deposit Fund	385	0	0	0	0	0
Subtotal Non Dedicated	385	412	417	417	417	834
Dedicated						
General	1,500	878	835	253	257	510
Special Revenue	1,174	1,227	1,214	1,196	1,199	2,395
Federal	2,735	3,218	2,394	2,524	2,524	5,048
Miscellaneous Agency	1	1	1	1	1	2
Gift	58	38	39	39	39	78
Subtotal Dedicated	5,468	5,362	4,483	4,013	4,020	8,033
Total Revenue	5,853	5,774	4,900	4,430	4,437	8,867
Full-Time Equivalent (FTE)	198.8	220.8	249.9	245.5	245.5	

SUPREME COURT

Change Item: BUDGET REDUCTIONS

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	(3,999)	(3,726)	(3,726)	(3,726)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(3,999)	(3,726)	(3,726)	(3,726)

Recommendation

The Governor recommends a 10% reduction in the agency's base budget, to be distributed proportionately between operating costs and grants. The Governor makes no specific recommendations on the agency's change requests.

Background

The Governor respects the separation of powers and the desire of officials in the judicial and legislative branches and other constitutional officers to independently present their budget requests directly to the legislature without specific recommendations from the Governor. However, since the Governor is required by law to submit a balanced budget to the legislature, it is necessary to identify funding for those offices as part of preparing a complete and balanced budget.

The Governor's general recommendations for the judicial and legislative branches and other constitutional officers reflect his concern with the magnitude of the projected budget shortfall and the desire to protect core government functions. As with the executive branch, the Governor suggests that these offices and institutions individually redesign their operations to increase efficiencies while minimizing the disruption to public services as much as possible. They should also consider collaboration with other agencies to consolidate operations, co-locate facilities, or otherwise cooperate to share services in order to reduce costs.

Relationship to Base Budget

This reduction represents 10% of the base funding for the FY 2004-05 biennium.

Statutory Change: Not Applicable

SUPREME COURTChange Item: **REDUCE GRANT FUNDING FROM DPS**

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund--Statutory				
Expenditures	(490)	(490)	(490)	(490)
Revenues	(490)	(490)	(490)	(490)
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	0	0	0	0

Recommendation

The Governor's budget proposal for the Department of Public Safety includes a reduction of \$980,000 for interagency agreements related to criminal justice information systems. That funding has been used to contract with the Supreme Court for projects in this area. The proposal means this funding will no longer be provided to the Supreme Court. General fund revenues and expenditures would be reduced accordingly for this agency.

Background

The funding was originally appropriated to the Department of Public Safety to contract with the Supreme Court for criminal justice information projects. Public Safety considers the use of this funding a lower priority item and is eliminating it under the Governor's proposal. The proposal is noted under the Supreme Court's budget to fully disclose the effects of other budget proposals on the agency.

Relationship to Base Budget

This funding is not part of general fund expenditures directly appropriated to the Supreme Court. It is funding that has been provided to the agency on a contractual basis by the Department of Public Safety. The budgetary effect of this change is that it will reduce revenues and expenditures of funding statutorily appropriated to the agency.

Statutory Change: Not Applicable.



THE SUPREME COURT OF MINNESOTA
MINNESOTA JUDICIAL CENTER
25 REV. DR. MARTIN LUTHER KING JR. BLVD.
SAINT PAUL, MINNESOTA 55155

February 18, 2003

The 2003 Minnesota Legislature:

On behalf of the hundreds of thousands of litigants, 297 judges and more than 3,000 employees of the judicial branch of the state of Minnesota, I transmit the FY 2004-05 budget request for the judicial branch.

In addition to the FY 2004-05 base budget for the Supreme Court, the Court of Appeals and the District Courts, I am transmitting four change requests highlighting additional needs of the judicial branch for the next biennium. Those requests are:

- ◆ \$25.904 million in salary and insurance funding to Maintain Core Justice Operations
- ◆ \$9.865 million for Children's Justice Mandates
- ◆ \$1.3 million for staffing to address Caseload Needs
- ◆ \$4 million for Civil Legal Services for the Poor

You may ask why the judicial branch has proposed a budget increase rather than a budget reduction in this time of financial retrenchment. The Minnesota judiciary is in a period of transition on a number of legislatively authorized, mission-critical initiatives including the completion of the Minnesota Court Information System (a key component of CriMNet); transition of Districts 1, 2, 3, and 4 to state funding; and aggressive efforts to meet federal and state mandates regarding protection of children in cases of abuse and neglect. At the same time the judiciary is undertaking these major initiatives, we are experiencing an 11% increase in criminal and civil caseloads for judges who, the Office of the Legislative Auditor recently concluded, already carry caseloads 49% higher than other comparable states. The judiciary recognizes that in this time of budgetary crisis we all need to share in the solution. However, we believe the Minnesota judicial branch is different and unique as compared to many Executive Branch agencies and other state funded programs.

Constitutional Promise to Minnesota Citizens

The Minnesota Constitution dictates the manner and boundaries under which the Judiciary must operate. Article I, Section 8 provides:

"Every person is entitled to a certain remedy in the laws for all injuries or wrongs which he may receive to his person, property or character and to obtain justice freely and without purchase, completely and without denial, promptly and without delay conformable to the laws."

Other provisions of the Minnesota Constitution promise citizens a right to a speedy and public trial by an impartial jury. It is imperative that the judicial branch carry out its constitutional and legal mandates to protect the rights and safety of our citizens. In order to meet these requirements, we must provide court services "promptly and without delay." To do so, courts must be staffed sufficiently to ensure prompt service because justice delayed is justice denied. The judicial branch is also required by law to ensure that courts, even those in rural areas, remain open for those residents who need to seek justice. Severely reducing the court's budget threatens the ability of the judiciary to meet these constitutional and statutory imperatives.

The budget that we have proposed provides timely adjudication of the more than two million cases presented to the courts for disposition each year. It protects public safety by the fair, but swift disposition of criminal cases and the enforcement of court sanctions, including collection of fines, in those cases. It protects the most vulnerable of our citizens -- children -- through guardians ad litem who advocate for their best interests and through additional child support collection efforts. By providing sufficient resources, this budget protects the rights of each citizen to due process, to well reasoned decisions, and to the fair and impartial administration of justice.

No Control Over Workload

The Minnesota judiciary is an open door for justice in the state. Our workload is dictated by the will of prosecutors enforcing state and local laws, the desires of citizens and businesses for redress and the needs of children and other vulnerable citizens for protection. The judiciary is unable to turn away those who enter the courthouse and has an impact on the lives of citizens from birth to death. Unlike other agencies, we do not run programs and have no discretionary budget to cut. All resources of the court system support the adjudication of matters brought to us by other entities.

Judicial Response to Federal and Legislative Mandates

The judicial branch is currently engaged in implementing CriMNet to improve the information available to courts and other state and local agencies such as the Department of Public Safety, the Board of Public Defense, Corrections, Revenue, the Secretary of State, and county and city prosecutors and law enforcement. This multi-year court initiative has begun implementation in local courts and should be completed in the next biennium. The Minnesota Court Information System (MNCIS) is the hub of the CriMNet system. Fifty percent of the information flowing to CriMNet is produced by the courts. Without implementation of the MNCIS system, CriMNet will not be able to function and the resources already expended to develop the system will be lost.

The judicial branch is also engaged in completing the legislative mandate to transfer courts to state funding by July 2005. Fifty-five counties of the court system, including the entire western half of the state, have already transferred to state funding. During the FY 2002-03 biennium, thousands of hours of state and county staff time has been devoted to identifying and resolving the issues and developing the policies and administrative systems to facilitate a smooth transition in the FY 2004-05 biennium of the states' largest courts in Hennepin and Ramsey Counties on July 1, 2003 and in the counties of the First and Third Judicial Districts in southeastern Minnesota on July 1, 2004. The employees in these counties have worked tirelessly to prepare for the transition and are poised to move forward with the funding provided by this budget request. Successful transition to state funding will allow the judiciary to operate as one system and develop the efficiencies which could not be accomplished with 87 individual county-based courts.

The courts are working diligently to implement federal law (1974 Child Abuse Prevention and Treatment Act) and state law (M.S. 260C.163, subd. 5(a)) which mandate the appointment of a Guardian ad litem in every case in which a child has been alleged to have been abused and neglected. Today 20% of the maltreated children in Minnesota still have no guardian ad litem and no effective voice in our courtrooms despite the longstanding federal and state mandates. Additional resources are necessary to ensure that all children suffering from abuse and neglect have an appointed guardian. Failure to meet these federal mandates could result in the loss of significant federal funds which would only increase the budgetary demands on the state.

Federal law requires all states to have an expedited process for the adjudication of IV-D cases establishing, modifying or enforcing child support obligations. The Federal government requires that 75% of the IV-D matters in the expedited process move from service of process to filing of the final order in six months or less. Historically this program has grown at the rate of 15% per year. Any downturn in the economy increases the demand for services in the Expedited Child Support Process as more families separate and current support obligations require adjustment downward. The judiciary has not asked for any increase in state funding since 1998 despite a

53% caseload growth. Every state dollar allocated to this service generates a significant return of federal dollars. By using child support magistrates, 66% of the cost of handling these matters is borne by the federal government. More importantly, basic financial support to sustain the health and well being of Minnesota's children is put in place.

Enforcement of court sanctions is critical to respect for the law. Courts must have the staff adequate to implement the orders and judgments of the courts. As a by-product of that enforcement effort, the courts collect annually fees and fines in excess of \$130 million, which are currently shared by state, county, and municipal governments.

With fewer resources, the courts would be unable to meet these fundamental constitutional and statutory mandates, nor address the workload that has increased almost 40% in the past decade and be prepared to handle the additional increase in workload that occurs in periods of economic downturn.

We have examined various budget reduction scenarios in anticipation of this budget discussion. Absorbing the skyrocketing FY 2004-05 costs for employee health insurance and sustaining a 10-15% budget base cut would mean a reduction in the range of 33% of court staff statewide. While the court's entire caseload would be impacted, without a third of our staff, including law clerks, court reporters, courtroom and filing staff, wholesale categories of cases essentially would not be heard. Growing backlogs and delay would prevent courts from effectively enforcing court sanctions, especially for misdemeanor, petty misdemeanor, and even some gross misdemeanor case types with a resultant loss of state and local government revenue. This cut likely would mean closing court locations as well, forcing citizens, law enforcement and prosecutors to travel significant distances to conduct court business. In sum, public safety will be put at risk and our citizens' constitutionally guaranteed access to justice would be substantially impeded, undermining the public's trust and confidence in the courts – a central tenet of our democratic form of government.

We believe it is important that the legislature understand the needs of the judicial branch before any determination is made about whether the judicial branch should curtail its operation. I am therefore presenting to the legislature for its consideration a FY 2004-05 budget request which funds core justice operations and meets federal and state justice mandates. I look forward to discussing it with you in the days ahead.

Very truly yours,

<<signed>>

Kathleen A. Blatz
Chief Justice

Supreme Court

	FY 2004	FY 2005	Total
Adjusted Base Budget	\$ 44,488	\$ 41,776	\$ 86,264
Change Requests:			
Maintain Core Justice Mandates	836	1,725	2,561
Children's Justice Mandates	214	355	569
Civil Legal Services	2,000	2,000	4,000
Total Request	\$ 47,538	\$ 45,856	\$ 93,394

Total base funding for the Supreme Court for FY 2004-05 is \$86.264 million or 1.2% less than available for the FY 2002-03 biennium. If the change level requests were granted, the FY 2004-05 total base funding would be 7% more than the FY 2002-03 biennium.

The Supreme Court requests additional funding for:

- ⇒ **Maintain Core Justice Operations** seeks to fund employee compensation and projected insurance cost increases to be negotiated by the Department of Employee Relations.
- ⇒ **Childrens Justice Mandates** seeks funding to comply with the federal requirements to process 75% of the IV-D child support cases within six months from service of process to filing of the final order. Caseloads have grown 53% since 1998 while state appropriation has remained the same. During the period of economic downturn accelerated caseload growth for modification of child support orders is projected. Each state dollar is matched by two federal dollars. The request leverages \$1.138 million in additional federal funds.
- ⇒ **Civil Legal Services** seeks funding for representation for more than 20,000 vulnerable Minnesotans whose incomes are below the federal poverty guidelines to (1) protect the safety of children and help families break the cycle of abuse; (2) assist in securing child support and federal aid for low income families (3) assist farm families to remain on their homestead; (4) help prevent homelessness; (5) repair substandard housing (6) assist adults to move from welfare to work by overcoming legal obstacles.

	PAGE
Transmittal Letter	44
Budget in Brief Report	76
Agency Fiscal Page	77
Change Items	
Governor's Change Items	
Budget Reductions	78

Agency Transmittal Letter	79
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FY 2004-05 Expenditures (\$000s)

	General Fund	Other Funds	Total
2003 Funding Level	108,032	88	108,120
Legislatively Mandated Base	70	0	70
Adjusted Base Funding	108,102	88	108,190
Change Items			
Budget Reductions	-16,077	0	-16,077
Governor's Recommendations	92,025	88	92,113
Biennial Change, 2002-03 to 2004-05	-13,245	-98	-13,343
Percent Change	-13%	-53%	-13%

Brief Explanation of Budget Decisions:

The adjustment to the base is a \$70,000 increase in FY 2004-05 tails required under 2002 legislation.

Reductions in other funds reflects changes in dedicated funding sources such as loss of federal training revenues and gift fund revenues.

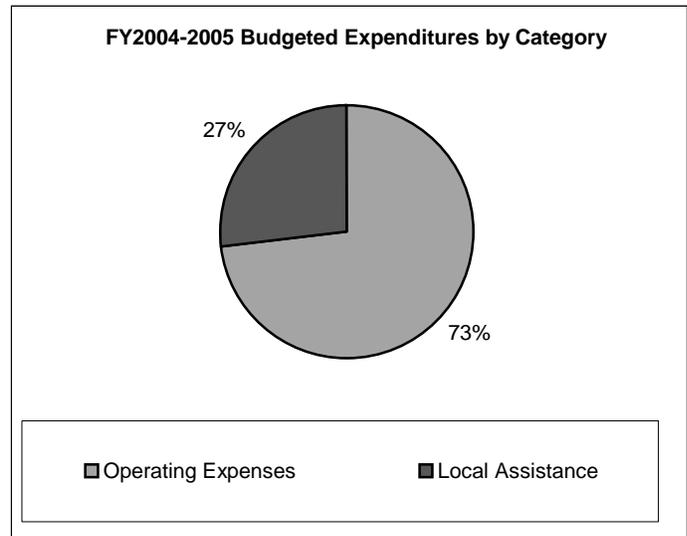
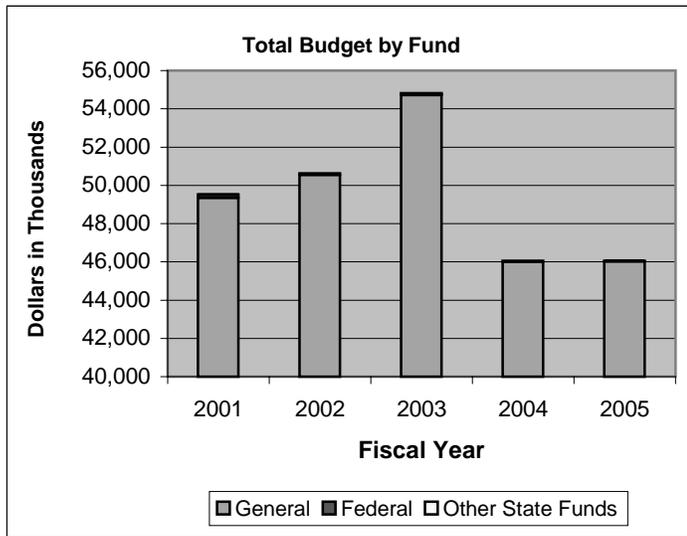
The Governor recommends a 15% reduction in funding totaling \$16,077,000.

Agency Request:

The Governor has submitted the Public Defense Board's request to the Legislature. A narrative summary of the agency's request is included after the transmittal letter in this document. Additional detail on the Public Defense Board's change items may be found on the Department of Finance's budget web site at <http://www.budget.state.mn.us/budget/operating/>. The following table summarizes the agency's request:

FY 2004-05 Expenditures (\$000s)

	General Fund	Other Funds	Total
FY 2003 Funding Level (Biennial Base)	108,032	88	108,120
Legislatively Mandated Base	70	0	70
Adjusted Base Funding	108,102	88	108,190
Agency Change Items			
Public Defense System Viability	30,087	0	30,087
Information Systems Maintenance	995	0	995
Public Defense Corporations	878	0	878
FY 2004-05 Total Agency Request	140,062	88	140,150
Biennial Change 2002-03 to 2004-05	34,792	-98	34,694
Percent Change	33%	-53%	33%



<i>Dollars in Thousands</i>	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Expenditures by Fund						
Direct Appropriations						
General	48,837	50,093	54,259	45,552	45,553	91,105
Statutory Appropriations						
General	518	455	463	460	460	920
Federal	158	79	48	40	40	80
Gift	11	3	56	4	4	8
Total	49,524	50,630	54,826	46,056	46,057	92,113

Expenditures by Category	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Operating Expenses	34,725	35,935	40,213	33,635	33,636	67,271
Local Assistance	14,799	14,695	14,613	12,421	12,421	24,842
Total	49,524	50,630	54,826	46,056	46,057	92,113

Expenditures by Program	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
State Public Defender	3,249	3,733	4,005	3,590	3,590	7,180
Public Defense Board	2,344	1,733	2,286	2,502	2,502	5,004
District Public Defense	43,931	45,164	48,535	48,003	48,003	96,006
Unallocated Reduction	0	0	0	-8,039	-8,038	-16,077
Total	49,524	50,630	54,826	46,056	46,057	92,113

Revenue by Type and Fund	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Dedicated						
Federal	130	66	40	40	40	80
Gift	15	11	32	4	4	8
Subtotal Dedicated	145	77	72	44	44	88
Total Revenue	145	77	72	44	44	88

Full-Time Equivalents (FTE)	483.8	503.7	500.0	500.0	500.0
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PUBLIC DEFENSE BOARD

Change Item: BUDGET REDUCTIONS

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	(8,039)	(8,038)	(8,038)	(8,038)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(8,039)	(8,038)	(8,038)	(8,038)

Recommendation

The Governor recommends a 15% reduction in the agency's base budget, to be distributed proportionately between operating costs and grants. The Governor makes no specific recommendations on the agency's change requests.

Background

The Governor respects the separation of powers and the desire of officials in the judicial and legislative branches and other constitutional officers to independently present their budget requests directly to the legislature without specific recommendations from the Governor. However, since the Governor is required by law to submit a balanced budget to the legislature, it is necessary to identify funding for those offices as part of preparing a complete and balanced budget.

The Governor's general recommendations for the judicial and legislative branches and other constitutional officers reflect his concern with the magnitude of the projected budget shortfall and the desire to protect core government functions. As with the executive branch, the Governor suggests that these offices and institutions individually redesign their operations to increase efficiencies while minimizing the disruption to public services as much as possible. They should also consider collaboration with other agencies to consolidate operations, co-locate facilities, or otherwise cooperate to share services in order to reduce costs.

Relationship to Base Budget

This reduction represents 15% of the base funding for the FY 2004-05 biennium.

Statutory Change: Not Applicable



STATE OF MINNESOTA
BOARD OF PUBLIC DEFENSE

Kevin J. Kajer
Chief Administrator

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Suite 900
Minneapolis, MN 55401

(612) 349-2565
FAX: (612) 349-2568
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February 18, 2003

The 2003 Minnesota Legislature:

The purpose of this correspondence is to transmit to you the FY 2004-05 biennial budget request for the state of Minnesota Board of Public Defense.

The public defense system is the largest customer of the courts and public defenders provide service in every courthouse in Minnesota, handling over 175,000 cases per year. The Judicial District Public Defender Offices provide services to indigent clients charged with crimes in felony, gross misdemeanor, misdemeanor and juvenile cases. The Appellate Office provides services to indigent clients in state prisons who appeal their criminal cases to the Minnesota Court of Appeals and Supreme Court; or who pursue post conviction proceedings in the District Courts throughout the state. The budget also includes partial funding for five nonprofit public defense corporations. The corporations provide high quality, independent criminal and juvenile defense services primarily to minority indigents, who otherwise would need public defense services.

The annual base budget of the board for the FY 2004-05 biennium is \$53.591 million. In addition, the board is requesting \$14.71 million in FY 2004 and \$17.25 million in FY 2005 to address increased caseloads, increased time commitments, technology needs and the need to maintain the public defense corporations.

The public defense system is in crisis. Caseloads are in excess of double the Board's Weighted Caseload Standards, and American Bar Association Standards. In FY 2002 part-time district public defenders provided more than 25,000 uncompensated hours. In a recent Legislative Auditor's Report on the District Courts, 70% of judges stated that a major cause for delay in the criminal justice system was that there were too few public defenders. Seventy percent of judges also thought that attorneys do not have adequate time to prepare their cases, resulting again in delays in the system. At the same time insurance cost increases over the past four years (19%, 21%, 16%, and 20%), annualized cost of FY 2003 budget reductions, and annualized personnel costs have combined to create a budget deficit of \$3.5 million annually. In order for the board to continue current staffing and services will require \$3.5 million over the current annual base budget.

PUBLIC DEFENDER VIABILITY

The board is requesting an additional \$13.65 million in FY 2004, and \$16.481 million in FY 2005 to maintain the viability of the public defender system. This request is an attempt to maintain Minnesota's public defender system and its part time model of service delivery. The request would address the issues that most threaten the viability of the public defender system. These issues include; caseloads in excess of double the board's adopted caseload standards, hours put in by part-time defenders that the state does not pay for, and personnel costs of existing staff. During FY 2003, district public defenders will provide service in over 175,000 cases. Under Board and American Bar Association standards, this will equate to 323,000 case units with each "unit" representing the equivalent of a misdemeanor case. Caseloads are on track to rise 19% between FY 2001 and FY 2003. The result is a caseload average of more than 850 units or more than double what the Board of Public Defense Weighted Caseload Standards and American Bar Association standards call for. During FY 2002, part time defenders provided more than 25,000 uncompensated hours.

Increased caseloads, new judgeships, new crimes, additional court calendars, and changes in court procedures (especially in the juvenile area) continue to hamper the board's ability to provide adequate services to its clients and the criminal justice system. Client services deteriorate and the entire criminal justice system stops while waiting for public defenders. Part-time public defenders find it difficult to continue to provide this service. Under this stress and without additional resources the public defense system is in serious jeopardy of failing, and with it the prosecution and court functions.

On the appellate level, lawyers on average carry a caseload that is more than double the American Bar Association Caseload Standard. The Minnesota Department of Corrections (DOC) records indicate that the inmate population in the state's correctional facilities has increased 32% between 1997 and 2002. This population is the client base for the Appellate Office. From FY 2001 to FY 2002, the number of appellate files opened, increased by 24%, the number of briefs filed increased 13%, and the number of parole revocation hearings increased by 14%. In addition, trial court related cases increased by 57% from FY 2001 to FY 2002.

Since 1999 the board has had labor agreements in place similar to those in other state agencies. Since 2001 these agreements have treated board employees like other state employees. In this time the board has not received the full funding necessary to accommodate salary and benefit increases. These increases along with the budget reductions taken in FY 2003 have combined to create the deficit situation referred to above. Without this additional funding, positions will go unfilled, and layoffs will be likely. In many instances this will bring the court system to a standstill.

Recognizing the difficult budget situation that the state finds itself in, the board is not requesting funding to achieve the caseload standards. It is requesting funding to address the tremendous growth in caseloads, new judgeships, equalize caseloads among districts and to allow the board to continue to employ current staff.

INFORMATION SYSTEMS FUNDING

The board is requesting \$686,000 in FY 2004, and \$309,000 in FY 2005 to be able to take advantage of technology changes in the court and criminal justice areas. The board is requesting funding in order to maintain existing information systems, and replace obsolete hardware and software. The request would; replace the Law Office Data Base (case information) which is written in an obsolete 10 year old programming language. It would also provide for the increased cost of data lines allowing communication via internet, ongoing software licensing, a regular replacement schedule of computers, programming assistance to maintain current programs, and a project manager to handle the daily operations of the office. The board's Information Systems staff maintains 94 computer servers in 28 locations across Minnesota, as well as developing and maintaining web services for about 8,000 visitors per day. The Information Systems staff has developed and is maintaining five large custom-designed computer applications related to caseloads, case data, and time keeping. These projects have become integral to the day-to-day operations of public defense in Minnesota. The failure of these systems jeopardizes the smooth functioning of our offices statewide. The arrival of CriMNet and one of its components, MNCIS, requires extensive policy development focus and participation by the Board's Information Systems Director, thus the need for a project manager.

PUBLIC DEFENSE CORPORATIONS

The board is requesting \$418,000 in FY 2004 and \$460,000 in FY 2005 for the public defense corporations. There are five public defense corporations across the state. There are two serving the metropolitan area of the Twin Cities and three serving predominantly Native American communities in northern Minnesota. The request is made up of three items: 1) funding to enable the corporations to hire a minimal number of new staff to keep up with the caseloads; 2) one-time funding to provide for technology upgrades; and 3) funding to maintain the salaries of the employees of these corporations. The public defense corporations serve a client base that is often

times intimidated, uncomfortable or does not understand the court system. This funding will allow the corporations to continue to provide quality legal services by providing additional attorney time and investigation services. It will allow the corporations to keep up with the changing technology involved in court proceedings and the practice of law. Finally it will allow the corporations retain qualified attorneys and staff. It is important to note that most, if not all, of the criminal cases, which the public defense corporations handle, would end up on the public defense system if the corporations should fail to carry out their services.

Thank you for your consideration of this budget proposal. I look forward to working with you.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Kajer', written over a horizontal line.

Kevin Kajer
Chief Administrator



**State of Minnesota
Department of Finance**

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February 18, 2003

The Minnesota Legislature
State Capitol
St. Paul, Minnesota

Dear Legislators,

I hereby respectfully submit for your consideration the FY 2004-05 Governor's budget proposals for the non-cabinet agencies in the Criminal Justice omnibus bill. These agencies collectively administer \$11.043 million (Gov's Rec, all funds) for the FY 2004-05 biennium. The Governor encourages the agencies to work diligently to be effective stewards of taxpayer resources and focus operations and spending on their highest service priorities.

The funding recommended for these agencies for FY 2004-05 represents a \$2.426 million (18%percent) decrease from the FY 2002-03 biennium. The funding provided for these agencies will be used to regulate peace officers and partially reimburse their training costs, provide tax court services and disciplinary oversight of judges, regulate private detectives, administer sentencing guidelines, and promote passage of uniform laws.

The magnitude of the projected budget shortfall and the desire to protect core government functions necessitates reducing or eliminating some functions. The Governor intends that agencies individually redesign their operations to minimize the disruption to public services as much as possible. It will also be important for them to collaborate with other agencies to consolidate operations, co-locate facilities, or otherwise cooperate to share services in order to reduce costs.

The funding recommended for most of these agencies will be reduced by 15%. No funding reduction is recommended for the Board on Judicial Standards to maintain minimal operations. The Office of Ombudsman for Corrections is recommended for elimination. Additional FY 2003 funding of \$35,000 is recommended for the Board on Judicial Standards to pay the anticipated costs of a public hearing regarding disciplinary actions against a judge.

The pages that follow provide more detailed information on individual agency spending history and budget plans for the next biennium.

I know that my staff, the agencies, and the Governor's Office all stand ready to provide you with additional information and assistance as necessary as you go about the difficult task of crafting a sound budget for the upcoming biennium.

Sincerely,

Dan McElroy
Commissioner

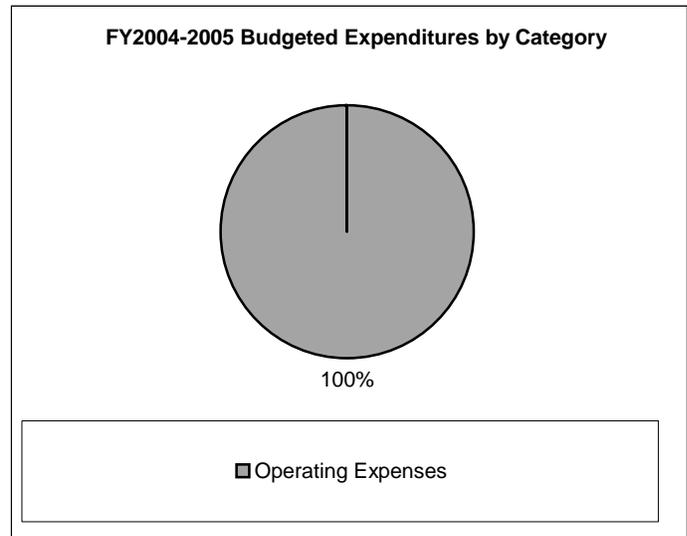
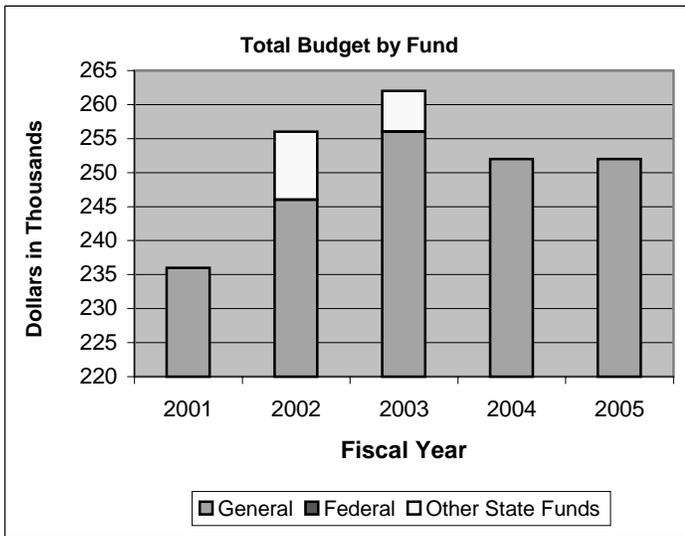
	PAGE
Transmittal Letter	82
Budget in Brief Report	84
Agency Fiscal Page	85
Change Items	
Agency Change Items	
FY 03 Deficiency For Hearing Costs	86

FY 2004-05 Expenditures (\$000s)

	General Fund	Other Funds	Total
2003 Funding Level	504	0	504
Adjusted Base Funding	504	0	504
Governor's Recommendations	504	0	504
Biennial Change, 2002-03 to 2004-05	2	-16	-14
Percent Change	0%	-100%	-3%

Brief Explanation Of Budget Decisions:

The Governor recommends a \$35,000 deficiency appropriation for FY 2003 to pay the anticipated costs of a public hearing regarding disciplinary action against a judge. In addition, the Governor recommends no change in funding for the agency's FY 2004-05 budget.



<i>Dollars in Thousands</i>	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Expenditures by Fund						
Direct Appropriations						
General	236	246	256	252	252	504
Special Revenue	0	10	6	0	0	0
Total	236	256	262	252	252	504
Expenditures by Category						
Operating Expenses	236	256	262	252	252	504
Total	236	256	262	252	252	504
Expenditures by Program						
Judicial Standards Board	236	256	262	252	252	504
Total	236	256	262	252	252	504
Revenue by Type and Fund						
Non Dedicated						
General	8	0	0	0	0	0
Subtotal Non Dedicated	8	0	0	0	0	0
Total Revenue	8	0	0	0	0	0
Full-Time Equivalents (FTE)	2.0	2.0	2.0	2.0	2.0	

JUDICIAL STANDARDS BOARD

Change Item: FY 03 DEFICIENCY FOR HEARING COSTS

Fiscal Impact (\$000s)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
General Fund					
Expenditures	35	0	0	0	0
Revenues	0	0	0	0	0
Other Fund					
Expenditures	0	0	0	0	0
Revenues	0	0	0	0	0
Net Fiscal Impact	35	0	0	0	0

Recommendation

The Governor recommends \$35,000 for a deficiency request in FY 03 to pay for anticipated costs of a public hearing on disciplinary actions against a judge. The Governor also recommends no change in base funding for this agency for the FY 2004-2005 biennium.

Background

The board's regular appropriation covers staff and board expenses such as normal inquiries and resolution of complaints about judges' actions. Whenever there has been a case that involves a public hearing or significant investigation, the board has requested additional funds for those expenditures. In a current case the board has recommended public discipline of a judge. The judge has requested a full public hearing at public expense, as is allowed under Court rules. The director has estimated that the additional funding of the expenses for this hearing will be \$35,000. This includes attorney fees, court reporter fees, courtroom rental, witness fees and copying fees. The Governor recommends that funds be made available for the costs of the public hearing.

Relationship to Base Budget

No change is proposed for the agency's base budget in FY 2004-05.

Alternatives Considered

No additional funding for the public hearing. This option would make it extremely difficult for the agency to fulfill its responsibilities under statutes and court rules.

Statutory Change: Not Applicable.

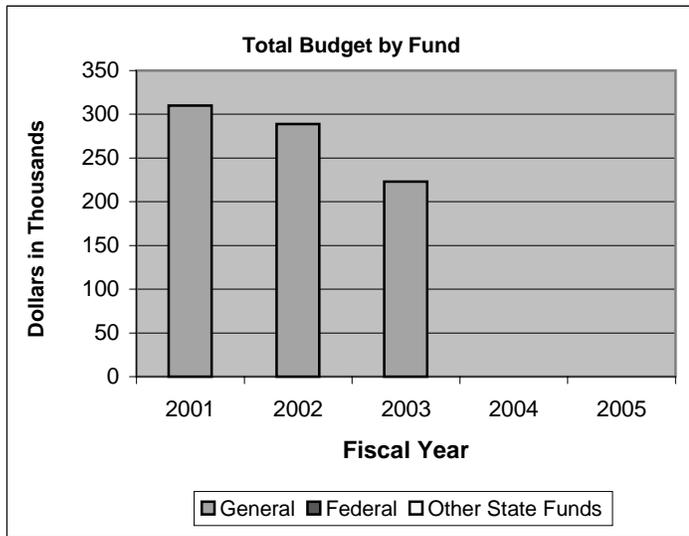
	PAGE
Transmittal Letter	82
Budget in Brief Report	88
Agency Fiscal Page	89
Change Items	
Agency Change Items	
Eliminate Ombudsman For Corrections	90

FY 2004-05 Expenditures (\$000s)

	General Fund	Other Funds	Total
2003 Funding Level	336	0	336
Adjusted Base Funding	336	0	336
Change Items			
Eliminate Ombudsman For Corrections	-336	0	-336
Governor's Recommendations	0	0	0
Biennial Change, 2002-03 to 2004-05	-512	0	-512
Percent Change	-100%	n.m.	-100%

Brief Explanation Of Budget Decisions:

The Governor recommends that the Office of Ombudsman of Corrections be abolished effective 7-1-03. The total biennial reduction is \$336,000. Funding for severance and other costs of closing down agency operations will be covered from a statewide contingency appropriation.



<i>Dollars in Thousands</i>	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	FY2005	Biennium 2004-05
Expenditures by Fund						
Direct Appropriations						
General	310	289	223	0	0	0
Total	310	289	223	0	0	0
Expenditures by Category						
Operating Expenses	310	289	223	0	0	0
Total	310	289	223	0	0	0
Expenditures by Program						
Ombudsman-Corrections	310	289	223	0	0	0
Total	310	289	223	0	0	0
Full-Time Equivalents (FTE)	3.7	3.4	1.6	0.0	0.0	

OMBUDSMAN FOR CORRECTIONS

Change Item: ELIMINATE OMBUDSMAN FOR CORRECTIONS

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	(168)	(168)	(168)	(168)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(168)	(168)	(168)	(168)

Recommendation

The Governor recommends that the Office of the Ombudsman of Corrections be abolished effective 7-1-03. The total biennial reduction is \$336,000. Funding for severance and other costs of closing down agency operations will be covered from a statewide contingency appropriation.

Background

In recent years this office has been significantly reduced from nearly nine staff to just one full-time and one part-time employee, making it difficult to maintain ongoing operations. These reductions have occurred with recognition that other avenues of redress exist for inmates that were not available when this office was created. With the fiscal challenges facing the state, it only makes sense to eliminate functions that are duplicative in nature and whose responsibilities can and have been handled by other agencies in state government. For these reasons, the Governor recommends the office be abolished.

Relationship to Base Budget

Biennial base funding for the agency is \$336,000. This recommendation eliminates the base funding.

Statutory Change: Repeal M.S. 241.41-.45 and delete other references to the Ombudsman in statute.

	PAGE
Transmittal Letter	82
Budget in Brief Report	92
Agency Fiscal Page	93
Change Items	
Agency Change Items	
Budget Reduction	94

PEACE OFFICERS BOARD (POST)

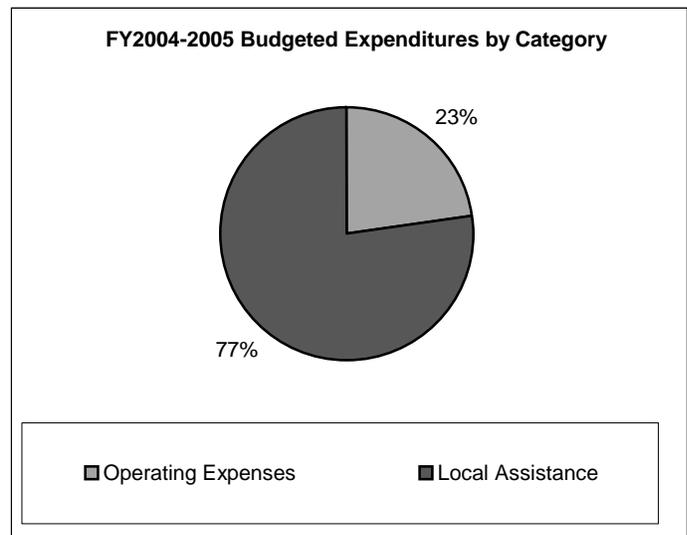
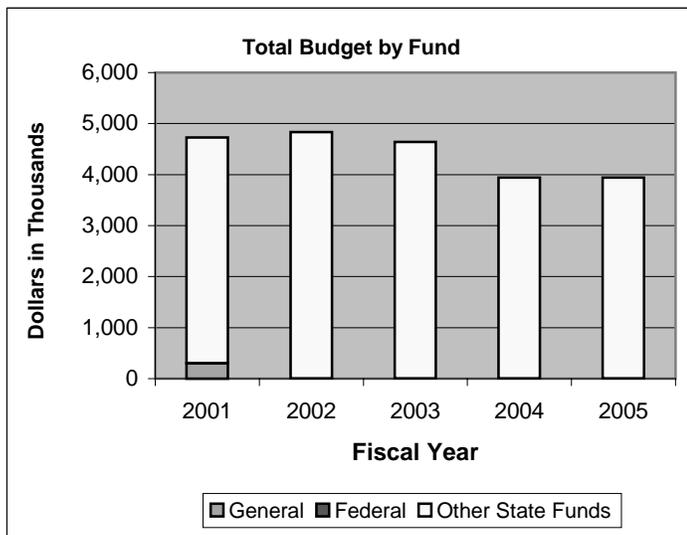
Budget in Brief

FY 2004-05 Expenditures (\$000s)

	General Fund	Other Funds	Total
2003 Funding Level	0	9,266	9,266
Adjusted Base Funding	0	9,266	9,266
Change Items			
Budget Reduction	0	-1,380	-1,380
Governor's Recommendations	0	7,886	7,886
Biennial Change, 2002-03 to 2004-05	0	-1,588	-1,588
Percent Change	n.m	-17%	-17%

Brief Explanation Of Budget Decisions:

The Governor recommends a budget of \$3,943,000 in FY 2004 and \$3,943,000 in FY 2005 for the Peace Officers Standards and Training Board. These amounts reflect a 15% base reduction for the biennium and are split proportionately between operating costs and grants. The Governor also recommends continuation of rider language in the agency appropriation that directs that the balance in the peace officer training special revenue account exceeding the appropriation be transferred to the general fund. The result of this recommendation is an additional \$690,000 transferred each year to the general fund.



<i>Dollars in Thousands</i>	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Expenditures by Fund						
Direct Appropriations						
General	300	0	0	0	0	0
Special Revenue	1,011	4,598	4,638	3,943	3,943	7,886
Statutory Appropriations						
Special Revenue	3,418	238	0	0	0	0
Total	4,729	4,836	4,638	3,943	3,943	7,886

Expenditures by Category	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Operating Expenses	1,011	1,227	1,029	898	898	1,796
Local Assistance	3,718	3,609	3,609	3,045	3,045	6,090
Total	4,729	4,836	4,638	3,943	3,943	7,886

Expenditures by Program	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Peace Officers Standards&Train	4,729	4,836	4,638	3,943	3,943	7,886
Total	4,729	4,836	4,638	3,943	3,943	7,886

Revenue by Type and Fund	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Non Dedicated						
General	0	420	430	430	430	860
Cambridge Deposit Fund	427	0	0	0	0	0
Subtotal Non Dedicated	427	420	430	430	430	860
Total Revenue	427	420	430	430	430	860

Full-Time Equivalent (FTE)	13.6	13.4	13.4	11.4	11.4
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PEACE OFFICERS BOARD (POST)Change Item: **BUDGET REDUCTION**

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Fund				
Expenditures	(690)	(690)	(690)	(690)
Revenues	0	0	0	0
Net Fiscal Impact	(690)	(690)	(690)	(690)

Recommendation

The Governor recommends a budget of \$3,943,000 in FY 2004 and \$3,943,000 in FY 2005 for the Peace Officers Standards and Training Board. These amounts reflect a 15% base reduction for the biennium and are split proportionately between operating costs and grants. The Governor also recommends continuation of rider language in the agency appropriation that directs that the balance in the peace officer training special revenue account exceeding the appropriation be transferred to the general fund. The result of this recommendation is an additional \$690,000 transferred each year to the general fund.

The Governor intends that the Board should focus its appropriated funding on maintaining its highest priority services and programs. Specific operational changes are not required by this proposal, as the Governor intends to provide as much flexibility as possible to the agency for the implementation of these reductions.

Relationship to Base Budget

This change item results in a 15% reduction to the agency's base budget. It is anticipated that the number of FTE positions will decrease by two.

Alternatives Considered

None.

Statutory Change: Not Applicable

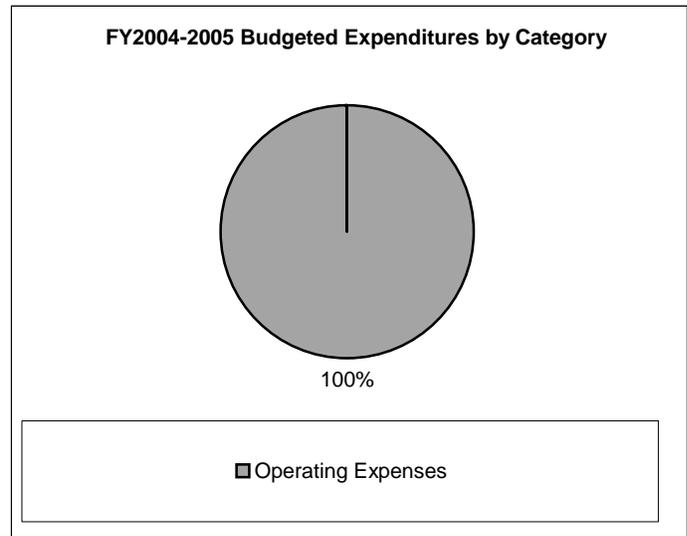
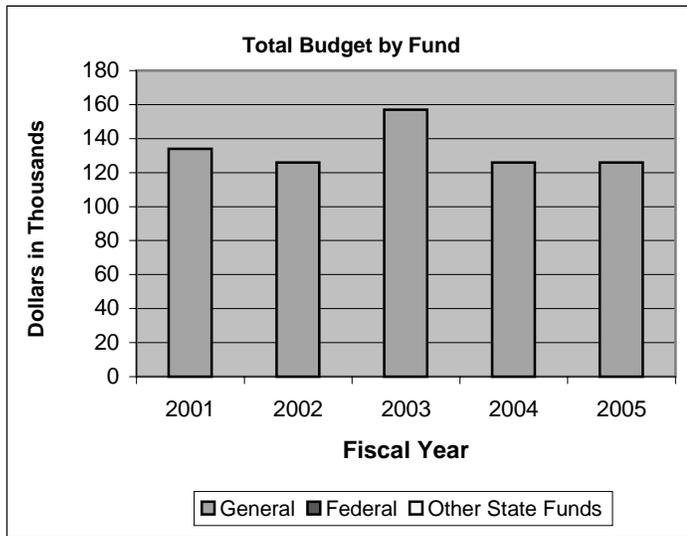
	PAGE
Transmittal Letter	82
Budget in Brief Report	96
Agency Fiscal Page	97
Change Items	
Agency Change Items	
Board Operations Reductions	98

PRIVATE DETECTIVE BOARD

Budget in Brief

FY 2004-05 Expenditures (\$000s)

	General Fund	Other Funds	Total
2003 Funding Level	296	0	296
Adjusted Base Funding	296	0	296
Change Items			
Board Operations Reductions	-44	0	-44
Governor's Recommendations	252	0	252
Biennial Change, 2002-03 to 2004-05	-31	0	-31
Percent Change	-11%	n.m.	-11%



<i>Dollars in Thousands</i>	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Expenditures by Fund						
Direct Appropriations						
General	134	126	157	126	126	252
Total	134	126	157	126	126	252
Expenditures by Category						
Operating Expenses	134	126	157	126	126	252
Total	134	126	157	126	126	252
Expenditures by Program						
Priv Detect/Protect Agents Bd	134	126	157	126	126	252
Total	134	126	157	126	126	252
Revenue by Type and Fund						
Non Dedicated						
General	0	129	130	130	130	260
Cambridge Deposit Fund	99	0	0	0	0	0
Subtotal Non Dedicated	99	129	130	130	130	260
Total Revenue	99	129	130	130	130	260
Full-Time Equivalents (FTE)	1.9	1.9	1.9	1.9	1.9	

PRIVATE DETECTIVE BOARD

Change Item: BOARD OPERATIONS REDUCTIONS

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	(\$22)	(\$22)	(\$22)	(\$22)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(\$22)	(\$22)	(\$22)	(\$22)

Recommendation

The Governor recommends an appropriation of \$252,000, \$126,000 in FY 2004 and \$126,000 in FY 2005. This appropriation is a reduction of \$22,000 per year from the base appropriation as part of overall reductions to General Fund expenditures. The board will reduce its level of operations through a number of strategies.

Relationship to Base Budget

The FY 2004-05 General Fund base budget for this activity is \$148,000 per year. The proposed appropriation will be \$126,000 per year. Most of the operating costs of the board relate to its two staff positions.

In order to reduce operating costs, the board may have to consider eliminating or reducing the scope of one support staff position. A reduction of support staff could impact the Board's operations in three ways:

1. basic office services such as answering telephone calls, depositing funds and providing mailing activities,
2. basic regulatory support services, such as the intake and initial processing of applications and compliance monitoring, business communications, and agency record keeping, and
3. operation of the mandatory training program for license holders and their employees would be eliminated. The board's ability to operate and review license holders' training programs could be reduced.

If the board eliminated the support staff position, significant changes to board operations would be required. The board would shift from meeting monthly to quarterly. With a quarterly business meeting schedule, there would be delays in presentation of new applicants to the board. With more expansive time between reissuance reviews, there will be less frequent monitoring of licensees.

Key Measures

The board has responsibility for providing an important regulatory program in Minnesota. Qualified and trained security and investigative personnel are key factors in ensuring the public's safety. A reduction in the level of support staff will cause services to be reduced to focus on the core functions of licensure and providing as much compliance monitoring as is possible to ensure that 300+ license holders are in compliance. The board will have less ability to oversee training, meaning that an estimated 6,000-7,000 persons would not be required to undergo training in areas such as emergency response, legal authority, privacy and firearms.

Alternatives Considered

Given the board's budget and the large share of operating costs that relate to staff, there are no alternative budget items to consider for reduction.

Statutory Change: Not Applicable.

	PAGE
Transmittal Letter	82
Budget in Brief Report	100
Agency Fiscal Page	101
Change Items	
Agency Change Items	
Operating Budget Reductions	102

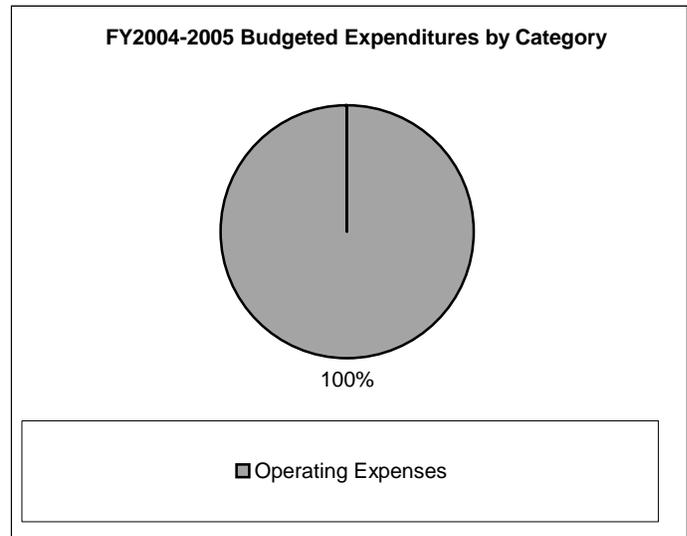
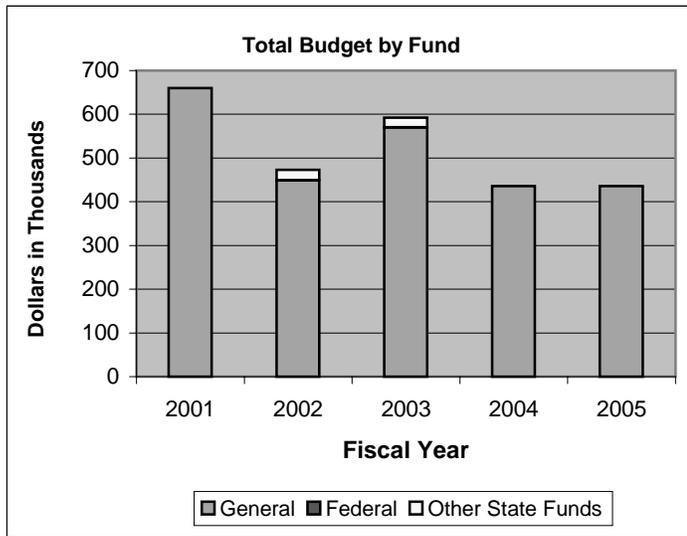
FY 2004-05 Expenditures (\$000s)

	General Fund	Other Funds	Total
2003 Funding Level	990	0	990
Legislatively Mandated Base	-10	0	-10
Transfers Between Agencies	46	0	46
Adjusted Base Funding	1,026	0	1,026
Change Items			
Operating Budget Reductions	-154	0	-154
Governor's Recommendations	872	0	872
Biennial Change, 2002-03 to 2004-05	-147	-46	-193
Percent Change	-14%	-100%	-18%

Brief Explanation Of Budget Decisions:

Base adjustments include a reduction of \$10,000 for budgetary tails as required by 2002 legislation and an increase of \$46,000 for small agency infrastructure funding transferred from the Department of Administration as required by 2001 legislation.

The Governor recommends a budget of \$436,000 in FY 2004 and \$436,000 in FY 2005.



<i>Dollars in Thousands</i>	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Expenditures by Fund						
Direct Appropriations						
General	660	449	570	436	436	872
Statutory Appropriations						
Special Revenue	0	24	22	0	0	0
Total	660	473	592	436	436	872

Expenditures by Category	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Operating Expenses	560	473	592	436	436	872
Local Assistance	100	0	0	0	0	0
Total	660	473	592	436	436	872

Expenditures by Program	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Mn Sentencing Guideline Com	660	473	592	436	436	872
Total	660	473	592	436	436	872

Revenue by Type and Fund	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Dedicated						
Gift	0	1	0	0	0	0
Subtotal Dedicated	0	1	0	0	0	0
Total Revenue	0	1	0	0	0	0

Full-Time Equivalent (FTE)	7.5	6.9	7.0	6.0	6.0
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SENTENCING GUIDELINES COMM**Change Item: OPERATING BUDGET REDUCTIONS**

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	(\$77)	(\$77)	(\$77)	(\$77)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(\$77)	(\$77)	(\$77)	(\$77)

Recommendation

The Governor recommends a budget of \$436,000 in FY 2004 and \$436,000 in FY 2005 for the Minnesota Sentencing Guidelines Commission. These amounts reflect a 15% base reduction for the biennium. The Governor intends that the Commission should focus its appropriated funding on maintaining its highest priority services. In addition, the Governor intends to provide as much flexibility as possible to the agency for the implementation of these reductions.

Relationship to Base Budget

This change item results in a 15% reduction to the agency's base budget. It is anticipated that the number of FTE positions will decrease by one.

Alternatives Considered

None.

Statutory Change: Not Applicable.

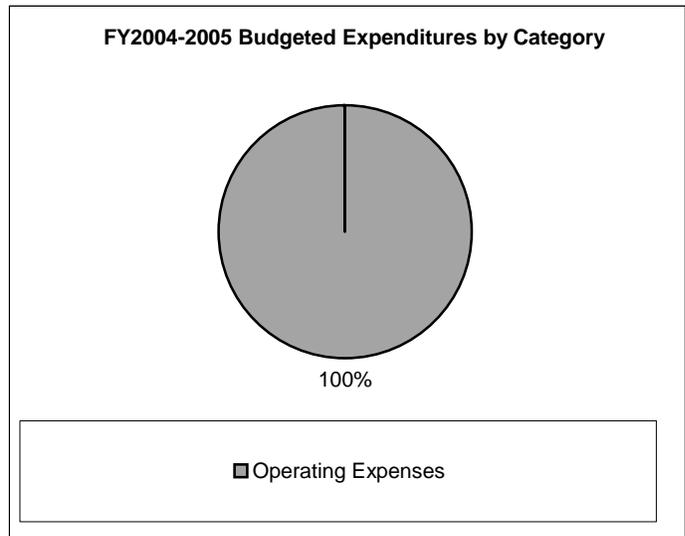
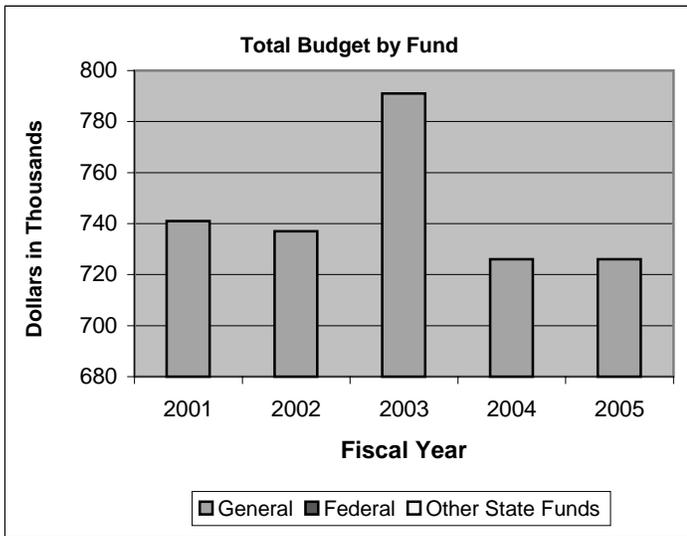
	PAGE
Transmittal Letter	82
Budget in Brief Report	104
Agency Fiscal Page	105
Change Items	
Agency Change Items	
Operating Budget Reduction	106

FY 2004-05 Expenditures (\$000s)

	General Fund	Other Funds	Total
2003 Funding Level	1,502	0	1,502
Adjusted Base Funding	1,502	0	1,502
Change Items			
Operating Budget Reduction	-50	0	-50
Governor's Recommendations	1,452	0	1,452
Biennial Change, 2002-03 to 2004-05	-76	0	-76
Percent Change	-5%	n.m.	-5%

Brief Explanation Of Budget Changes:

The remainder of the biennial change (\$26,000) is due to the completion of a Small Agency Technology grant originally made in FY 2000.



<i>Dollars in Thousands</i>	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Expenditures by Fund						
Direct Appropriations						
General	741	737	791	726	726	1,452
Total	741	737	791	726	726	1,452

Expenditures by Category	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Operating Expenses	741	737	791	726	726	1,452
Total	741	737	791	726	726	1,452

Expenditures by Program	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Tax Court	741	737	791	726	726	1,452
Total	741	737	791	726	726	1,452

Revenue by Type and Fund	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Non Dedicated						
General	6	11	10	10	10	20
Full-Time Equivalents (FTE)	6.0	6.0	6.0	6.0	6.0	

TAX COURT

Change Item: OPERATING BUDGET REDUCTION

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	(\$25)	(\$25)	(\$25)	(\$25)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(\$25)	(\$25)	(\$25)	(\$25)

Recommendation

The Governor recommends a General Fund appropriation of \$726,000 in FY 2004 and \$726,000 in FY 2005. These amounts reflect a \$76,000 or 5% expenditure reduction from FY 2002-03. The Governor intends that the court should focus its appropriated funding on maintaining its highest priority services. Additionally, the Governor intends to provide as much flexibility as possible to the agency for the implementation of these reductions.

Background

The Tax Court is a small agency whose budget is approximately 75% compensation, 19% rent, and 6% other operating costs. To achieve this operating cost reduction, the court will have to reduce both salary and non-salary operational costs.

The staff is made up of three judges (by statute), three paid support positions, and several volunteer intern positions. In general, each Tax Court judge has significantly fewer paid support resources than other courts. Tax Court judge's salaries are tied to District Court judge's salaries by law. For 25 years, this Court has managed an ever-expanding caseload with efficiency and without a backlog. Other than a small agency technology appropriation received in 1999, the Tax Court's budget has been stable receiving only salary and operating cost base adjustments.

The Tax Court is funded entirely by the General Fund. Filing fees deposited to the general fund, some collected by Tax Court (\$10,000 annually) and some collected by District Court (\$200,000 annually) do offset approximately 30% of the Tax Court basic appropriation.

Relationship to Base Budget

This is a reduction of approximately 3% in the base operating budget of the Tax Court.

It is anticipated that approximately \$15,000 of this annual reduction cut will be managed within the salary budget using tools voluntary unpaid leave, staff hour reductions to the maximum extent possible. Approximately \$10,000 of this annual reduction will be achieved by yet unspecified operating reductions (e.g. travel, supplies, equipment).

The Tax Court does not anticipate the need to lay off any of its six staff positions and all core services will be retained.

	PAGE
Transmittal Letter	82
Budget in Brief Report	108
Agency Fiscal Page	109
Change Items	
Agency Change Items	
Operating Cost Reductions	110

FY 2004-05 Expenditures (\$000s)

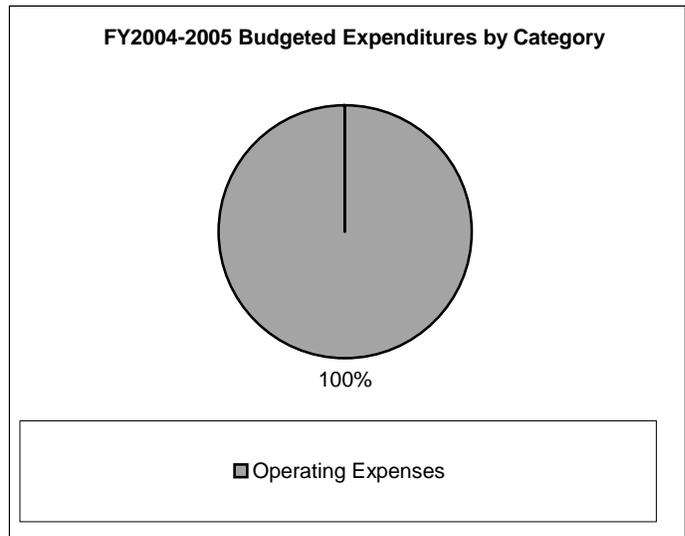
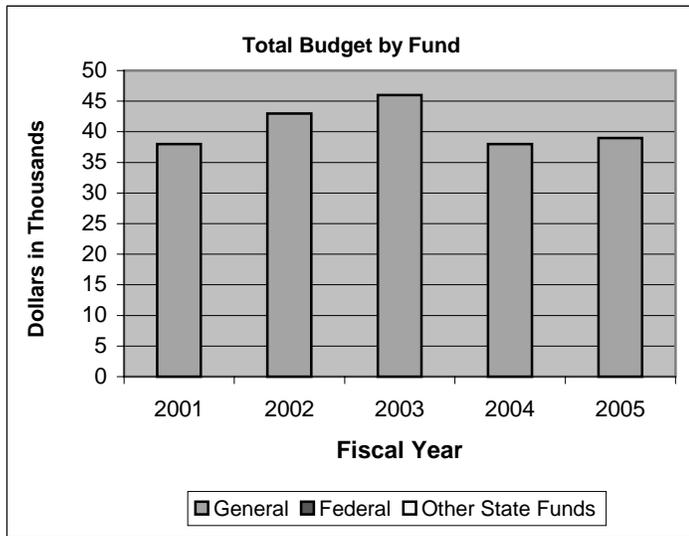
	General Fund	Other Funds	Total
2003 Funding Level	90	0	90
Adjusted Base Funding	90	0	90
Change Items			
Operating Cost Reductions	-13	0	-13
Governor's Recommendations	77	0	77
Biennial Change, 2002-03 to 2004-05	-12	0	-12
Percent Change	-13%	n.m.	-13%

Brief Explanation Of Budget Decisions:

The Governor intends that the agency should focus its appropriated funding on maintaining the highest priority services.

Governor's Recommendation(s):

The Governor recommends a budget of \$38,000 in FY 2004 and \$39,000 in FY 2005.



<i>Dollars in Thousands</i>	Actual FY2001	Actual FY2002	Preliminary FY2003	Governor's Rec FY2004	Governor's Rec FY2005	Biennium 2004-05
Expenditures by Fund						
Direct Appropriations						
General	38	43	46	38	39	77
Total	38	43	46	38	39	77
Expenditures by Category						
Operating Expenses	38	43	46	38	39	77
Total	38	43	46	38	39	77
Expenditures by Program						
Uniform Laws Cmsn	38	43	46	38	39	77
Total	38	43	46	38	39	77

UNIFORM LAWS COMMISSION**Change Item: OPERATING COST REDUCTIONS**

Fiscal Impact (\$000s)	FY 2004	FY 2005	FY 2006	FY 2007
General Fund				
Expenditures	(\$7)	(\$6)	(\$6)	(\$6)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(\$7)	(\$6)	(\$6)	(\$6)

Recommendation

The Governor recommends a budget of \$38,000 in FY 2004 and \$39,000 in FY 2005 for the Uniform Laws Commission. These amounts reflect a 15% base reduction for the biennium. The Governor intends that the Uniform Laws Commission should focus its appropriated funding on maintaining its highest priority services.

Relationship to Base Budget

This change item results in a 15% reduction to the agency's base budget.

Alternatives Considered

None

Statutory Change: Not Applicable.