

MINNESOTA BIENNIAL BUDGET

FY 2014 – 2015



Governor's Budget Recommendation

*Presented by
Governor Mark Dayton
To the 88th Legislature
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**Volume 2
(I – Z)**

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Mission:

The Mission of the Indian Affairs Council is to protect the sovereignty of the 11 Minnesota Tribes and ensure the well-being of American Indian citizens throughout the state of Minnesota.

Statewide Outcome(s):

Indian Affairs Council supports the following statewide outcome(s).

Minnesotans have the education and skills needed to achieve their goals.

Context:

The Minnesota Indian Affairs Council (MIAC) consists of a 28-member board of directors and two offices consisting of four full-time staff located in Bemidji and St. Paul, Minnesota. The MIAC provides a liaison to the eleven sovereign tribal nations and between the leaders of those governments and the leaders of the state of Minnesota. While working across jurisdictions, the MIAC seeks to better the lives of the American Indian citizens of the state by providing support, information, and education to the leaders of the state of Minnesota that includes accurate and relevant information on the status of the American Indians in Minnesota. The Minnesota Indian Affairs Council operates primarily through funding provided by the state general fund and through grant opportunities. Primary customers are the American Indian citizens of Minnesota, living both on and off of the reservation; the eleven sovereign Tribal Nations of Minnesota including, Red Lake, Leech Lake, White Earth, Mille Lacks, Fond du Lac, Bois Forte, Grand Portage, Shakopee Mdewakanton, Prairie Island, Upper Sioux, and Lower Sioux; Governor's office; federal, state and local governments; legislatures; and the general public.

Strategies:

The MIAC uses several strategies to deliver its mission and support statewide outcomes:

Citizen/public outreach

- Quarterly board meetings open to members of the public focusing on connecting communities working across jurisdictions, review of research and information about the state of American Indians in Minnesota, engagement, and policy.
- Develop and participate in forums, conferences, and education trainings to enhance knowledge and understanding of the sovereign tribes and American Indian people of Minnesota.

Research and Information

- Obtain and distribute data and information for use by decision makers and citizens.
- Participate in developing reports to decision makers and citizens.

Results:

The MIAC measures its success in both qualitative and quantitative ways. Qualitative measures include its effectiveness in and level of impact in policy making and the legislative process, state programs, and aid in providing services. Qualitative measures also include the level of engagement the MIAC has in policy making and other related activities. Quantitative measures exist primarily through outside sources providing research and collected data on American Indian people in Minnesota. Research data obtained from outside sources, including but not limited to, education, economics, health and families, is crucial to the work of the MIAC. Research data helps to facilitate understanding on the issues and necessary solutions and actions of the board and communities.

Performance Measures	Previous	Current	Trend
Minnesota American Indian Graduation Rates	41% (2007-2008)	45% (2010)	Improving
5-year Average College Participation Rates of Minnesota High School Graduates enrolled in Minnesota Postsecondary Institutions (American Indian)	36% (2000-2004)	55% (2006-2010)	Improving

Performance Measures Notes:

Statistics and Data found in a variety of sources presented to the council.

Current Data obtained from Minnesota Measures, 2011 Report on Higher Education Performance including data from numerous educational sources; Advisory Task Force on Minnesota American Indian Tribes and Communities and K-12 Standards-Based Reform reporting on data obtained from the National Center for Education Statistics.

The MIAC works in a variety of areas and tracks data pertaining to numerous statewide outcomes, such as economic and job status, poverty, health, and more. The focus of this agency report is on education.

Indian Affairs Council**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$924	\$1,752	\$163	\$2,839
Current Law Expenditures (FY 2014-15)	\$924	\$0	\$80	\$1,004
Governor's Recommended Expenditures (FY2014-15)	\$924	\$0	\$80	\$1,004
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%	0%	0%

Indian Affairs Council**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
REVENUE			\$80	\$80
APPROPRIATION	\$924	\$0	\$0	\$924
SOURCES OF FUNDS	\$924	\$0	\$80	\$1,004
EXPENDITURES	\$924	\$0	\$80	\$1,004
PAYROLL EXPENSE	\$729	\$0	\$72	\$801
OPERATING EXPENSES	\$195	\$0	\$8	\$203
USES OF FUNDS	\$924	\$0	\$80	\$1,004

Indian Affairs Council
All Funds FTE by Program

	Current	Forecast Base	Governor's Recommendation
Program	FY 2013	FY 2015	FY 2015
Program: Indian Affairs Council	4.6	5.0	5.0
Indian Affairs Council	4.6	5.0	5.0

Indian Affairs Council

Revenue Summary

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Dedicated	FEDERAL GRANTS			80	80
	<u>Subtotal</u>			80	80
	Total			80	80

Federal Funds Summary

Federal Award Name	New Grant	Purpose / People Served	2012 Actual	2013 Budget	2014 Base	2015 Base	Required State Match		Required State MOE		State-wide Outcome
							Yes / No	Yes / No			
Federal Fund - Agency Total			61	102	40	40					
Economic Opportunity Program	No	To assist Minnesota' Indian reservation governments to plan, develop and administer Community Action and Economic Opportunity programs and to strengthen their role in the statewide community action network.	41	36	40	40	No	No			Education
Native American Graves Protection and Repatriation Act (NAGPRA) grant	No	To complete NAGPRA summaries and inventories of objects and human remains.	20	66			Yes	No			Education

Narrative: The Minnesota Indian Affairs Council (MIAC) receives federal funds for the Economic Opportunity Program from the Department of Human Services (DHS) Office of Economic Opportunity (OEO.) Yearly, DHS and MIAC enter into an interagency agreement for these federal funds to administer the program. In addition, MIAC was awarded a grant from the US Department of Interior/National Park Service in 2009 to enable completion of NAGPRA summaries and inventories of objects and human remains under its control. The grant allows MIAC to complete osteological studies and archival research necessary for determination of cultural affiliation and facilitates the process of providing information to tribes so that repatriations can occur. The OEO grant depends on annual appropriations allowed by the federal government. The NAGPRA grant was one-time federal funding.

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Mission:

The State Board of Investment (SBI) develops and implements investment policies and strategies for the state's retirement funds, trust funds, and cash accounts. The statutory mission of the SBI is "to ensure that state and pension assets subject to this legislation will be responsibly invested to maximize the total rate of return without incurring undue risk" (Minnesota Statute (M.S.) 11A.01).

Statewide Outcome(s):

The SBI supports the following statewide outcome(s).

- Strong and stable families and communities
- A thriving economy that encourages business growth and employment opportunities.
- Efficient and accountable government services.

Context:

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the Governor (Chair), State Auditor, Secretary of State and the State Attorney General. All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in M.S., Chapter 11A and Chapter 356A.

Issues and Priorities:

- **Combined Funds (MSRS, TRA and PERA):** The overriding responsibility of the SBI with respect to the three retirement plans is to achieve a maximum total rate of return given an appropriate level of risk such that sufficient funds are available to finance promised benefits to plan participants.
- **Cash Accounts:** The SBI manages the cash balances in state agency accounts with the objectives of preserving capital and providing competitive money market rates of return.
- **Additional Funds:** The SBI also manages assets for a number of additional funds, including the Environmental Trust Fund and Permanent School Fund, which have varying risk tolerances and investment objectives.

Key Customers:

- **Combined Plans:** The majority of SBI's activity relates to the current and retired members of the three statewide retirement systems - PERA, TRA and MSRS.
- **Cash Accounts:** For the cash accounts, SBI's largest client is Minnesota Management and Budget.

Funding:

The SBI is primarily funded through dedicated receipts by billing our customers for the services provided. In addition to dedicated receipts, the SBI receives a small general fund appropriation. The split between dedicated receipts and general fund is 96 percent (\$3,123,500) dedicated receipts and four percent (\$139,000) general fund for Fiscal Year 2012.

Strategies:

The SBI provides investment management services to the three statewide retirement plans (Combined Retirement Funds), the Permanent School Fund, the Environmental Trust Fund, the Assigned Risk Plan, the Supplemental Investment Funds, the Closed Landfill Investment Funds, Invested Treasurer's Cash and approximately 250 other accounts.

- **Combined Funds (Market Value June 30, 2012, \$47.5 billion)** In order to ensure that sufficient funds are available to finance promised benefits to participants in the retirement plans, SBI takes advantage of the long run nature of the pension liabilities and invests in return opportunities offered by common stocks and other equity investments to meet or exceed the actuarial return target over the long-term. Pensions provide a positive contribution to strong and stable families, communities and the economy overall.
- **Cash Accounts (Market Value June 30, 2012, \$7.3 billion)** In order to ensure that state agency cash is available as needed and is earning competitive money market rates of return, SBI invests the cash accounts in short-term, liquid, high-quality debt securities.

- **Additional Funds(Market Value June 30, 2012 \$7.5 billion)** The SBI also manages assets for the funds listed above with varying investment strategies as well as approximately 220 volunteer firefighter accounts.

To carry out its mission, SBI retains an executive director, an internal investment staff and external investment managers to execute its policies. In performing its duties, the SBI is assisted by the Investment Advisory Council (IAC) which is comprised of 17 individuals with investment and retirement fund expertise.

- SBI staff:
 - Execute board decisions
 - Recommend strategic planning alternatives to the IAC and board;
 - Monitor and evaluate investment performance to ensure long-term investment objectives are met;
 - Provide internal investment management for the state agency cash accounts, the Permanent School Fund and the Environmental Trust Fund;
 - Seek and retain superior external money managers by monitoring the performance of all external managers retained by the board;
 - Establish and periodically update the investment objectives, asset allocation and investment management structure for each of the funds;
 - Assess developments in the broad financial markets and evaluate their potential impact on SBI operations and policies;
 - Review prospective investment vehicles for legislative consideration.

Key Partners

In performing its duties, the SBI is assisted by the IAC. The SBI works closely with the three statewide retirement systems, Minnesota Management and Budget and various outside service providers.

Results:

Achieving an investment earnings benchmarks plays a critical role in ensuring sufficient funds are available to finance promised benefits to retirement plan participants. The SBI has met or exceeded its market composite benchmarks over the ten year period and has exceeded its target return of three to five percentage points above inflation over a 20 year period. Performance results are shown in the table below.

Performance Measures	Previous FY 2011	Current FY 2012	Trend
1) Meet or Exceed ten Year Composite Index Total Return			
Combined Funds ten Year Annualized Return*	5.9%	7.0%	
Benchmark ten Year Composite Annualized Return	5.8%	6.9%	
Difference from Composite Index Benchmark	+0.1%	+0.1%	Stable
2) Provide 20 year Real Return of 3-5 percentage points above inflation (CPI)			
Combined Funds 20 Year Annualized Return*	8.8%	8.2%	
Benchmark 20 Year annualized CPI	2.5%	2.5%	
Difference from CPI Benchmark	+6.3	+ 5.7	Stable

Performance Measures Notes:

The outperformance of SBI relative to the broad capital markets over the long-term is evidence of SBI's ability to add value to returns through asset allocation and manager selection decisions. Additionally, SBI's strict adherence to re-balancing activity enhances returns by imposing a low risk discipline of "buy low-sell high" among asset classes on a total fund basis.

Investment Board**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$278	\$8,232		\$8,510
Current Law Expenditures (FY 2014-15)	\$278	\$8,634		\$8,912
Governor's Recommended Expenditures (FY2014-15)	\$278	\$8,634		\$8,912
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		0%

**Investment Board
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
REVENUE		\$6,634		\$6,634
APPROPRIATION	\$278	\$2,000		\$2,278
SOURCES OF FUNDS	\$278	\$8,634		\$8,912
EXPENDITURES	\$278	\$8,634		\$8,912
PAYROLL EXPENSE		\$6,162		\$6,162
OPERATING EXPENSES	\$278	\$2,448		\$2,726
CAPITAL OUTLAY-REAL PROPERTY		\$24		\$24
USES OF FUNDS	\$278	\$8,634		\$8,912

Investment Board
All Funds FTE by Program

Program	Current	Forecast Base	Governor's Recommendation
	FY 2013	FY 2015	FY 2015
Program: Investment Of Funds	21.0	21.0	21.0
Investment Board	21.0	21.0	21.0

Investment Board
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	INVESTMENT INCOME		72,554		72,554
	Subtotal		72,554		72,554
Dedicated	ALL OTHER		6,634		6,634
	Subtotal		6,634		6,634
	Total		79,188		79,188

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Mission:

Promote and invest in business, community and workforce development for the betterment of northeastern Minnesota.

Statewide Outcome(s):

Iron Range Resources and Rehabilitation Board supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Minnesotans have the education and skills needed to achieve their goals.

Strong and stable families and communities.

Context:

The Iron Range Resources and Rehabilitation Board (IRRRB) is a unique state agency whose budget is annually established and approved by a 13 member board as set in Minnesota Statute 298.22 subdivision 11. The IRRRB serves a portion of the state called the Taconite Assistance Area, a 13,000 square-mile area of northeastern Minnesota as defined by Minnesota Statute 273.1341. Established in 1941, the agency was created to advance development within a region largely dependent on a natural resource based economy--primarily iron mining.

The IRRRB is funded by a portion of a local taconite production tax, paid by mining companies on each ton of iron ore pellets produced in lieu of local property taxes.

Strategies:

The IRRRB works closely with businesses to customize financial assistance packages that meet their business goals and objectives. Agency low-interest loans or other incentives are affordable and flexible to serve individual project needs. The agency works with businesses, their banks and other economic development partners to complete a financial assistance package.

The IRRRB provides grants and other funding to local units of government and non-profits for infrastructure and renewable energy to culture, tourism and recreation--including ownership of Giants Ridge Golf and Ski Resort--that support community and economic development. The agency works with over 178 communities (49 cities and 129 townships) within its service area and other community development partners to advance a community's long-range plans.

The IRRRB also provides grants and other funding to implement innovative education/workforce development initiatives. The agency partners with the Northeast Higher Education District, other Minnesota State Colleges and Universities, the University of Minnesota system, regional K-12 school districts and the region's business community to meet emerging and future needs.

Results:

IRRRB measures success by performance indicators of funding leverage and job creation.

The IRRRB provides communities with the infrastructure and resources they require, small businesses with the information and financing needed to stabilize and grow, and larger business development expansions and relocations with agency and partnership support to encourage them to choose northeastern Minnesota. Results are measured in job creation and retention and private investment leveraged.

The recent extended recession impacted the ability to conduct economic development but also heightened its urgency. With business development at a slow pace, the IRRRB invested in community development projects in order to prepare its communities for growth and change.

Job numbers and investment represent proposed levels as projects require time to completion and most programs allow up to two years to measure the results. From 2009-2010, business expansions and small business activities were sluggish or on hold. Measures reflect an improving economy during the 2011-2012 timeframe.

Performance Measures	Previous	Current	Trend
Number of dollars IRRRB contributed to grant and business projects	\$39.4 million	\$40.7 million	Increasing
Number of dollars contributed from private investment to grant and business projects	\$182.8 million	\$258.8 million	Increasing
Estimated number of jobs created	1,461	3,047	Increasing

Performance Measures Notes:

The "Previous" column indicates measurements for FY09/10 and the "Current" for FY11/12.

Iron Range Resources and Rehabilitation Board
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$88,863		\$88,863
Current Law Expenditures (FY 2014-15)		\$99,408		\$99,408
Governor's Recommended Expenditures (FY2014-15)		\$99,408		\$99,408
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

Iron Range Resources and Rehabilitation Board
Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN		\$110,827		\$110,827
REVENUE		\$92,870		\$92,870
TRANSFERS IN	\$7,441	\$61,091		\$68,532
APPROPRIATION	\$912	\$0		\$912
SOURCES OF FUNDS	\$8,353	\$264,788		\$273,140
BALANCE FORWARD OUT		\$112,639		\$112,639
TRANSFERS OUT	\$8,353	\$52,738		\$61,091
EXPENDITURES		\$99,408		\$99,408
PAYROLL EXPENSE		\$10,448		\$10,448
OPERATING EXPENSES		\$15,638		\$15,638
OTHER FINANCIAL TRANSACTIONS		\$17,829		\$17,829
GRANTS, AIDS AND SUBSIDIES		\$55,366		\$55,366
CAPITAL OUTLAY-REAL PROPERTY		\$127		\$127
USES OF FUNDS	\$8,353	\$264,785		\$273,138

**Iron Range Resources and Rehabilitation Board
All Funds FTE by Program**

	Current	Forecast Base	Governor's Recommendation
Program	FY 2013	FY 2015	FY 2015
Program: Operations	16.9	16.9	16.9
Program: Facilities	27.9	27.9	27.9
Program: Development	25.1	25.1	25.1
Program: Agency Roll Over	0.0	0.0	0.0
Program: Pass-through Funding	0.0	0.0	0.0
Program: Programs	0.0	0.0	0.0
Iron Range Resources and Rehabilitation Board	69.8	69.8	69.8

Iron Range Resources and Rehabilitation Board**Revenue Summary**

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	TAXES	0			0
	ALL OTHER	0			0
	Subtotal	0			0
Dedicated	TAXES		76,287		76,287
	DEPARTMENTAL EARNINGS		10,447		10,447
	INVESTMENT INCOME		961		961
	ALL OTHER		5,175		5,175
	Subtotal		92,870		92,870
	Total	0	92,870		92,870

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Mission:

The Board on Judicial Standards strives to ensure that the public has confidence in the integrity and impartiality of the entire Minnesota judiciary by enforcing the Minnesota Code of Judicial Conduct and the Minnesota Constitution.

Statewide Outcome(s):

Board on Judicial Standards supports the following statewide outcome.

Efficient and accountable government services.

Context:

The agency serves all citizens of the State by providing a procedure to review and investigate allegations of judicial disability or misconduct by judicial officers. The Board issues private admonitions and public reprimands to judges and judicial officers when appropriate. When necessary, a public proceeding can be initiated before a panel if the misconduct is a serious violation. The recommendations of the panel can be appealed either by the Board or the judicial officer to the Minnesota Supreme Court. The agency also educates and advises the public and judicial officers on appropriate judicial behavior. To avoid conflicts, the only source of funding is the general fund.

Strategies:

As the only state entity with the authority to process judicial complaints, the agency endeavors to promptly process all complaints in a way that respects the judge's right to due process while maintaining the interests of the public. The strategies utilized to achieve these principles are:

- Receive, review and investigate complaints filed against judges for violations of the Code of Judicial Conduct, statutes and Minnesota Constitution and for medical disability;
- Issue private admonition or public reprimand to a judge when appropriate;
- Initiate public proceedings against a judge, when appropriate, which can result in a public hearing by a panel and their recommendation to the Minnesota Supreme Court for discipline including retirement, censure or removal from office;
- Review judges' statutory compliance on issuing timely decisions and take appropriate disciplinary action, if necessary;
- Respond to all inquiries concerning judicial ethics from the public, judges, attorneys and legislature. Contacts with these constituencies are essential to maintaining the public's confidence in the independence, impartiality and integrity of the judicial system. Through these initial contacts, the agency has an opportunity to explain its duties and responsibilities in the judicial ethics enforcement process. Success of the agency is not only measured by the number of complaints received or processed but also by the availability and visibility of the agency.
- Inform and educate the public and judges on judicial ethics along with providing information as to the activities of the agency. Educational presentations on judicial ethics and disability, distribution of agency's brochures and improved information on the agency's website are significant to the public's and judiciary's understanding of how the Board works.

Results:

The agency is continually striving to become more transparent to the judges, the public and legislature. The website has been redesigned to display more information about the activities of the Board and additional changes have been planned. To view discipline activity from the previous years, refer to the Board's Annual Reports, <http://www.bjs.state.mn.us>.

- Educational activities and website information has increased the number of inquiries alleging serious misconduct.

- The Board has processed more complaints and initiated more investigations of alleged disability and misconduct in the last five years than in the previous period.
- Active monitoring of district court rulings by the board has resulted in a decrease in the number of delayed court cases.
- Speaking engagements and workshops on judicial ethics increased the public's awareness of judicial ethics and discussions for a knowledgeable judiciary.

Performance Measures	Previous	Current	Trend
Contacts received from the public, judges and legislatures	20,906	22,489	increasing
Individuals under jurisdiction of the agency	426	535	increasing
Presentations	5	8	increasing
Formal investigations involving serious unethical matters	4	6	increasing

Performance Measures Notes:

The data shown is for 2009 (previous) and 2011 (current).

In addition to the contacts, the total number of judges and judicial officers under the agency's jurisdiction has significantly increased. More judicial positions mean additional agency activity in the areas of complaint processing, informal and formal investigations and advising on judicial ethical issues.

This agency's volume of activities is increasing and the agency is reaching and educating more numerous constituents than ever before.

Judicial Standards, Board on
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$1,202			\$1,202
Current Law Expenditures (FY 2014-15)	\$912			\$912
Governor's Recommended Expenditures (FY2014-15)	\$1,212			\$1,212
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$300			\$300
% Change from FY 2014-15 Current Law to Governor's Rec	33%			33%

**Judicial Standards, Board on
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$1,212			\$1,212
SOURCES OF FUNDS	\$1,212			\$1,212
EXPENDITURES	\$1,212			\$1,212
PAYROLL EXPENSE	\$506			\$506
OPERATING EXPENSES	\$700			\$700
CAPITAL OUTLAY-REAL PROPERTY	\$6			\$6
USES OF FUNDS	\$1,212			\$1,212

Judicial Standards, Board on

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Deficiency--Costs for Formal Disciplinary Hearing and Disability Matter

The Governor recommends funds be made available for immediate expenditure for additional costs to conduct a formal disciplinary hearing and a disability matter. These are costs that exceed the current appropriations to the agency for its operations and investigatory hearings. Information about the disciplinary hearing has already been made public, and some costs have already been incurred. Costs for these actions include court reporters, investigative services and attorney fees.

Performance Measures:

The funding will help assure that the public maintains confidence and trust in Minnesota judges. The board's duties include investigating serious charges of alleged judicial misconduct and disability.

General Fund	Expenditure	300	0	300	0	0	0
	Net Change	300	0	300	0	0	0
Net All Change Items	General Fund	300	0	300	0	0	0
	Net Change	300	0	300	0	0	0

**Judicial Standards, Board on
All Funds FTE by Program**

Program	Current	Forecast Base	Governor's Recommendation
	FY 2013	FY 2015	FY 2015
Program: Judicial Standards Board	2.0	2.0	2.0
Judicial Standards, Board on	2.0	2.0	2.0

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Mission:

The mission of the Minnesota Department of Labor and Industry (DLI) is to ensure that Minnesota's work and living environments are equitable, healthy, and safe. It strives to be a fair regulator and a trusted resource for employers, employees, property owners and other stakeholders.

Statewide Outcome(s):

Labor and Industry supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Strong and stable families and communities.

People in Minnesota are safe.

Context:

DLI is primarily a regulatory agency. Its priorities include the following:

- Ensuring that benefits are delivered to injured workers quickly and efficiently and at a reasonable cost to employers.
- Improving workplace safety and health through compliance inspections, on-site consultation services, partnerships and education.
- Ensuring that workers receive appropriate wages and that employers comply with Minnesota labor standards.
- Providing and enforcing reasonable and uniform standards for Minnesota buildings and construction professionals.
- Promoting work-based career development to help develop a skilled work force.

DLI serves a variety of customers including employers, employees, insurance companies, members of licensed trades, medical and rehabilitation providers, and the general public. Also, as a result of legislation passed last session, DLI recently began serving participants in the combative sports community. DLI funding is comprised of approximately 70 percent from workers' compensation assessments, 20 percent from fee revenues, four percent from federal OSHA grants, and one percent from general fund appropriations and workforce development funds.

Strategies:

DLI emphasizes a number of strategies to deliver its mission and support the above statewide outcomes, including:

- Focus OSHA inspection and consultation resources where data indicate the greatest potential for improving workplace safety and health.
- Provide prompt and fair resolution of workers' compensation disputes.
- Educate employers and workers so they understand and their rights and responsibilities under Minnesota labor standards, workers' compensation and OSHA laws.
- Improve efficiency and customer service by increasing the use of electronic processing of permits, licenses and other filings.
- Work with Minnesota colleges to develop degree programs for apprentices.

Measuring Success:

DLI measures its success by the number of workplace injuries and fatalities; the rating of Minnesota's workers' compensation system compared to other states; the number of employers and employees participating in department-sponsored education and training; the timeliness of its permitting and licensing processes; and the number of apprentices in registered programs.

Labor and Industry**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$1,633	\$238,596	\$10,795	\$251,023
Current Law Expenditures (FY 2014-15)	\$1,632	\$258,321	\$10,601	\$270,554
Governor's Recommended Expenditures (FY2014-15)	\$1,932	\$258,267	\$10,601	\$270,800
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$300	(54)	\$0	\$246
% Change from FY 2014-15 Current Law to Governor's Rec	18%	0%	0%	0%

Labor and Industry**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$19,234		\$19,234
REVENUE		\$74,060	\$10,601	\$84,661
APPROPRIATION	\$1,932	\$187,112	\$0	\$189,044
SOURCES OF FUNDS	\$1,932	\$280,406	\$10,601	\$292,939
BALANCE FORWARD OUT		\$19,058		\$19,058
TRANSFERS OUT		\$3,080		\$3,080
EXPENDITURES	\$1,932	\$258,267	\$10,601	\$270,800
PAYROLL EXPENSE	\$1,448	\$65,113	\$7,877	\$74,439
OPERATING EXPENSES	\$484	\$41,247	\$2,662	\$44,393
OTHER FINANCIAL TRANSACTIONS		\$321	\$43	\$364
GRANTS, AIDS AND SUBSIDIES		\$151,584		\$151,584
CAPITAL OUTLAY-REAL PROPERTY		\$1	\$19	\$20
USES OF FUNDS	\$1,932	\$280,405	\$10,601	\$292,938

Labor and Industry

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Child Labor Safety and Investigations

The Governor recommends adding a staff position to focus on compliance with child labor laws. The initiative will emphasize outreach, education, and enforcement to ensure that minors, parents, educators and employers understand what is appropriate and safe work for young Minnesotans. The initiative will focus on high schools and industries where children are most likely to be employed.

Performance Measures:

Success for this initiative can be measured by monitoring if fewer minors are injured in the workplace.

General Fund	Expenditure	150	150	300	150	150	300
	Net Change	150	150	300	150	150	300

Combative Sports Fee Increase

The Governor recommends increasing fees for combative sports activities. License fees and event fees will be increased to ensure program costs are covered.

Performance Measures:

A sufficient number of inspectors are necessary to monitor combatant safety and ensure that combatant deaths or serious injuries do not occur.

Other Funds	Revenue	44	44	88	44	44	88
	Net Change	(44)	(44)	(88)	(44)	(44)	(88)

Elevator Permit Fee Adjustment

The Governor recommends removing a cap on elevator inspection fees. The current fee structure caps elevator inspection fees at a level where inspection costs exceed fee revenue for hundreds of elevators per year. Removing the fee cap aligns fees with the inspection service provided.

Performance Measures:

Success will be measured by having all elevator inspections conducted within five days of request.

Other Funds	Revenue	366	366	732	366	366	732
	Net Change	(366)	(366)	(732)	(366)	(366)	(732)

Plumbing Inspection Fee Restructuring

The Governor recommends restructuring the plumbing fee schedule to better align fees with the inspection service provided. The proposed change would replace the current fee structure that is based on drainage fixture units with a permit fee of \$100 and a fee of \$25 per fixture.

Performance Measures:

Success will be measured when fee revenue covers services provided.

Other Funds	Revenue	254	254	508	254	254	508
	Net Change	(254)	(254)	(508)	(254)	(254)	(508)

Labor and Industry

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Plumbing Plan Review - Removal of the Accelerated Process and Fees

The Governor recommends restructuring the plumbing plan review process to standardize response times. Currently, an applicant can pay double the standard application fee to have a plumbing plan reviewed more quickly. This results in other applicants having to wait longer to have their plans reviewed.

Performance Measures:

Success will be measured by having all plans reviewed within 15 working days of receipt of application.

Other Funds	Revenue	(458)	(458)	(916)	(458)	(458)	(916)
	Net Change	458	458	916	458	458	916

Wind Turbine Inspection Fee Alternative

The Governor recommends providing an alternative electrical inspection fee schedule for wind turbines. Wind farm turbine projects would be able to take advantage of a fee schedule that recognizes the economies of scale of large projects with many identical turbines.

Performance Measures:

Success will be measured by wind energy providers paying lower regulatory fees.

Other Funds	Expenditure	(27)	(27)	(54)	(27)	(27)	(54)
Other Funds	Revenue	(26)	(26)	(52)	(26)	(26)	(52)
	Net Change	(1)	(1)	(2)	(1)	(1)	(2)
Net All Change Items	General Fund	150	150	300	150	150	300
	Other Funds	(207)	(207)	(414)	(207)	(207)	(414)
	Net Change	(57)	(57)	(114)	(57)	(57)	(114)

Labor and Industry
All Funds FTE by Program

	Current	Forecast Base	Governor's Recommendation
Program	FY 2013	FY 2015	FY 2015
Program: Workers Compensation	116.3	116.3	116.3
Program: Workplace Safety	102.0	102.0	103.0
Program: Construction Codes & Services	146.8	151.0	151.0
Program: General Support Division	79.5	56.5	56.5
Program: Labor Standards & Apprenticesp	18.3	18.3	18.3
Labor and Industry	462.8	444.1	445.1

Labor and Industry
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	FEDERAL GRANTS		0		0
	DEPARTMENTAL EARNINGS	4	1,152		1,156
	INVESTMENT INCOME		1,000		1,000
	ALL OTHER	54	190,702		190,756
	Subtotal	58	192,854		192,912
Dedicated	FEDERAL GRANTS			10,601	10,601
	DEPARTMENTAL EARNINGS		65,424		65,424
	INVESTMENT INCOME		282		282
	ALL OTHER		8,355		8,355
	Subtotal		74,060	10,601	84,661
Total	58	266,914	10,601	277,573	

Labor and Industry

Workers' Compensation-DLI

<http://www.dli.mn.gov/WorkComp.asp>

Statewide Outcome(s):

Workers' Compensation supports the following statewide outcome(s).

Workers' Compensation supports the following statewide outcomes:

Strong and stable families and communities.

A thriving economy that encourages business growth and employment opportunities.

Context:

Workers' Compensation seeks to ensure that proper benefits and services are delivered to injured workers quickly, efficiently and at a reasonable cost to employers. This program promotes and enforces compliance with Minnesota's workers compensation laws. Workers' Compensation also administers the Special Compensation Fund, which provides benefits to injured workers whose employers failed to carry workers' compensation insurance. It also provides alternative dispute resolution services to parties involved in workers' compensation disputes in an effort to resolve disputes quickly and cost-effectively. Insurance companies, workers, attorneys, rehabilitation providers, employers and health care providers are among the customers of this program. Workers' compensation is funded by the Special Compensation Fund assessment with most of the funding directed to paying supplemental and second-injury benefits. The assessment also pays the operating expenses of this program, the workers' compensation portion of the Office of Administrative Hearings, the Workers' Compensation Court of Appeals and funds technical investigative and actuarial support from the Department of Commerce.

Strategies:

The work of Workers' Compensation is divided into four areas:

- Compliance, Records and Training: educates employees and employers about their rights and responsibilities under Minnesota's workers' compensation laws; serves as the custodian of records pertaining to all workers' compensation injuries occurring in Minnesota; audits claim files and issues penalties against noncompliant insurance companies, employers, and others; regulates rehabilitation providers operating in Minnesota.
- Alternative Dispute Resolution: provides dispute resolution services, including mediation, to informally resolve workers' compensation disputes; conducts administrative conferences and renders decisions in rehabilitation disputes and medical disputes involving \$7,500 or less.
- Special Compensation Fund: provides workers' compensation benefits to injured workers whose employers did not have workers' compensation insurance at the time of the injury; reimburses insurance companies and self-insurers for supplemental and second-injury benefits; pursues recovery of expended funds from uninsured employers; educates newly-formed businesses about their rights and responsibilities under Minnesota's workers' compensation laws.
- Vocational Rehabilitation: provides rehabilitation services to injured workers whose workers' compensation claims were denied, whose rehabilitation services were suspended, and who otherwise qualify for rehabilitation services.

Each of these strategies helps ensure that injured workers receive the benefits to which they are entitled so that they and their families are financially stable and secure. The strategies also ensure that needed rehabilitation services are provided to injured workers so that they are able to once again become productive members of Minnesota's workforce.

Results:

DLI strives to create an environment where injured workers promptly receive quality benefits and services and where all the parties involved in the system operate efficiently and cost-effectively. This program strives to continually improve the services it provides and to utilize new technologies and processes to operate more efficiently. Are your strategies working? What are the results of the program or budget activity?

Performance Measures	Previous	Current	Trend
Minnesota's rating regarding key workers' compensation outcomes	A+	A+	Stable
Number of newly-organized businesses contacted and proactively advised of workers' compensation laws (New initiative and DLI has not provided this outreach in the past)	0	3,581	NA
Number of mandatory filings made electronically	13,935	13,913	Stable
Percentage of mediation sessions that result in dispute resolution	89%	85%	Stable
Number of injured workers receiving rehabilitation services through the Vocational Rehabilitation program	767	689	Decreasing

Performance Measures Notes:

*"State Report Cards for Workers' Compensation 2010", "State Report Cards for Workers' Compensation 2012", Work Loss Data Institute, <http://www.worklossdata.com/SRCMethods2010.htm>,

Other data compares FY 11 and FY 12 results.

Program: Workers Compensation
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$160,478		\$160,478
Current Law Expenditures (FY 2014-15)		\$164,673		\$164,673
Governor's Recommended Expenditures (FY2014-15)		\$164,673		\$164,673
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

Program: Workers Compensation

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$296		\$296
REVENUE		\$628		\$628
APPROPRIATION		\$164,156		\$164,156
SOURCES OF FUNDS		\$165,080		\$165,080
BALANCE FORWARD OUT		\$406		\$406
EXPENDITURES		\$164,673		\$164,673
PAYROLL EXPENSE		\$18,085		\$18,085
OPERATING EXPENSES		\$3,643		\$3,643
OTHER FINANCIAL TRANSACTIONS		\$77		\$77
GRANTS, AIDS AND SUBSIDIES		\$142,868		\$142,868
USES OF FUNDS		\$165,079		\$165,079

Labor and Industry

Workplace Safety

<http://www.dli.mn.gov/MnOsha.asp>

Statewide Outcome(s):

OSHA Compliance and Consultation supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

People in Minnesota are safe.

Context:

The Minnesota Occupational Safety and Health Administration (MN OSHA) strives to eliminate workplace injuries, illnesses, and deaths, so all of Minnesota's workers can return home safely at the end of the day. MN OSHA believes workplaces must be characterized by a genuine, shared commitment to workplace safety by employers and workers, with necessary training, resources and support systems devoted to achieving this outcome. MN OSHA Compliance and Consultation activities are focused toward industries with the highest injury and illness rates. Additionally, MN OSHA provides a network of occupational safety and health services to assist employers and employees to voluntarily comply with the Federal Occupational Safety and Health Act. These services assist in education, identification, and elimination of safety and health hazards, and the implementation of effective workplace safety and health programs.

Fifty percent of MN OSHA's Compliance program is funded by a grant from the federal government; 90 percent of consultation costs are similarly funded by a federal grant. The remainder of MN OSHA's costs is funded by an appropriation from the Workers' Compensation Fund. The Loggers' Safety Education program within Consultation is funded by an assessment paid by wood mills. OSHA penalties generate non-dedicated revenue for the Workers Compensation Fund

Strategies:

MN OSHA accomplishes its goals through the following activities:

- MN OSHA Compliance conducts about 2,000 inspections annually at employers in industries with the highest injury and illness rates. Approximately 500 more inspections are conducted each year in response to employee complaints.
- 70 percent of the inspections conducted result in findings of violations. Penalties are assessed in accordance with state law. If a violation is found to have caused or contributed to a fatality, a non-negotiable penalty of \$25,000 is assessed.
- MN OSHA Consultation conducts an average of 1,700 free and confidential site visits annually to aid employers in their compliance efforts, hazard recognition and safety programs.
- Employers are prohibited from discriminating against employees who exercise their rights under the MN OSHA Act. The discrimination unit responds to 150 inquiries and allegations annually.
- MN OSHA exemption and recognition programs, MN STAR (Minnesota Star) and MN SHARP (Minnesota Safety and Health Recognition Program), recognize and promote effective, cooperative and systematic safety and health management.
- LogSafe provides safety training to Minnesota loggers.
- The Safety Hazard Abatement Grants Program allows qualifying businesses to receive small matching grants to reduce the risk of injury and illness to their workers.
- MN OSHA conducts and participates in workshops and safety conferences to educate employers and employees about workplace safety and health hazards and the OSHA regulations addressing them.

Results:

The success of the MN OSHA program is reflected by workers going home safe at the end of the day. Consultation and Compliance programs complement each other to achieve maximum effectiveness.

Performance Measures	Previous	Current	Trend
Reduction in fatality rate from previous five-year average rate	15%	23%	Improving
Number of workplace injury and illness cases per 100 FTEs	3.8	3.9	Stable
Percentage of consultations conducted with small employers	90%	96%	Stable

Performance Measures Notes:

Performance measures compare data from federal fiscal years 2010 and 2011, except the comparison of workplace injury and illness cases which reflects data from calendar years 2009 and 2010.

<http://www.worklossdata.comSRCSMethods2012.htm> (based on OSHA Bureau of Labor Statistics data).

Program: Workplace Safety

Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$5,497	\$10,479	\$15,976
Current Law Expenditures (FY 2014-15)		\$13,725	\$10,283	\$24,007
Governor's Recommended Expenditures (FY2014-15)	\$300	\$13,725	\$10,283	\$24,307
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$300	\$0	\$0	\$300
% Change from FY 2014-15 Current Law to Governor's Rec		0%	0%	1%

Program: Workplace Safety**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$4,155		\$4,155
REVENUE		\$5,721	\$10,283	\$16,004
APPROPRIATION	\$300	\$8,308	\$0	\$8,608
SOURCES OF FUNDS	\$300	\$18,184	\$10,283	\$28,767
BALANCE FORWARD OUT		\$4,458		\$4,458
EXPENDITURES	\$300	\$13,725	\$10,283	\$24,307
PAYROLL EXPENSE	\$264	\$8,215	\$7,617	\$16,096
OPERATING EXPENSES	\$36	\$2,073	\$2,603	\$4,713
OTHER FINANCIAL TRANSACTIONS			\$43	\$43
GRANTS, AIDS AND SUBSIDIES		\$3,436		\$3,436
CAPITAL OUTLAY-REAL PROPERTY		\$1	\$19	\$20
USES OF FUNDS	\$300	\$18,183	\$10,283	\$28,765

Labor and Industry

Construction Codes and Licensing Division

<http://www.dli.mn.gov/cclid.asp>

Statewide Outcome(s):

Construction Codes and Licensing Division supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

People in Minnesota are safe.

Context:

The Construction Codes and Licensing Division (CCLD) works to protect the health, safety, and welfare of the public by providing reasonable, and uniform standards for Minnesota's buildings and construction professionals. CCLD oversees construction-related activities in the areas of licensing, plan review, education, code development, enforcement and inspection in Minnesota. CCLD administers almost 110,000 licenses in construction-related activities such as electrical, high-pressure piping, plumbing, boilers, manufactured homes and residential contracting. It also issues more than 110,000 permits to perform electrical work resulting in more than 250,000 electrical inspections annually. CCLD has responsibility for ensuring the safety of state owned and state licensed facilities through plan review and inspection and is also responsible for developing and administering the Minnesota State Building Code. CCLD uses a fee-for-service model receiving revenues from licensing, permitting, and plan review fees paid by construction industry professionals and contractors.

Strategies:

The work of CCLD is divided into seven functions:

- Code Adoption and Administration: Assure building safety through a comprehensive and effective process of code adoption and uniform statewide code administration.
- Licensing: Assess the qualifications of construction professionals and protect consumers and workers through contractor licensing.
- Plan Review: Review construction plans for state owned and state licensed facilities, plumbing installations and manufactured structures in a timely manner to ensure safe, code complying construction that results in a value to the owner.
- Construction Permitting: Expedite safe building construction through the efficient processing of permits.
- Inspection Services: Provide for the inspections of electrical installations, inspect all building construction work under the authority of the state, and ensure the integrity of elevators and boilers.
- Enforcement: Provide fair and balanced enforcement to achieve compliance with licensure and code requirements.
- Outreach and Education: Foster and promote safe, accessible and energy efficient, building design and construction through outreach and education to construction professionals and the public.

Results:

CCLD continues to improve efficiencies in the delivery of its services to its construction industry stakeholders to provide value under this fee-for-service program.

Performance Measures	Previous	Current	Trend
Electrical Permits Issued on-line (New Initiative)	0	13,755	NA
Percentage of licenses renewed on-line	10.4%	25.4%	Improving
Electrical Permits Issued on-line (New Initiative)	156	214	Worsening

Performance Measures Notes:

Permits and plan reviews compares CY 10 and CY 11, Licenses compares FY 11 and FY12

Program: Construction Codes & Services
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$51,506		\$51,506
Current Law Expenditures (FY 2014-15)		\$58,424		\$58,424
Governor's Recommended Expenditures (FY2014-15)		\$58,370		\$58,370
\$ Change from FY 2014-15 Current Law to Governor's Rec		(54)		(54)
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

Program: Construction Codes & Services

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$12,865		\$12,865
REVENUE		\$60,671		\$60,671
SOURCES OF FUNDS		\$73,536		\$73,536
BALANCE FORWARD OUT		\$12,136		\$12,136
TRANSFERS OUT		\$3,030		\$3,030
EXPENDITURES		\$58,370		\$58,370
PAYROLL EXPENSE		\$27,209		\$27,209
OPERATING EXPENSES		\$25,877		\$25,877
OTHER FINANCIAL TRANSACTIONS		\$244		\$244
GRANTS, AIDS AND SUBSIDIES		\$5,040		\$5,040
USES OF FUNDS		\$73,536		\$73,536

Labor and Industry

General Support

<http://www.dli.mn.gov/OverviewGS.asp>

Statewide Outcome(s):

General Support supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Strong and stable families and communities.

People in Minnesota are safe.

Context:

General Support serves agency programs that focus on the needs of workers, builders, building owners and employers in Minnesota. It does this by developing and maintaining essential information technology; by collecting, analyzing and reporting on workplace safety, workers' compensation and labor standards' data; by attracting and retaining highly qualified staff; by providing legal advice and representation; by protecting the department's financial resources; and by effectively communicating the services provided by the department and the rights and responsibilities of its stakeholders. The customers of this program include department staff, employers, employees, insurance companies, attorneys, members of the construction trades, and the general public. This program is funded by a direct appropriation from the Workers' Compensation Fund and by assessing an indirect cost to other DLI programs.

Strategies:

General Support strives to provide effective and efficient services and offer creative solutions to support other agency programs. It does this through:

- Research and Statistics: collects, analyzes and reports workplace safety, workers' compensation and workplace standards data to inform decision-makers;
- Office of the General Counsel: provides legal advice to the department and advocates the department's position in legal and administrative proceedings;
- Financial Services: protects and ensures accountability for the financial resources entrusted to the department;
- Human Resources: recruits, develops and retains a high-performance workforce.
- Communication: communicates the work of and services provided by the department.
- These strategies provide the talent and means by which the department carries out its mission and by which it supports the statewide outcomes identified above.

Results:

This program recently began emphasizing the use of LEAN principles throughout the department to continually improve processes and services, and it measures its success in this area by the number of participants in various LEAN initiatives and courses. This program also works to ensure that all employers respond to the annual workplace safety survey, which is used to inform decision-makers of workplace trends and areas of needed focus. The effectiveness of the program's technology services is measured by the number of online functions available and the number of annual visits to the department's website; the number of services available online with a focus on user-friendliness has been a priority of the department in recent years. The effectiveness of the financial services staff is measured by whether they timely provide essential financial information to managers and supervisors in a timely manner.

Performance Measures	Previous	Current	Trend
The number of staff who have participated in Lean 101, Kaizen training or Kaizen event.	4	65	Increasing
Workplace injury survey response rate.	100%	100%	Stable
The number of electronic self-service processes and on-line functions available to customers The number of electronic self-service processes and online functions available to customers	26	33	Increasing
The percentage of monthly financial reports available online for timely review by staff	100%	90%	Worsening
The number of visits to DLI website	1.1 million	1.2 million	Increasing

Performance Measures Notes:

These measures compare data from FY11 and FY12.

Program: General Support Division
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$18,801	\$315	\$19,116
Current Law Expenditures (FY 2014-15)		\$19,098	\$318	\$19,416
Governor's Recommended Expenditures (FY2014-15)		\$19,098	\$318	\$19,416
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%	0%	0%

Program: General Support Division

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN		\$1,918		\$1,918
REVENUE		\$6,610	\$318	\$6,928
APPROPRIATION		\$12,590	\$0	\$12,590
SOURCES OF FUNDS		\$21,118	\$318	\$21,436
BALANCE FORWARD OUT		\$1,970		\$1,970
TRANSFERS OUT		\$50		\$50
EXPENDITURES		\$19,098	\$318	\$19,416
PAYROLL EXPENSE		\$10,026	\$260	\$10,286
OPERATING EXPENSES		\$9,072	\$58	\$9,130
USES OF FUNDS		\$21,118	\$318	\$21,436

Labor and Industry

Labor Standards and Apprenticeship

<http://www.dli.mn.gov/LaborLaw.asp>, <http://www.dli.mn.gov/OverviewALS.asp>

Statewide Outcome(s):

Labor Standards and Apprenticeship supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Context:

There are approximately 140,000 employers and 2.44 million employees in Minnesota who are subject to the Minnesota Fair Labor Standards Act. Through its Labor Standards program, DLI works to protect Minnesota's economy by ensuring that workers are paid correctly and that workplace rights and responsibilities are enforced. DLI conducts outreach and investigations to ensure that employers comply with Minnesota's labor standards laws including minimum wage, prevailing wage and child labor. In 2011, the Labor Standards Division answered approximately 25,000 inquiries regarding wage and hour laws, conducted almost 500 investigations, and recovered almost \$1million in total wages for more than 2,500 workers.

DLI's Apprenticeship program supports Minnesota's economy by fostering and promoting work-based career development through registered apprenticeship programs that provide structured skills and safety training and develop a professional workforce for Minnesota employers. There are approximately 8,000 registered apprentices in Minnesota, a majority of which are currently in the construction trades.

Strategies:

- Protect the rights of workers through enforcement of wage and hour, wage payment, and other labor standards laws.
- Ensure that all construction workers on state funded projects are paid the appropriate prevailing wages through outreach, compliance, and enforcement activities.
- Protect the health and welfare of children by fostering, promoting and enforcing child labor laws.
- Educate and train employers, workers and the public to understand and comply with Minnesota labor standards and child labor laws.
- Develop and oversee registered apprenticeship programs including the portability and career development of apprentices and graduates.
- Promote workforce diversity through registered apprenticeship programs.

Results:

The Labor Standards program continues to serve a greater number of workers and employers with its limited resources. The number of apprentices has declined in recent years with the downturn in the construction industry; however the percentages of women and minorities in apprenticeship programs have remained stable.

Performance Measures	Previous	Current	Trend
Employees served by Labor Standards Program	69,502	75,804	Increasing
Investigations Completed	1,592	1,825	Increasing
Wage Recovered	\$918,063	\$1,044,709	Increasing
Percentage of registered apprentices that are women and minorities	16.6%	16.2%	Stable

Performance Measures Notes:

Comparisons are CY 10 to CY 11.

Program: Labor Standards & Apprenticesp
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$1,633	\$2,127		\$3,759
Current Law Expenditures (FY 2014-15)	\$1,632	\$2,098		\$3,730
Governor's Recommended Expenditures (FY2014-15)	\$1,632	\$2,098		\$3,730
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		0%

Program: Labor Standards & Apprenticesp

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
REVENUE		\$40		\$40
APPROPRIATION	\$1,632	\$2,058		\$3,690
SOURCES OF FUNDS	\$1,632	\$2,098		\$3,730
EXPENDITURES	\$1,632	\$2,098		\$3,730
PAYROLL EXPENSE	\$1,184	\$1,331		\$2,515
OPERATING EXPENSES	\$448	\$527		\$975
GRANTS, AIDS AND SUBSIDIES		\$240		\$240
USES OF FUNDS	\$1,632	\$2,098		\$3,730

Labor and Industry Office of Combative Sports

<http://www.dli.mn.gov/Csac.asp>

Statewide Outcome(s):

Office of Combative Sports supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

The Office of Combative Sports (OCS) ensures that three sports: boxing, mixed martial arts and “tough person” competitions are conducted safely and fairly in Minnesota. These three sports are inherently dangerous as combatants can suffer serious injuries and long-term health consequences. The OCS licenses sport participants including combatants, promoters, referees, and trainers and also establishes regulatory safeguards for the protection of fighters to ensure fairness and safety.

Effective July 1, 2012, the OCS was transferred to DLI and a Combative Sports Advisory Council was created. The OCS is 100 percent funded through participant license and event fees.

Strategies:

The Office of Combative Sports strives to ensure that combative events are conducted to minimize injuries and ensure fair competition. It does this through:

- Pre-Competition: combatants are medically tested for conditions that may increase the chance of injury or transmission of communicable disorders to their opponents. Promoters are required to post a performance bond guaranteeing combatant payout and provide insurance to cover combatant injuries.
- During Competition: ringside physicians are present to treat injuries, and all combatants are inspected for proper safety equipment. Referees are used to ensure each match is conducted safely and fairly and judges ensure that the outcome is decided using objective criteria.
- Post-Competition: combatants are examined by a ringside physician prior to being released. Payments by promoters to combatants are monitored by OSC to ensure the terms of the contest agreement are followed.

Results:

The effectiveness of the OCS is measured by its ability to protect the health and safety of combatants.

Performance Measures	Previous	Current	Trend
The percentage of contests monitored for combatant’s safety	100%	100%	Stable
The number of combatant deaths or serious injuries	0	0	Stable

Performance Measures Notes:

Notes: the above measurements compare FY11 and FY12 data.

Program: Office of Combative Sports
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$188		\$188
Current Law Expenditures (FY 2014-15)		\$303		\$303
Governor's Recommended Expenditures (FY2014-15)		\$303		\$303
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

Program: Office of Combative Sports

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$0		\$0
REVENUE		\$390		\$390
SOURCES OF FUNDS		\$390		\$390
BALANCE FORWARD OUT		\$88		\$88
EXPENDITURES		\$303		\$303
PAYROLL EXPENSE		\$248		\$248
OPERATING EXPENSES		\$55		\$55
USES OF FUNDS		\$391		\$391

Federal Program (\$ in Thousands)	Related SFY 2012 Spending	Primary Purpose	SFY 2012 Revenues	SFY 2013 Revenues	Estimated SFY 2014 Revenues	Estimated SFY 2015 Revenues
OSHA Compliance	\$4,088	SO	\$3,420	\$4,123	\$4,123	\$4,123
OSHA Consultation	990	SO	964	1,018	1,018	1,018
Bureau of Labor Statistics	95	SO	96	117	117	117
OSHA Survey	50	SO	53	42	42	42
Agency Total	\$5,233		\$4,533	\$5,300	\$5,300	\$5,300

Key:

Primary Purpose

SO = State Operations

GPS = Grants to Political Subdivision

GI = Grants to Individuals

GCBO = Grants to Community Based Organizations

The OSHA Compliance and OSHA Consultation grants are essential to continue the downward trend in occupational fatalities, injuries, and illnesses, and thereby reduce the suffering of workers and families and contain workers' compensation costs. The Bureau of Labor Statistics and OSHA Survey grants provide the funding necessary to conduct surveys to collect, analyze, and report data on workplace injuries.

Federal funding contributes to 4% of the agencies expenditures. Federal funds received through the OSHA Compliance and Bureau of Labor Statistics programs require matching state funds of 50%. The OSHA Consultation program requires matching state funds of 10%. The required state match is provided by the Workers' Compensation fund. The OSHA Survey program is 100% federally funded.

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2013	Most Recent Federal Award (cite year)
Safety Hazard Abatement State M.S. 79.253	To make grants or loans to employers for the cost of implementing safety recommendations.	Employers	\$998,000	N/A
Labor Education and Advancement Program State Laws of 2011, 1 st Special Session, Chapter 4, Article 1, Section 5, Subd 3	To facilitate the participation of women and minorities in apprenticeship trades and occupations.	Community-based organizations	\$100,000	N/A
Vinland Center State Laws of 2011, 1 st Special Session, Chapter 4, Article 1, Section 5, Subd 2	To provide specialized rehabilitation services for injured and disabled workers.	Vinland Center	\$200,000	N/A

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Mission:

The Minnesota Supreme Court exercising its inherent constitutional authority regulates the practice of law in Minnesota.

The Supreme Court exercises its regulatory authority so that within the state the public is well served by admitting to practice persons possessing competence and good character who, as licensed lawyers, continuously revitalize their knowledge of the law by attending continuing legal education programs, by appropriately disciplining after careful investigation those who have been found to have violated the Minnesota Rules of Professional Conduct, and by reimbursing clients under specified circumstances who have lost funds because of lawyer misfeasance. The court has implemented a statewide lawyer assistance program to direct lawyers to appropriate and necessary counseling.

Statewide Outcome(s):

Legal Professions Boards support the following statewide outcome(s).

Strong and stable families and communities.

People in Minnesota are safe.

Efficient and accountable government services.

Context:

The Boards, consisting of lawyers and lay members, are appointed by the Supreme Court to carry out their respective functions within the rules for each board promulgated by the Supreme Court. Each board is authorized to hire staff. The Client Security Board contracts with the Office of Lawyers Professional Responsibility for legal services to examine claims and pursue subrogation claims. The Board of Law Examiners, Continuing Legal Education, and Legal Certification have a single director and share staff.

The Supreme Court has established regulatory boards to assist in key areas of the regulation of the practices of law. Key issues addressed by these agencies include:

- The Board of Law Examiners (BLE), Board of Continuing Legal Education (CLE), and Board of Legal Certification subject prospective lawyers to a thorough background investigation, using test instruments to validly assess lawyer competence, approving as continuing legal education (CLE) those courses which meet the high standards of the Supreme Court's Rules and ensuring that lawyers are fulfilling their obligation to continue their professional education as a condition of continued licensure, and finally, accrediting agencies to certify lawyers as specialists.
- The Office of Lawyers Professional Responsibility (OLPR), working in conjunction with district ethics committees throughout the state, investigates complaints of unprofessional conduct against lawyers, and recommends discipline where appropriate.
- The Client Security Board reviews claims from clients who have experienced monetary loss because of attorney dishonesty and, where the claim meets criteria established by the board, reimburses the client for the loss up to \$150,000.
- The Lawyer Assistance Program directs lawyers who are suffering from chemical and substance abuse or emotional distress to appropriate treatment.

The primary customers of the Boards are applicants to the bar, attorneys from other states seeking admission in Minnesota, Minnesota-licensed attorneys seeking to fulfill their CLE obligations, CLE sponsors seeking accreditation for the courses, agencies seeking to be accredited to certify lawyers as specialists, the Minnesota State Bar Association, law firms and clients.

Dedicated revenue fully funds the activities of the boards. No General Fund monies support the operations of these boards. The Supreme Court assesses each lawyer admitted to the practice law in Minnesota an annual

registration fee which funds these activities. The registration fee is authorized by statute and held in trust for the regulation of the bar. The registration fee revenue is divided among each of the boards (with the exception of the Legal Certification Board which is funded entirely by user fees) as determined by Court's Rules for Registration of Lawyers, after public hearing. The Board of Law Examiners assesses a bar application fee to each applicant for admission to the bar. The Board of Continuing Legal Education assesses course application fees and various administrative fees. The fees for those boards are included in the Department Earnings Report.

Strategies:

The Boards have extensive written rules, policies, and procedures that ensure fair and accurate processing of applications, course approval requests and course applications, the prompt investigation and disposition of lawyers' alleged disability or unprofessional conduct, as well as a well-trained and carefully managed staff who conscientiously carry out their obligations. In addition, there are volunteer Board members comprised of lawyers and non-lawyer members of the public who volunteer their time to oversee the policies and procedures through which each of the Boards carry out their responsibilities.

The Boards contribute to the statewide outcomes by ensuring that only those who are competent and have good character are licensed to practice law; that ethics complaints against Minnesota lawyers warranting professional discipline are investigated and prosecuted; and that clients who suffer loss of money or other property from the dishonest conduct of their attorney are reimbursed. These activities contribute to the administration of justice and ensure that members of the Minnesota Bar provide legal service to those in need of legal counsel and to communities in need of civic members who will uphold the rule of law.

Key partners in the work of the Boards are the Minnesota State Bar Association and its committees and sections, Lawyers Concerned for Lawyers, deans and associate deans of law schools, particularly the deans of the four law schools located in Minnesota; administrators of the bar admission, CLE and certification offices in other states, district ethics committees (DEC), and colleagues in the Judicial Branch.

Results:

The Board of Law Examiners, Board of Continuing Legal Education, and Board of Legal Certification know their strategies are working when the following results are manifest:

- Few applicants to the bar and attorneys are denied admission or sanctioned for failure to comply with Board of Law Examiners' or the CLE Board's requirements; new certifying agencies continue to apply for accreditation to certify lawyers as specialists. The Boards' Customers are routinely surveyed and their responses affirm that services are provided in a professional manner.
- Minnesota has a Bar that is and remains well-educated and prepared to carry out the obligations of licensure. As a result of the accreditation of reputable agencies, only those members of the bar who have met high standards of demonstrated expertise, may hold themselves out as specialists in a field of law.

The factors driving their stable or improving performance trend include the development and implementation of computer technology which permits timely and accurate completion of investigations and valid administration of professional examinations. While the performance trend is stable, the Boards continually look for ways to improve performance and increase efficiencies in operation.

For the Office of Lawyer Professional Responsibility when the number of complaint files closed each year is equal to or exceeds the number of new complaints received, case backlog is prevented and unnecessary delays and/or frustration for complainants and respondent attorneys is reduced. In the current year, the OLPR increased the number of complaint files closed at a rate that exceeded the number of new complaints received. Proper case management allows the office to fulfill its many other tasks, principally handling major public discipline matters but also speaking at CLE courses, writing articles, and overseeing attorneys on probation.

Performance Measures	Previous	Current	Trend
Number of applicants for admission to the Bar 2010 and 2011	1,276	1,208	stable
Number of approved CLE courses 2010 and 2011	11,583	11,394	stable
Number of lawyers certified as specialists 2010 and 2011	854	923	increasing
Number of complaints received by OLPR 2010 and 2011	1,356	1,341	stable
Number of complaint files closed by OLPR 2010 and 2011	1,252	1,386	increasing

Performance Measures Notes:

Previous year data is from 2010. Current year data is from 2011.

Legal Professions Board**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$12,315		\$12,315
Current Law Expenditures (FY 2014-15)		\$13,202		\$13,202
Governor's Recommended Expenditures (FY2014-15)		\$13,202		\$13,202
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

Legal Professions Board
Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$9,688		\$9,688
REVENUE		\$11,921		\$11,921
SOURCES OF FUNDS		\$21,609		\$21,609
BALANCE FORWARD OUT		\$8,377		\$8,377
TRANSFERS OUT		\$30		\$30
EXPENDITURES		\$13,202		\$13,202
PAYROLL EXPENSE		\$8,117		\$8,117
OPERATING EXPENSES		\$4,198		\$4,198
OTHER FINANCIAL TRANSACTIONS		\$96		\$96
GRANTS, AIDS AND SUBSIDIES		\$790		\$790
USES OF FUNDS		\$21,609		\$21,609

Legal Professions Board
All Funds FTE by Program

Program	Current	Forecast Base	Governor's Recommendation
	FY 2013	FY 2015	FY 2015
Program: Lawyers Board	41.7	41.7	41.7
Legal Professions Board	41.7	41.7	41.7

Legal Professions Board

Revenue Summary

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Dedicated	DEPARTMENTAL EARNINGS		11,676		11,676
	INVESTMENT INCOME		31		31
	ALL OTHER		215		215
	Subtotal		11,921		11,921
	Total		11,921		11,921

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Mission:

Information not supplied.

Statewide Outcome(s):

Select Agency

supports the following statewide outcome(s).

Context:

The legislature is one of three principal branches of state government (the others being the executive and judicial branches) created by the constitution of the state of Minnesota. The legislative branch is responsible for the enactment and revision of state laws, establishing a state budget and tax policy, electing regents of the University of Minnesota, overseeing the work of state government, as well as proposing amendments to the state constitution. The Minnesota legislature consists of two bodies: the House of Representatives and the Senate. In addition the House and Senate have created joint legislative offices and commissions under the fiscal and administrative oversight of the Legislative Coordinating Commission.

Strategies:

Information not supplied.

Measuring Success:

Information not supplied.

Legislature**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$129,435	\$4,345	\$173	\$133,953
Current Law Expenditures (FY 2014-15)	\$126,162	\$1,448	\$594	\$128,204
Governor's Recommended Expenditures (FY2014-15)	\$126,162	\$1,448	\$594	\$128,204
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%	0%	0%

Legislature**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN	\$5,975	\$0	\$0	\$5,975
REVENUE	\$0	\$892	\$594	\$1,486
TRANSFERS IN	\$10,860	\$0		\$10,860
APPROPRIATION	\$126,162	\$556	\$0	\$126,718
SOURCES OF FUNDS	\$142,997	\$1,448	\$594	\$145,039
BALANCE FORWARD OUT	\$5,975	\$0	\$0	\$5,975
TRANSFERS OUT	\$10,860			\$10,860
EXPENDITURES	\$126,162	\$1,448	\$594	\$128,204
PAYROLL EXPENSE	\$23,256	\$0	\$6	\$23,262
OPERATING EXPENSES	\$102,574	\$1,446	\$588	\$104,608
CAPITAL OUTLAY-REAL PROPERTY	\$331	\$2		\$333
USES OF FUNDS	\$142,997	\$1,448	\$594	\$145,039

Legislature
All Funds FTE by Program

	Current	Forecast Base	Governor's Recommendation
Program	FY 2013	FY 2015	FY 2015
Program: Legislative Coordinating Comm	79.4	79.4	79.4
Program: Legislative Audit Comm	59.9	59.9	59.9
Program: Legislative Mn Resources Comm	4.1		
Legislature	143.5	139.4	139.4

Legislature**Revenue Summary**

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	ALL OTHER	0	0		0
	Subtotal	0	0		0
Dedicated	TAXES	0			0
	INVESTMENT INCOME		0		0
	ALL OTHER	0	892	594	1,486
	Subtotal	0	892	594	1,486
	Total	0	892	594	1,486

Legislature

House of Representatives

<http://www.house.leg.state.mn.us>

Statewide Outcome(s):

The House of Representatives supports the following statewide outcome(s).

Context:

There are 134 members of the House of Representatives. Each member represents a geographically area of the state and is elected by the voters of the district every two years.

The DFL Caucus and the Republican Caucus departments each provide legislative services to their respective members. Services provided include legislative management, member administrative support, committee administration and support services, constituent and communication/media services, and caucus research services.

The Chief Clerk's Office provides assistance and advice to the speaker and members of the House of Representatives in meeting the legal and parliamentary requirements of the lawmaking process and to record the history of that process in a clear, unbiased, and accurate manner. The chief clerk, first and second assistant clerks, index clerk, and chaplain are elected officers of the house. The Chief Clerk's Office is responsible for all computer technology functions in the House, such as managing a secure local area network, managing numerous application programs and coordinating computer support to all house staff.

The House Research Department provides research and legal services to the house and its members and committees. The work of House Research focuses on legislative decision-making: helping house members and committees develop and evaluate government policies and laws. The department is an agency of the House of Representatives as a whole, rather than a committee or caucus. House Research provides nonpartisan, confidential services to all members of the house without regard to partisan affiliation or legislative position. The department strives to be politically neutral and impartial on the issues. Its staff does not advocate, endorse, promote, or oppose legislation or legislative decision.

The Fiscal Analysis Department provides professional, nonpartisan, and confidential services for all members of the House of Representatives, and provides assistance to the house finance and tax committees on state budgetary and fiscal legislation. Department staff analyzes spending requests, aid committees in developing and analyzing budgetary options, draft legislation to implement budget decisions, track legislative decisions, and provide analysis for legislative oversight of enacted budgets. Fiscal analysts respond to requests from individual members needing analyses or information on state budgetary issues or government finances. The Fiscal Analysis Department researches, prepares, and distributes publications providing information on state budget issues and government finances.

The House Public Information Services Department is a contact point to help the public connect to the Legislature. The mission of the department is to provide credible and timely nonpartisan services that inform the general public of legislative actions, educate the public about the legislative process and encourage public participation in the Minnesota Legislature. The department produces and distributes Session Weekly newsmagazine, Session Daily, committee schedules, committee rosters, members and staff lists, legislative directories, and various publications that explain the state's symbols, governmental structure and lawmaking process. It provides photography services for members, staff and the public, and distributes audio CD copies of all House meetings, and DVD copies of all House television coverage. The department creates and distributes unedited, gavel-to-gavel television coverage of all House floor sessions, select committee hearings, press conferences, and informational and educational programming. Beginning with the start of each legislative session, programming is broadcast, in conjunction with the Senate, weekdays from 8 a.m. to 6 p.m. on the digital Minnesota Channel, which is available statewide on Minnesota's public television stations. Live webcasting and video archives of all House television programming is available on the Internet.

The House Budget & Accounting Department and Human Resources Department performs the financial and human resources functions for the house. Financial functions include: accounting, budgeting, staff and member payroll, accounts payable, and expense reimbursements. Human resources function includes compensation and benefit administration, personnel policy development and communication and house staffing management.

The Sergeant-At-Arms Office provides temporary support staff (pages), parking, facility management, telephone system management, supply and equipment purchases, security, post office, duplication and printing, and educational program services for members, staff, and the public. The speaker appoints the chief sergeant. The assistant sergeants, postmaster, and assistant postmaster are elected by house members to serve with the chief sergeant as officers of the house. Pages serve as support staff for all house and conference committee hearings and aid all departments in accomplishing their duties.

Strategies:

Information not provided.

Results:

Information not provided.

Performance Measures Notes:

Information not provided.

Program: House Of Representatives
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$56,197	\$626		\$56,823
Current Law Expenditures (FY 2014-15)	\$55,748	\$560		\$56,308
Governor's Recommended Expenditures (FY2014-15)	\$55,748	\$560		\$56,308
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		0%

Program: House Of Representatives

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN	\$4,159			\$4,159
REVENUE		\$560		\$560
APPROPRIATION	\$55,748	\$0		\$55,748
SOURCES OF FUNDS	\$59,907	\$560		\$60,467
BALANCE FORWARD OUT	\$4,159			\$4,159
EXPENDITURES	\$55,748	\$560		\$56,308
PAYROLL EXPENSE				
OPERATING EXPENSES	\$55,748	\$560		\$56,308
USES OF FUNDS	\$59,907	\$560		\$60,467

Legislature

Senate

<http://www.senate.mn>

Statewide Outcome(s):

The Senate supports the following statewide outcome(s).

Context:

In addition to the functions listed under agency purpose, the senate also has the responsibility to advise and consent to governor's appointment.

Strategies:

Information not provided.

Results:

Information not provided.

Performance Measures Notes:

Program: Senate

Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$42,302	\$411		\$42,712
Current Law Expenditures (FY 2014-15)	\$41,466	\$332		\$41,798
Governor's Recommended Expenditures (FY2014-15)	\$41,466	\$332		\$41,798
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		0%

Program: Senate
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN	\$1,817			\$1,817
REVENUE		\$332		\$332
APPROPRIATION	\$41,466	\$0		\$41,466
SOURCES OF FUNDS	\$43,283	\$332		\$43,615
BALANCE FORWARD OUT	\$1,817			\$1,817
EXPENDITURES	\$41,466	\$332		\$41,798
PAYROLL EXPENSE				
OPERATING EXPENSES	\$41,466	\$332		\$41,798
USES OF FUNDS	\$43,283	\$332		\$43,615

Legislature

Legislative Coordinating Commission

<http://www.commissions.leg.state.mn.us>

Statewide Outcome(s):

Program or activity name supports the following statewide outcome(s).

Information not provided

Context:

The [Legislative Coordinating Commission](http://www.lcc.leg.mn/) (LCC) (<http://www.lcc.leg.mn/>) serves as the umbrella organization for legislative commissions, joint agencies, and other boards. The [Geographic Information Services Office](http://www.gis.leg.mn/index.html) (<http://www.gis.leg.mn/index.html>) of the LCC is the repository for statewide boundary information for legislative use and provides mapping and data services for the legislature, state agencies and the public. The LCC maintains the [Minnesota's Legacy](http://www.legacy.leg.mn/) website (<http://www.legacy.leg.mn/>) which displays how funds from the Legacy Amendment and the Environment and Natural Resources Trust Fund are being utilized throughout the state. Additionally, the LCC facilitates arrangements for visiting international and state delegations to the legislature.

The LCC provides fiscal and administrative support for the Compensation Council, the Joint House/Senate Subcommittee on Claims, the Office of the Economic Status of Women, the Regent Candidate Advisory Council, the Trustee Candidate Advisory Council, the Sunset Advisory Commission, and the Subcommittee on Employee Relations. All [joint legislative offices and commissions](http://www.commissions.leg.state.mn.us/depts.htm) (<http://www.commissions.leg.state.mn.us/depts.htm>) are nonpartisan.

The [Legislative Reference Library](http://www.leg.state.mn.us/lrl/lrl.aspx) (LRL) (<http://www.leg.state.mn.us/lrl/lrl.aspx>) collects, indexes, publishes, and makes available public policy information both online and in the library. The LRL serves the legislature, executive agencies, and the public by assuring access to essential information resources which support the legislative process and promote the understanding of state government.

The [Office of the Revisor of Statutes](https://www.revisor.mn.gov/) (<https://www.revisor.mn.gov/>) provides drafting, editing, publication, and computer services to members of both houses of the legislature as well as all constitutional offices and all state agencies and departments. Drafting services are provided on a confidential basis and consist primarily of bills and administrative rules. The office prepares amendments, committee reports, engrossments, side-by-side bill comparisons, conference committee reports, and, under the direction of the House and Senate, the office enrolls bills and presents them to the Governor. The office also publishes Laws of Minnesota, Minnesota Statutes, and Minnesota Rules, in both print and electronic formats.

The [Legislative Commission on Pension and Retirement](http://www.lcpr.leg.mn/lcprmain.htm) (<http://www.lcpr.leg.mn/lcprmain.htm>) studies and investigates on an ongoing basis the various public retirement systems applicable to nonfederal government employees in the state and makes recommendations to establish and maintain sound public employee pension legislation.

The [Legislative-Citizen Commission on Minnesota Resources](http://www.lccmr.leg.mn/lccmr.htm) (LCCMR) (<http://www.lccmr.leg.mn/lccmr.htm>) advises the legislature and provides oversight on the allocation of certain dedicated environment and natural resources funding sources, primarily the constitutional dedicated Environment and Natural Resources Trust Fund from State Lottery proceeds, for projects for public purpose of protection, conservation, preservation and enhancement of the state's air, water, land, fish, wildlife, and other natural resources.

The [Lessard-Sams Outdoor Heritage Council](http://www.lsohc.leg.mn/) (LSOHC) (<http://www.lsohc.leg.mn/>) provides annual funding recommendations to the legislature from the Outdoor Heritage Fund. The LSOHC ensures that recommendations are consistent with the Constitution and state law and take into consideration the outcomes of, including, but not limited to, the Minnesota Conservation and Preservation Plan, that directly relate to the restoration, protection, and enhancement of wetlands, prairies, forests, and habitat for fish, game, and wildlife, and that prevent forest fragmentation, encourage forest consolidation, and expand restored native prairie.

Strategies:

Information not provided.

Results:

Information not provided.

Performance Measures Notes:

Program: Legislative Coordinating Comm
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$19,466	\$2,096	\$173	\$21,735
Current Law Expenditures (FY 2014-15)	\$18,088	\$556	\$594	\$19,238
Governor's Recommended Expenditures (FY2014-15)	\$18,088	\$556	\$594	\$19,238
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%	0%	0%

Program: Legislative Coordinating Comm

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
REVENUE	\$0	\$0	\$594	\$594
APPROPRIATION	\$28,948	\$556	\$0	\$29,504
SOURCES OF FUNDS	\$28,948	\$556	\$594	\$30,098
TRANSFERS OUT	\$10,860			\$10,860
EXPENDITURES	\$18,088	\$556	\$594	\$19,238
PAYROLL EXPENSE	\$13,511	\$0	\$6	\$13,517
OPERATING EXPENSES	\$4,245	\$554	\$588	\$5,387
CAPITAL OUTLAY-REAL PROPERTY	\$331	\$2		\$333
USES OF FUNDS	\$28,948	\$556	\$594	\$30,098

Legislature
Legislative Audit Commission/Office of the Legislative Auditor
<http://www.auditor.leg.state.mn.us>

Statewide Outcome(s):

Program or activity name supports the following statewide outcome(s).

Information not provided.

Context:

The Office of the Legislative Auditor is a professional, nonpartisan audit and evaluation office that provides the legislature, agencies, and the public with audit and evaluation reports. The office seeks to strengthen accountability and promote good management in government. The office is under the direction of the Legislative Auditor who is appointed by the Legislative Audit Commission.

Strategies:

Information not provided.

Results:

Information not provided.

Performance Measures Notes:

Program: Legislative Audit Comm
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$11,471	\$45		\$11,516
Current Law Expenditures (FY 2014-15)	\$10,860	\$0		\$10,860
Governor's Recommended Expenditures (FY2014-15)	\$10,860	\$0		\$10,860
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		0%

Program: Legislative Audit Comm

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
TRANSFERS IN	\$10,860			\$10,860
SOURCES OF FUNDS	\$10,860			\$10,860
EXPENDITURES	\$10,860	\$0		\$10,860
PAYROLL EXPENSE	\$9,745	\$0		\$9,745
OPERATING EXPENSES	\$1,115			\$1,115
USES OF FUNDS	\$10,860	\$0		\$10,860

Legislature

Legislative-Citizen Commission on Minnesota Resources

<http://www.lccmr.leg.mn>

Statewide Outcome(s):

Program or activity name supports the following statewide outcome(s).

Information not provided.

Context:

The [Legislative-Citizen Commission on Minnesota Resources](http://www.lccmr.leg.mn/lccmr.htm) (LCCMR) (<http://www.lccmr.leg.mn/lccmr.htm>) advises the legislature and provides oversight on the allocation of certain dedicated environment and natural resources funding sources, primarily the constitutional dedicated Environment and Natural Resources Trust Fund from State Lottery proceeds, for projects for public purpose of protection, conservation, preservation and enhancement of the state's air, water, land, fish, wildlife, and other natural resources.

Strategies:

Information not provided.

Results:

Information not provided.

Performance Measures Notes:

Program: Legislative Mn Resources Comm
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$1,167		\$1,167
Current Law Expenditures (FY 2014-15)		\$0		\$0
Governor's Recommended Expenditures (FY2014-15)		\$0		\$0
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

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Mission:

The Lottery offers fun, innovative and secure games that create excitement, reflect Minnesota values and maximize contributions to the State.

Statewide Outcome(s):

Lottery supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

A clean, healthy environment with sustainable uses of natural resources.

Context:

The Minnesota State Lottery exists to raise revenue for state programs as determined by the legislature and governor. It does so through the sale of lottery tickets at over 3,100 retail outlets. Lottery customers include the approximately two million adults who purchase a lottery ticket in an average year.

Lottery beneficiaries include the General Fund, Environment and Natural Resources Trust Fund, Game and Fish Fund, and Natural Resources Fund. In addition, a portion of the General Fund revenue is appropriated by the legislature to programs to assist those affected by problem gambling. The Minnesota Constitution requires that 40 percent of net lottery revenue is dedicated to the Environment and Natural Resources Trust Fund. All other beneficiaries are determined by statute.

The Lottery has three priorities.

- Maximize revenues through the design and marketing of products that customers wish to purchase,
- Ensure the security and integrity of its products,
- Design and market products in a manner consistent with the values of Minnesota citizens.

The Lottery receives no state appropriation; operating expenses are provided through ticket sales. The Legislature sets an annual limit on operating expenditures but does not approve an operative budget.

Strategies:

In fiscal 2012, the Lottery designed and marketed 75 scratch or instant games in addition to continuing to market seven "lotto" games (such as Powerball) offered through computer terminals. These games are offered in the context of an overall sales and marketing plan that also determines advertising and promotional strategies. The Lottery also reviews operations to ensure that it carries out these strategies in the most efficient manner possible.

The Lottery contributes to statewide outcomes by helping to finance state initiatives in critical areas.

Key partners include the 3,100 retail stores that sell lottery products, other state lotteries with whom Minnesota cooperates on multi-state games, and vendors in critical areas such as product manufacture and design, information technology, advertising, promotional partners, and market research.

Results:

Compared with most other agencies, lottery outcomes are relatively easy to measure. The most direct measure is revenues contributed to state programs. In this regard the Lottery has been quite successful. FY 2012 revenues of \$123.6 million were the highest ever in the lottery's 22-year history and have grown by 56 percent since FY 2003.

The Lottery cannot, of course, guarantee record revenues every year. Several key factors will always be beyond the organization's control. Jackpots for games such as Powerball drive sales—a year with multiple high jackpots will easily outsell a year with none, all things being equal—but jackpot generation is a random process and the

Lottery cannot be certain how many, if any will occur. Other external factors affect lottery sales as well, including the economy, weather, gas prices, and other external events.

Performance Measures	Previous	Current	Trend
Lottery proceeds returned to state	\$122.1 million	\$123.6 million	Increasing
Percent of adults purchasing lottery ticket in past year	44.3%	47.1%	Increasing
Percent believing that the lottery is a well-run organization	57.9%	60.0%	Stable
Percent believing that lottery makes a positive contribution to the state	57.7%	64.7%	Increasing

Performance Measures Notes:

It should be noted that record FY 2012 revenues happened despite the loss of three weeks of sales due to the July, 2011 government shutdown. Once the shutdown ended, it took several weeks for sales to regain their previous levels due to the difficulties in restarting operations and the need to "reintroduce" the Lottery to retailers and customers.

Data on public opinion is based on surveys of 2000 Minnesota adults conducted annually by the Minnesota State Lottery and the survey research center at St. Cloud State University and published in February/March in 2011 and 2012.

Minnesota State Lottery
(\$ in thousands)

	Actual FY2012	Projected FY2013	Projected FY2014	Projected FY2015	Projected FY2016	Projected FY2017
Revenue						
Scratch Ticket Sales	\$355,261	\$358,000	\$363,000	\$369,600	\$369,600	\$369,600
Lotto Ticket Sales	164,773	182,000	187,000	190,400	190,400	190,400
Total Sales Revenue	520,034	540,000	550,000	560,000	560,000	560,000
Less In-Lieu-of-Sales Tax	33,802	35,100	35,750	36,400	36,400	36,400
Gross Receipts	486,231	504,900	514,250	523,600	523,600	523,600
Non-operating Income	295	301	301	301	301	301
Gross Revenue	486,526	505,201	514,551	523,901	523,901	523,901
Direct Costs						
Prize Expense	320,609	332,257	338,410	344,563	344,563	344,563
Unclaimed Prizes Paid to State Treasury	10,251	8,336	8,640	8,800	8,960	8,960
Compulsive Gambling from Prize Fund	2,075	2,230	2,230	2,230	2,230	2,230
Retailer Commissions and Incentives	31,554	32,296	33,360	33,967	33,967	33,967
Ticket Costs	8,635	8,410	8,410	8,410	8,410	8,410
Lotto Vendor Expense	9,506	9,965	9,900	10,080	10,080	10,080
Total Direct Costs	382,630	393,494	400,950	408,050	408,210	408,210
Operating Expense						
Advertising	7,475	7,623	7,623	7,623	7,623	7,623
Promotions	1,882	1,738	1,738	1,738	1,738	1,738
Game Development/New Initiatives						
Brand/Beneficiary Awareness	0	0	0	0	0	0
Salaries and Benefits	10,264	11,458	12,187	12,553	12,930	13,317
Occupancy Costs	1,395	1,547	1,599	1,647	1,696	1,747
Communications	552	575	575	575	575	575
Purchased Services	1,751	1,859	1,859	1,859	1,859	1,859
Depreciation	893	811	811	811	811	811
Supplies and Materials	948	1,215	1,215	1,215	1,215	1,215
Other	1,212	1,476	1,476	1,476	1,476	1,476
Total Operating Expense	26,372	28,302	29,083	29,497	29,923	30,362
Net Proceeds	\$77,525	\$83,405	\$84,518	\$86,354	\$85,768	\$85,329
Total Full-Time Equivalent (FTE)						
	149	153	153	153	153	153
PAID TO STATE BENEFICIARY						
General Fund						
In-Lieu-of-Sales Tax	\$9,319	\$9,677	\$9,856	\$10,035	\$10,035	\$10,035
Net Proceeds	46,515	50,043	50,711	51,813	51,461	51,198
Unclaimed Prizes	10,251	8,336	8,640	8,800	8,960	8,960
Unclaimed Prizes Held in Trust for State						
Compulsive Gambling from Prize Fund	2,075	2,230	2,230	2,230	2,230	2,230
Total General Fund	68,160	70,286	71,437	72,878	72,686	72,423
Envir. and Natural Resources Fund						
Net Proceeds	31,010	33,362	33,807	34,542	34,307	34,132
Unclaimed Prizes						
Total Envir and Natural Resources Fund	31,010	33,362	33,807	34,542	34,307	34,132
Game and Fish Fund						
	12,241	12,711	12,947	13,182	13,182	13,182
Natural Resources Fund						
	12,241	12,711	12,947	13,182	13,182	13,182
TOTAL PAID TO STATE BENEFICIARY	\$123,652	\$129,071	\$131,138	\$133,784	\$133,358	\$132,920
	23.78%	23.90%	23.84%	23.89%	23.81%	23.74%

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Mission:

The Board of Marriage and Family Therapy's mission is to protect the public through effective licensure and enforcement of the statutes and rules governing the practice of marriage and family therapy to reasonably ensure a standard of competent and ethical practice.

Statewide Outcome(s):

Marriage and Family Therapy, Board of supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

- The Minnesota Board of Marriage and Family Therapy's key priority is the public protection of consumers who utilize the services of marriage and family therapists in Minnesota.
- The Board's focus is on the efficient licensure of applicants meeting licensure requirements. Once a license is issued, the Board monitors licensees' compliance with state laws and takes action against the licenses of marriage and family therapists who engage in illegal or unethical conduct and pose a risk of harm to the public.
- Board staff provides services to over 1,800 licensees, approximately 325 applicants for licensure at any one time, consumers, continuing education providers, credentialing agencies, other state agencies, students and faculty at graduate Marriage and Family Therapy (MFT) programs, and state and national professional MFT associations.
- The Board is 100 percent fee-supported and no general fund tax revenue is used to support Board operations. The Board must collect sufficient fee revenue to cover all expenditures.

Strategies:

The Board regulates the profession by:

- Setting standards for initial licensure and reviewing an applicant's education and training to determine compliance with licensure requirements.
- Issuing initial license and renewing licenses for qualified professionals.
- Setting standards of practice and professional conduct for licensees.
- Taking disciplinary or corrective action against an applicant or licensee for misconduct.
- Responding to public and agency inquiries, complaints, and reports regarding licensure and conduct of applicants and licensees.
- Providing information about licensure requirements and standards of practice to citizens and other interested persons or agencies.
- Collaborating with other licensing boards to operate a monitoring program for health professionals whose practice is impaired due to illness and a voluntary cooperative administrative services unit to perform common accounting, purchasing, human resources and technology functions.

Results:

The Board of Marriage and Family Therapy is committed to performance and quality improvement in its licensure and regulatory processes. The number of licenses regulated by the Board doubled between 2001 and 2011, while staffing levels remained essentially unchanged. Success is measured by raw numbers (e.g. applications approved, renewals processed, and complaint files closed) and increasing efficiencies in the processing of applications, the handling of complaints and enforcement of disciplinary orders, and use of technologies to aid licensees and citizens. The Board strives to respond to all customer inquiries within 48 hours and estimates that this response goal is achieved approximately 95 percent of the time.

Performance Measures	Previous	Current	Trend
Percentage of Licensed Marriage and Family Therapist (LMFT) licensees renewing online	74%	75%	Improving
Percentage of Licensed Associate Marriage and Family Therapist (LAMFT) licensees renewing online	N/A	84%	Improving

Performance Measures Notes:

LMFT and LAMFT online license renewal percentage compares fiscal year 2010 to fiscal year 2012. LAMFT online renewal was first implemented with the fiscal year 2012 renewal cycle. Source: Small Board Licensing database.

**Marriage and Family Therapy, Board of
Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$373		\$373
Current Law Expenditures (FY 2014-15)		\$356		\$356
Governor's Recommended Expenditures (FY2014-15)		\$356		\$356
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

**Marriage and Family Therapy, Board of
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION		\$357		\$357
SOURCES OF FUNDS		\$357		\$357
EXPENDITURES		\$356		\$356
PAYROLL EXPENSE		\$246		\$246
OPERATING EXPENSES		\$110		\$110
USES OF FUNDS		\$356		\$356

**Marriage and Family Therapy, Board of
All Funds FTE by Program**

Program	Current	Forecast Base	Governor's Recommendation
	FY 2013	FY 2015	FY 2015
Program: Marriage & Family Therapy, Bd	1.6	1.6	1.6
Marriage and Family Therapy, Board of	1.6	1.6	1.6

Marriage and Family Therapy, Board of
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	DEPARTMENTAL EARNINGS		630		630
	ALL OTHER		0		0
	Subtotal		630		630
	Total		630		630

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Mission:

Mayo Clinic aspires to provide the highest quality, compassionate patient care at reasonable cost through a physician-led team of diverse people working together in clinical practice, education and research in a unified multi-campus system.

Mayo Clinic aims to conduct its interdependent programs of medical care, research and education in keeping with the highest standards of ethics and quality. Fundamental to this pledge is the need to combine science and art of medicine and technology with personalized care. Excellence in all endeavors with respect for the individual; both patient and employee, is the primary goal.

Statewide Outcome(s):

Mayo Clinic Medical School supports the following statewide outcome(s).

Minnesotans are healthy.

Minnesotans have the education and skills needed to achieve their goals.

Context:

Mayo Clinic operates clinics and hospitals throughout Minnesota with the main facility located in Rochester, Minnesota. In addition, Mayo Clinic has sites in Arizona, Florida, Iowa and Wisconsin. In calendar year 2011, over one million patients were seen across the enterprise. Mayo Clinic actively engages in a competitive, prioritized coordinated research program which enhances the care of the patient and decreases the burden of disease. In addition to patient care and research activities, Mayo Clinic provides education in the medical sciences in a scholarly environment. Mayo Clinic's education of future physicians, medical scientists and allied health staff contribute to the quality of healthcare at Mayo Clinic and communities throughout the state of Minnesota and worldwide. The educational activities of Mayo Clinic staff are a key component of Mayo's continuing excellence. The College of Medicine is comprised of five separate schools; Mayo Medical School, Mayo School of Graduate Medical Education, Mayo Graduate School, Mayo School of Health Science, and Mayo School of Continuous Professional Development. Mayo Clinic's annual expenditures toward the mission of the College of Medicine totaled \$242.9 million in calendar year 2011.

Strategies:

- Mayo Clinic's Family Medicine Residency program recruits and matriculates talented physicians that are committed to serving the needs of rural Minnesota.
- Mayo Clinic's Family Medicine Residency Program will focus on training physicians to improve healthcare quality while reducing costs.
- Mayo Medical School recruits and matriculates high achieving Minnesota undergraduate students who aspire to serve society as physicians by assuming leadership roles in medical practice, education and research.
- Mayo Medical School focuses on containing educational costs for students to mitigate educational debt which allows students to choose a career in primary care.

Results:

Mayo Clinic examines several elements to determine progress and measure success.

- How many Family Medicine residents/physicians choose to practice in Minnesota?
- How many Family Medicine residents/physicians choose to practice in rural Minnesota?
- How many Minnesota residents matriculate to Mayo Medical School?
- What is the median educational debt upon completion of their medical school training?

High quality education drives the successful recruitment of diverse and highly qualified residents and students. The multi-prong budget funding mechanism made up of state capitation, industry revenue, endowment earnings, business revenue, federal funding and practice support provides the necessary support needed for the operation of the outlined educational activities at Mayo Clinic. Mayo Clinic continues to strive to prudently steward these resources to maximize the educational effectiveness and thereby promote the health and welfare of Minnesotans.

Performance Measures	Previous	Current	Trend
1. Percent of Family Med. Graduates practicing in Minnesota	46%	46%	Stable
2. Percent of Family Med. Graduates practicing in rural Minnesota	43%	48%	Improving
3. Percent of Mayo Medical School matriculants from Minnesota	49%	46%	Worsening
4. Percent of MMS educational debt compared to national average	50%	49%	Improving

Performance Measures Notes:

1. Previous Data: FY 2009 / Current Data: FY 2011
2. Previous Data: FY 2009 / Current Data: FY 2011
3. Previous Data: FY 2009 / Current Data: FY 2011
4. Previous Data: FY 2009 / Current Data: FY 2011

Mayo Medical School**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$2,702			\$2,702
Current Law Expenditures (FY 2014-15)	\$2,702			\$2,702
Governor's Recommended Expenditures (FY2014-15)	\$2,702			\$2,702
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Mayo Medical School

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$2,702			\$2,702
SOURCES OF FUNDS	\$2,702			\$2,702
EXPENDITURES	\$2,702			\$2,702
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$2,702			\$2,702
USES OF FUNDS	\$2,702			\$2,702

Mayo Clinic Medical School

Mayo Medical School

<http://www.mayo.edu/mms>

Statewide Outcome(s):

Mayo Medical School supports the following statewide outcome(s).

Minnesotans are health.

Minnesotans have the education and skills needed to achieve their goals.

Context:

The mission of the Mayo Medical School is to use the patient-centered focus and strengths of the Mayo Clinic to educate physicians to serve society by assuming leadership roles in medical practice, education and research. The curriculum is designed to foster the individual strengths and talents of each student and to take full advantage of the unique integrated research, education and practice resources of the Mayo Clinic. The school seeks to provide access to a medical education to all students regardless of socioeconomic background. The school strives to eliminate barriers that may inhibit students from entering the historically lower paying primary care specialties.

Mayo Medical School was founded in 1972. The small class size, 50 students per class, facilitates a personalized course of instruction characterized by extensive clinical interaction and integration of basic and clinical science throughout all segments of the curriculum. A balance is sought to produce physicians interested in medical subspecialties as well as primary care disciplines of general internal medicine, family medicine, pediatrics, and obstetrics/gynecology.

The Medical School's 2011 operating expenses were \$15.5 million which covered the costs associated with educating the medical students. That year, the Mayo Clinic supported 96 percent of the medical school. The state appropriation of \$665,000 supported four percent of the overall expenses.

Strategies:

The state capitation funds are used in direct support for the Minnesota residents attending Mayo Medical School. As of July 2012 47 percent of the matriculants to Mayo Medical School were Minnesota residents. In the past five years, 34 percent of Mayo Medical School graduates have chosen careers in primary care.

Results:

Mayo Medical School takes active measures to mitigate the educational debt of its graduates. In doing so, Mayo works to mitigate tuition increases and provides significant financial resources in the form of scholarships. In addition, Mayo Medical School offers a variety of educational programs and information on wise borrowing. The efforts have resulted in Mayo Medical School graduates having less than half the national average in total educational debt.

Performance Measures	Previous	Current	Trend
Percent of MMS matriculants who were residents of Minnesota.*	49%	47%	Worsening
Percent of MMS graduates who choose practice in primary care.*	33%	39%	Improving
Percent of debt MMS graduate have compared to the national average.*	50%	49%	Improving

Performance Measures Notes:

*All Previous Data from FY 2009 / All Current Data from FY 2011.

Program: Mayo Medical School
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$1,330			\$1,330
Current Law Expenditures (FY 2014-15)	\$1,330			\$1,330
Governor's Recommended Expenditures (FY2014-15)	\$1,330			\$1,330
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Program: Mayo Medical School

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$1,330			\$1,330
SOURCES OF FUNDS	\$1,330			\$1,330
EXPENDITURES	\$1,330			\$1,330
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$1,330			\$1,330
USES OF FUNDS	\$1,330			\$1,330

Mayo Clinic Medical School
Mayo School of Graduate Medical Education/Family Medicine Residency
<http://www.mayo.edu/msgme>

Statewide Outcome(s):

Mayo School of Graduate Medical Education/Family Medicine Residency supports the following statewide outcome(s).

Minnesotans are healthy

Minnesotans have the education and skills needed to achieve their goals.

Context:

The Mayo School of Graduate Medical Education Family Medicine Residency program educates and inspires medical school graduates to pursue careers as family physicians. The program emphasizes training in rural primary care, augmented by subspecialty training.

In the past 34 years the program has provided the state of Minnesota with 101 family physicians, with 48 percent of these practicing in rural communities. The program is located at the Mayo Family Clinic – Kasson; a rural community in Dodge County serving a population of approximately 18,000.

The program’s calendar year 2011 operating expenses were \$3.2 million which covered the costs associated with training 25 residents. Mayo Clinic supported 79.2 percent of the program and the state capitation appropriation of \$668,000 supported 20.8 percent of the program cost. The appropriation for the 2011-12 biennium was \$686,000 in 2011 and \$686,000 in 2012.

Strategies:

The Family Residency training program prepares the prospective family physician for primary care medicine in all settings, with special emphasis on rural and smaller communities. The residents-in-training spend a major portion of their training providing ambulatory, primary and continuity care to patients. The residents participate fully in the department’s population management initiatives to improve quality and decrease costs of employee/dependent healthcare.

The three-year training program was established in 1978, beginning with four residents. It currently has a maximum of 25 resident training positions. Over time it has grown in size and success, with all training positions filled for the past 34 years. The program has graduated 221 family physicians. The Minnesota capitation appropriation has supported residents’ training stipends since 1978.

Results:

Since 1978 the Family Medicine Residency program has trained 221 family medicine practitioners. Of these 221 physicians, 101 (46 percent) of them are practicing in Minnesota. Of those practicing in Minnesota 48 percent are in geographically rural areas. As such, these physicians are serving medically underserved areas of the state.

Performance Measures	Previous	Current	Trend
1. Percent of Family Med. Graduates practicing in Minnesota.	46%	46%	Stable
2. Percent of Family Med. Graduates practicing in rural Minnesota.	43%	48%	Increasing

Performance Measures Notes:

1. Previous Data: FY 2009 / Current Data: FY 2011
2. Previous Data: FY 2009 / Current Data: FY 2011

Program: Mayo Family Practice

Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$1,372			\$1,372
Current Law Expenditures (FY 2014-15)	\$1,372			\$1,372
Governor's Recommended Expenditures (FY2014-15)	\$1,372			\$1,372
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Program: Mayo Family Practice

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$1,372			\$1,372
SOURCES OF FUNDS	\$1,372			\$1,372
EXPENDITURES	\$1,372			\$1,372
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$1,372			\$1,372
USES OF FUNDS	\$1,372			\$1,372

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Mission:

The Bureau of Mediation Services (BMS) mission is to promote stable and constructive labor management relations and promote the use of collaborative processes in areas other than labor management. Statutory authority for BMS resides in Minnesota Statute (M.S.) Chapters 179 and 179A.

Statewide Outcome(s):

Mediation Service, Bureau of supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The BMS exists to insure peaceful, stable long-term labor relations and manage the conflict inherent in employer-employee relationships. The Bureau monitors collective bargaining disputes and works to prevent strikes and arbitration/litigation by directly mediating labor negotiations and grievances. Representation rights (employee right to unionize or refrain from such) are regulated through a quasi-judicial administrative process. Employee organizations, employers or employees petition the Bureau to decide questions of representation; these are resolved through administrative investigations, hearings and elections.

BMS clients include employers, labor organizations, employees, elected officials, labor attorneys and other professional labor relations practitioners. The current economic and political climate has given rise to contentious, high-profile challenges to the modern system of labor–management relations. The recession that began in 2007 and a long-term curve of steeply rising health care costs have made collective bargaining increasingly protracted and expensive.

Strategies:

The BMS contributes to efficient and accountable government services by:

- Mediation of collective bargaining negotiations and grievances
- Promoting voluntary resolution of representation questions.
- Promoting cooperation among labor and management through worksite labor management committees and administering the state-wide industry and area labor-management grant program.
- Maintaining a roster of qualified private neutral arbitrators to hear and decide contract and grievance disputes that cannot be resolved through mediation.
- Training is a primary method of managing labor-management conflict. BMS trains labor and management representatives in the skills of negotiation, conflict resolution, relationship management and interest focused bargaining. This is the most cost effective of strategies because it equips parties to solve problems and settle conflict without mediation or other alternative dispute resolution services.

Results:

BMS is working to develop direct metrics demonstrating the improved efficiency and effectiveness of government due to stable labor management relations. These will include dollars and work hours saved from strikes; arbitration and litigation prevented as well as improved productivity and higher employee morale. Current measures of Bureau work are shown as successful case settlement rates, and timely resolution of representation petitions.

Performance Measures	Previous	Current	Trend
Percentage of Collective Bargaining Contract and Grievance Disputes Voluntarily Settled Through Mediation	89.9%	89.2%	Stable*
Percentage of Bargaining and Unit Representation Disputes Requiring Elections completed within 90 days	85%	91%%	Improving

Performance Measures Notes:

Performance measures compare FY 2011 to FY 2012

*For mediation settlement rates the .six percent decline is not significant due to fluctuating numbers and types of mediation cases; FY 2012 was the first year following elimination of statutory teacher settlement deadline penalty.

Mediation Services, Board of
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$3,168			\$3,168
Current Law Expenditures (FY 2014-15)	\$3,168			\$3,168
Governor's Recommended Expenditures (FY2014-15)	\$3,650			\$3,650
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$482			\$482
% Change from FY 2014-15 Current Law to Governor's Rec	15%			15%

**Mediation Services, Board of
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$3,650	\$0		\$3,650
SOURCES OF FUNDS	\$3,650	\$0		\$3,650
EXPENDITURES	\$3,650			\$3,650
PAYROLL EXPENSE	\$2,640			\$2,640
OPERATING EXPENSES	\$874			\$874
GRANTS, AIDS AND SUBSIDIES	\$136			\$136
USES OF FUNDS	\$3,650			\$3,650

Mediation Services, Board of

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Supplement Mediation Staff

The Governor recommends increasing mediator staff. Additional mediators will help prevent or settle additional labor disputes; this will also reduce costs to state and local governments for arbitrations, unfair labor litigation and representation disputes.

Performance Measures:

The result of this initiative will be the prevention or settlement of additional labor disputes. Another result will be reduction of the time to process complex representation cases, particularly those requiring elections.

General Fund	Expenditure	189	193	382	197	201	398
	Net Change	189	193	382	197	201	398

Case and Document Management System Replacement

The Governor recommends funding a new business management system. Case and document management systems are at the end of their lifecycle and are no longer supported.

Performance Measures:

Case and document management is critical to the Bureau's primary mission of preventing labor disputes and promoting stable and constructive labor relations. Replacement is required to meet agency base performance goals.

General Fund	Expenditure	75	25	100	25	25	50
	Net Change	75	25	100	25	25	50

Net All Change Items

	General Fund	264	218	482	222	226	448
	Net Change	264	218	482	222	226	448

**Mediation Services, Board of
All Funds FTE by Program**

Program	Current FY 2013	Forecast Base FY 2015	Governor's Recommendation FY 2015
Program: Mediation Services	10.0	11.0	13.0
Mediation Services, Board of	10.0	11.0	13.0

Mediation Services, Board of

Revenue Summary

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	DEPARTMENTAL EARNINGS	10			10
	<u>Subtotal</u>	10			10
	Total	10			10

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Mission:

The mission of the Minnesota Board of Medical Practice is to protect the public's health and safety by assuring that the people who practice medicine or as an allied health professional are competent, ethical practitioners with the necessary knowledge and skills appropriate to their title and role.

Statewide Outcome(s):

Medical Practice, Board of supports the following statewide outcome(s).

Minnesotans are safe.

Context:

The board regulates the practice of medicine and seven other health practices (Acupuncturists, Athletic Trainers, Naturopathic Doctors, Physician Assistants, Telemedicine, Traditional Midwives and Respiratory Care Therapists.)

Medical practice regulation exists to protect the health, safety and welfare of the public in their receipt of medical services. The Board of Medical Practice holds physicians and allied health professionals accountable for conduct based on legal, ethical and professional standards and achieves its mandate of public protection by outlining these standards and issuing a license to practice medicine or registration to practice in an allied health profession. Once a license is issued, the Board's job continues by monitoring licensees' and registrants' compliance with state laws and taking action against licensees/registrants who have exhibited unsafe practice and present a risk of harm to the public. Primary customers are members of the public, employers, applicants, licensees, medical education programs, and agencies of local, state and federal government. The Board is funded by fees and receives no general fund dollars. Minnesota Statutes section 214.06, subd. 1(a) compels the Board to collect fees in the amount sufficient to cover expenditures.

Strategies:

The Board provides for public safety and contributes to the above statewide outcomes by:

- Assuring an ethical and competent medical workforce through comprehensive credentials review;
- Establishing and conducting a complaint investigation process that is expedient and just;
- Upholding standards for medical education approval through consultation and survey;
- Exchanging data with state, national and federal agencies and information systems;
- Collaborating in statewide initiatives on medical practice, education and patient safety;
- Maximizing technology for services and paperless meetings;
- Collaborating with other health licensing boards to operate an inter-board monitoring program for health professionals whose practice is impaired due to illness and a voluntary cooperative administrative services unit to perform common accounting, purchasing, human resources and technology functions.

The Board engages with other state agencies to assure congruence on issues involving health care delivery, patient safety issues, and coalitions of health care providers and enforcement agencies to identify best practices for addressing violations of the law such as substandard practice and drug diversion.

Results:

The Board is committed to performance measurement and quality improvement and collects data to analyze self-performance and compare to other like boards to determine areas for improvement.

The Agency for Healthcare Research and Quality (AHRQ) has ranked Minnesota among the top three states in the quality of health care offered since 2006, with Minnesota physician office practice ranked as high as fourth in the nation. Minnesota physicians have been judged by qualitative measures as providing quality health care. The

screening of applicants for licensure is thorough, and electronic verification of training and education has expedited the process.

Performance Measures	Previous	Current	Trend
New Licensees Issued by the Board	4,824	5,129	Improving
Total Licensees regulated by the Board at end of biennial year	24,316	25,700	Improving
Issue licenses with all requirements met after Board meeting	100%	100%	Stable
Provide licensure data and action records on website for license verification and public awareness	Real time	Real Time	Stable
Licensees renewing on-line	91.5%	94.4%	Improving
Public search on physician and physician assistant profile on-line (average daily downloads)	2,447	2,544	Improving
Average days to close complaints	138	119	Improving
Percentage of total complaints closed within 1 year	64%	71%	Improving
Board Orders against licensed providers	157	167	Stable
Disciplinary education activities (Corrective Actions, Conferences, Appearances)	213	195	Stable

Performance Measures Notes:

For all data, previous is FY 2009-2010, and current is FY 2011-2012. Source: Board of Medical Practice ALIMS database.

The design of the board's database and internal processes allows the board to adapt to changes in practice standards and technological advancements.

Useful Links:

Medical Board Website: <http://mn.gov/health-licensing-boards/medical-practice/?agency=BMP>

Medical Practice Act: <http://mn.gov/health-licensing-boards/medical-practice/laws-and-rules/practice-acts/>

Licensure Statistics: <http://mn.gov/health-licensing-boards/medical-practice/licensees/statistical-data/index.jsp>

Report to the Legislature in Compliance with Minnesota Statutes Section 3D.06 (Sunset Review) 2012:

<http://mn.gov/health-licensing-boards/images/BMP%2520Sunset%2520Review%2520Report%25202012.pdf>

Medical Practice, Board of
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$7,826		\$7,826
Current Law Expenditures (FY 2014-15)		\$7,816		\$7,816
Governor's Recommended Expenditures (FY2014-15)		\$7,816		\$7,816
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

**Medical Practice, Board of
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
REVENUE		\$2		\$2
APPROPRIATION		\$7,814		\$7,814
SOURCES OF FUNDS		\$7,816		\$7,816
EXPENDITURES		\$7,816		\$7,816
PAYROLL EXPENSE		\$3,249		\$3,249
OPERATING EXPENSES		\$4,567		\$4,567
USES OF FUNDS		\$7,816		\$7,816

**Medical Practice, Board of
All Funds FTE by Program**

Program	Current FY 2013	Forecast Base FY 2015	Governor's Recommendation FY 2015
Program: Medical Practice, Board Of	22.8	20.8	20.8
Medical Practice, Board of	22.8	20.8	20.8

Medical Practice, Board of

Revenue Summary

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	DEPARTMENTAL EARNINGS		10,442		10,442
	ALL OTHER		0		0
	Subtotal		10,442		10,442
Dedicated	DEPARTMENTAL EARNINGS		2		2
	Subtotal		2		2
Total			10,444		10,444

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Mission:

The mission of the Metropolitan Council is to foster efficient and economic growth for a prosperous metropolitan region.

Statewide Outcome(s):

Metropolitan Council supports the following statewide outcome(s).

A clean, healthy environment with sustainable uses of natural resources.

Sustainable options to safely move people, goods, services and information.

Context:

The Metropolitan Council was created by the Legislature to plan and coordinate the orderly development of the seven county metropolitan area. In addition to land-use planning, the Council plans for the regional transportation, airports, wastewater treatment and water supply and regional parks. The Council operates transit and wastewater services and administers housing and other grant programs.

Regional population and jobs are forecasted to grow by roughly a third between 2010 and 2040. Households will grow even faster at a rate above 40 percent. This will increase congestion, put pressure on the region's natural resources and infrastructure as well as the availability and cost of land. The region has realized in excess of 13 percent growth between 2000 and 2010.

Funding for Council activities is provided by State, Federal and Local Governments, Property Tax Levies, and Fares and User Fees.

State funding is primarily for transit services, operation, maintenance and acquisition of regional parks and water supply planning.

Strategies:

Work with local communities to accommodate growth in a flexible, connected and efficient manner.

Plan and invest in multi-modal transportation choices, based on the full range of costs and benefits, to slow the growth of congestion and serve the region's economic needs.

Encourage expanded choices in housing location and types, and improved access to jobs and opportunities.

Work with local and regional partners to reclaim, conserve, protect and enhance the region's vital natural resources.

Measuring Success:

Regional Parks Success – measured by increases in the number of visits per capita.

Transit Operations Success – measured by increases in regional ridership.

Water Supply Success – measured by decreases in gallons of water used per capita and increases to the number of communities utilizing improved modeling techniques.

MetroCouncil**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$83,816	\$459,644		\$543,460
Current Law Expenditures (FY 2014-15)	\$135,599	\$470,273		\$605,872
Governor's Recommended Expenditures (FY2014-15)	\$88,799	\$504,033		\$592,832
\$ Change from FY 2014-15 Current Law to Governor's Rec	(46,800)	\$33,760		(13,040)
% Change from FY 2014-15 Current Law to Governor's Rec	(35%)	7%		(2%)

MetroCouncil
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
REVENUE		\$458,933		\$458,933
APPROPRIATION	\$88,799	\$45,100		\$133,899
SOURCES OF FUNDS	\$88,799	\$504,033		\$592,832
EXPENDITURES	\$88,799	\$504,033		\$592,832
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$88,799	\$504,033		\$592,832
USES OF FUNDS	\$88,799	\$504,033		\$592,832

Metropolitan Council

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Transportation Financing Advisory Committee (TFAC)

The Governor recommends a quarter cent local sales tax increase in the seven county metro area to fund the preservation and expansion of transit service in the Twin Cities region. This is in alignment with the recommendations of the Transportation Finance Advisory Committee and will provide new funding necessary to address growing transit demands and maintain a competitive economic region. The dedicated sales tax will preserve current transit services and capital infrastructure, expand bus services by 1% per year, add up to 15 bus and rail transitways over 20 years, and reduce the reliance on state general fund appropriations for transit operations. The sales tax will also fund ongoing operations for existing light rail lines and the construction costs for light rail expansion, including Southwest LRT construction.

Performance Measures:

This initiative is expected to increase transit ridership, reduce metro area congestion, and significantly accelerate job and economic growth associated with transit projects, housing, and commercial development along new transitway corridors.

General Fund	Expenditure	(23,400)	(23,400)	(46,800)	(1,350)	(1,350)	(2,700)
	Net Change	(23,400)	(23,400)	(46,800)	(1,350)	(1,350)	(2,700)
Net All Change Items	General Fund	(23,400)	(23,400)	(46,800)	(1,350)	(1,350)	(2,700)
	Net Change	(23,400)	(23,400)	(46,800)	(1,350)	(1,350)	(2,700)

Metropolitan Council - Environment

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Clean Water Legacy - Water Supply Planning

The Governor recommends a one-time appropriation to continue the planning activities recommended by the Clean Water Council. Funding will be used for modeling groundwater and its response to pumping, expanding water reuse opportunities, identifying aquifer recharge areas, and studying the feasibility of interconnecting area water supply systems.

Performance Measures:

Success will be measured by the improved ability of 186 metro area communities to conduct water supply planning.

Other Funds	Expenditure	766	600	1,366	0	0	0
	Net Change	766	600	1,366	0	0	0

Parks and Trails Legacy Fund

The Governor recommends parks and trails legacy funding for metro area parks and trails as recommended by the parks and trails legacy funding work group, which was convened as directed by the 2011 Legislature. Funding will support the renewal, restoration, and rehabilitation of metro parks and trails, acquisition and development, resource protection, enhanced interpretation and outreach.

Performance Measures:

Success will be measured by the increase in the number of visitors to the parks.

Other Funds	Expenditure	15,901	16,493	32,394	0	0	0
	Net Change	15,901	16,493	32,394	0	0	0

Net All Change Items	Other Funds	16,667	17,093	33,760	0	0	0
	Net Change	16,667	17,093	33,760	0	0	0

MetroCouncil
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Dedicated	TAXES		458,933		458,933
	<u>Subtotal</u>		458,933		458,933
	Total		458,933		458,933

Metropolitan Council

Transportation: Bus and Rail Operations

<http://metrocouncil.org/>

Statewide Outcome(s):

Transportation- Metropolitan Bus and Rail Operations supports the following statewide outcome(s).

Sustainable options to safely move people, goods, services and information.

Context:

The Metro Council is the major public transit provider for the Twin Cities region. The purpose of this program is to provide an efficient and effective transportation option for people who choose to use transit or who use transit out of necessity. Transit provides a sustainable option for relieving the region's mounting roadway congestion and improving air quality in an environment of rising costs and tight fiscal constraints. The Council also serves as the designated Metropolitan Planning Organization (MPO) for the metropolitan region under Federal transportation law.

Approximately 80 percent of the region's transit customers are commuting to work or school and would otherwise be contributing to peak period congestion on the region's roadways. In addition, transit provides a transportation option to those without vehicles or who due to age or disability are unable to drive. While transit only moves people, providing an option to reduce the number of automobiles on roads also benefits the movement of goods.

Key partners include the suburban transit providers, county regional railroad authorities, Counties Transit Improvement Board (CTIB) as well as the cities, counties and MnDOT who provide roads and transit advantages for bus operations.

In addition to State Appropriations, the program is primarily funded through passenger fares, the Motor Vehicle Sales Tax, the Counties Transit Improvement Board sales tax and federal sources.

Strategies:

Operating and maintaining existing bus, light rail and commuter rail services that are appropriate for the particular transit market area being served.

Developing a network of rail and bus "transitways," with mode and alignment selected and implemented in each corridor based on an extensive alternatives analysis and local input.

Adding new and expanding existing local, limited stop and express bus routes, as well as transit centers and park-and-ride facilities to meet growing demand.

Working with roadway agencies including MnDOT, cities and counties on transit enhancements such as bus-only shoulders, ramp meter bypasses and signal priority that give buses travel-time advantages in congested traffic;

Results:

Growth in ridership is an indication that more people are able to meet their mobility needs using transit. Ridership trends can be influenced by these strategies and factors controlled by the Council, such as more frequent and faster transit service, longer hours of service, and greater geographic service coverage. Ridership can also be influenced by external factors beyond the control of the Council, such as gas prices, population growth, aging population, and even the unemployment rate, since a large proportion of transit trips are work trips.

Performance Measures	Previous	Current	Trend
Regional Transit Ridership	73.3 M	93.9 M	Improving

Performance Measures Notes:

1. Regional ridership includes all transit providers in the region comparing 2003 (previous) to 2011 (current)

Metropolitan Council-Transportation
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$78,076	\$413,150		\$491,226
Current Law Expenditures (FY 2014-15)	\$129,859	\$458,933		\$588,792
Governor's Recommended Expenditures (FY2014-15)	\$83,059	\$458,933		\$541,992
\$ Change from FY 2014-15 Current Law to Governor's Rec	(46,800)	\$0		(46,800)
% Change from FY 2014-15 Current Law to Governor's Rec	(36%)	0%		(8%)

Metropolitan Council-Transportation**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
REVENUE		\$458,933		\$458,933
APPROPRIATION	\$83,059			\$83,059
SOURCES OF FUNDS	\$83,059	\$458,933		\$541,992
EXPENDITURES	\$83,059	\$458,933		\$541,992
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$83,059	\$458,933		\$541,992
USES OF FUNDS	\$83,059	\$458,933		\$541,992

Metropolitan Council

Natural Resources: Parks and Water Supply Planning

<http://metrocouncil.org/>

Statewide Outcome(s):

The Metropolitan Regional Parks System and Water Supply Planning supports the following statewide outcome(s).

A clean, healthy environment with sustainable uses of natural resources.

Context:

Regional Parks: The purpose of the Metropolitan Regional Park System is to meet the outdoor recreation needs of the residents and visitors to the metropolitan region through the acquisition, development, operation and maintenance of regional parks and trails that complement the State parks and trails in this region.

Planning and funding for the regional parks is a partnership between the Metropolitan Council and ten regional parks implementing agencies that own and operate the parks. The ten regional parks agencies are the counties of Anoka, Carver, Dakota, Ramsey, Scott, and Washington; Three Rivers Park District, Minneapolis Park & Recreation Board, and the Cities of Bloomington and St. Paul.

Approximately 75 percent of operations and maintenance funding is provided through property tax levies, 15 percent from user fees and merchandise sales and ten percent from State Appropriations.

Land acquisition and capital improvement funding is provided by Council bonding, federal grants, local bonding and property tax levies and state funding. State sources include capital bonding, the Parks and Trails Legacy Fund and the Environment and Natural Resources Trust Fund.

100 percent of state funding for Parks appropriated to the Council is passed through to the park agencies.

Water Supply Planning: The Metropolitan Council has responsibility for planning activities and implementation of the master water supply plan for the seven county metropolitan area plus the counties of Chisago, Isanti, Sherburne and Wright. The purpose of the Master Plan is to ensure a sustainable water supply for current and future generations in the area.

The primary customers of this activity are community planners (regional and local), municipal water suppliers, government officials, and interested citizens.

No permanent funding source exists for Master Plan Implementation. Work to date has been funded through three one-time appropriations totaling \$1.8 million from Minnesota's Clean Water Fund to conduct specific projects recommended by the Master Plan.

Strategies:

Regional Parks: Acquire lands with high-quality natural resources that are desirable for regional parks system activities and put these lands in a protected status.

Provide adequate and equitable funding for the acquisition, rehabilitation and development of regional parks system units and facilities in a manner that provides the greatest possible benefits to the citizens of the region.

Promote master planning and help provide integrated resource planning across jurisdictions.

Protect public investment in acquisition and development by assuring that every element in the system is able to fully carry out its designated role as long as a need for it can be demonstrated.

Water Supply Planning: Develop local assessments, hydrogeologic studies and sustainable water supply options.

Enhance tools for stormwater and wastewater management, including reuse and water conservation

Collect, analyze, and share technical information with communities

Update the regional groundwater model (Metro Model 2) and apply the model to simulate different approaches to water supply development

Implement a sustainable water management demonstration project.

Results:

Providing adequate and equitable funding for the acquisition, rehabilitation and development of regional parks system units in a manner that provides the greatest possible benefits to the citizens of the region is measured through the growth in annual visits to the Metropolitan Regional Park System relative to the region's population (annual visits per capita).

Planning and implementation of the master water supply plan is showing some success as measured by the number of gallons per capita used in a day and the number of communities utilizing the regional groundwater model in water supply development.

Performance Measures	Previous	Current	Trend
Park visits per capita	11.1	15.2	Improving
Municipal water use per capita in gallons per day	135	127	Improving
Number of communities utilizing Metro Model 2 in local models	None	20	Improving

Performance Measures Notes:

Park System visits per capita compares 2000 to 2011.

Municipal water use reduction is a one year change between 2009 and 2010.

Metro Model 2 was first made available in 2010 and 20 communities currently are utilizing it in their planning.

Metropolitan Council - Environment
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$5,740	\$46,494		\$52,234
Current Law Expenditures (FY 2014-15)	\$5,740	\$11,340		\$17,080
Governor's Recommended Expenditures (FY2014-15)	\$5,740	\$45,100		\$50,840
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$33,760		\$33,760
% Change from FY 2014-15 Current Law to Governor's Rec	0%	298%		198%

Metropolitan Council - Environment

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$5,740	\$45,100		\$50,840
SOURCES OF FUNDS	\$5,740	\$45,100		\$50,840
EXPENDITURES	\$5,740	\$45,100		\$50,840
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$5,740	\$45,100		\$50,840
USES OF FUNDS	\$5,740	\$45,100		\$50,840

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Mission:

The Minnesota Department of Military Affairs (MNDMA), also known as the Minnesota National Guard, has three separate yet related missions.

- **Federal:** As a federal entity, military members of the Minnesota National Guard serve as a reserve force for the United States Army and Air Force. They are subject to be called to federal active duty for extended periods of time by the President.
- **State:** As a state entity, the Minnesota National Guard provides support to local law enforcement agencies during natural disasters and other emergencies at the direction of the Governor.
- **Community:** The Minnesota National Guard is also involved in community support projects throughout the state. These projects give our soldiers a chance to “give back to the community.”

Statewide Outcome(s):

Military Affairs supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

The Minnesota Department of Military Affairs (MNDMA), also known as the Minnesota National Guard, “is comprised of and includes the military forces of the state, the office of the adjutant general, all military reservations, military installations, armories, air bases, and facilities owned or controlled by the state for military purposes, and civilians employed by the state for the administration of the military department.” (M.S. 190.05)

The department’s customer base is the 13,417 members of the Minnesota Army (11,159) and Air (2,258) National Guard as of August 13, 2012, the directors and managers responsible for the execution of the federal-state cooperative agreements, and the citizens of the state and nation during emergencies. The Minnesota National Guard continues to be heavily engaged in world-wide missions. The National Guard is no longer a cold-war era, strategic reserve force, but rather it is an operational force being utilized daily in the war on terrorism. Since 9/11 and as of August 2012, the Minnesota National Guard has deployed more than 25,000 Army and Air Guard members to more than 33 countries worldwide.

Of the department’s total budget, 68 percent comes from the federal government through cooperative agreements for facilities construction and maintenance, telecommunications, security, firefighting, and the STARBASE educational program serving inner city school students. The state general fund accounts for 31 percent of its budget, and approximately one percent comes from other sources (local government, facility sales, housing operations, etc.). Additionally, the Minnesota Department of Military Affairs is also responsible for approximately \$350 - \$400 million per year from the federal government. These funds are paid to individuals and vendors for federal-related activities and do not pass through the state treasury. The department’s staff includes 319 state employees. Only 37 of these employees are 100 percent state-funded. The remainder are predominantly federally funded -- some at 100 percent and most others at 75 percent or 80 percent.

Strategies:

The Department integrates Federal and State resources to pursue strategies in two lines of effort. The first is **Provide Ready Units** which includes actions that provide a competent ready force, sustain optimal force structure and provide support response to any cyber events. The second is **Relationship Integration** which includes actions that maintain and enhance suitable infrastructure and facilities, sustain the “Beyond the Yellow Ribbon” activities, and diversify the force.

The Department of Military Affairs has four core programs that support the Minnesota National Guard and implement these two lines of effort:

The **Maintaining of Training Facilities Program** is responsible for maintaining the state's facilities used to train and house the members of the Minnesota National Guard and to protect the state's investment in facilities. Each Air National Guard Base also has a Civil Engineering function that is responsible for the maintenance of the federal facilities that are supported with state dollars.

The **Enlistment Incentives Program** is responsible for supporting and managing the department's enlistment incentives and tuition reimbursement programs. These programs provide incentives to the men and women who enlist and maintain their memberships in the Army and Air National Guard.

Emergency Services is managed by the Current Operations Division of the military staff. They provide the command and control services to the governor when the National Guard is activated in response to state emergencies.

General Support provides the general administrative, financial, accounting, budgeting, project management, strategic planning, and human resource support necessary for the operation of the department.

Measuring Success:

The agency conducts numerous measurements at all military organizational levels to comply with the Adjutant General's lines of action (priorities) set in the Military Affairs Campaign Plan (CAMPLAN) including:

Performance Measures	Previous	Current	Trend
1. Competent Ready Force	(LOA-1)	Measurement 3 of 4	Improving
2. Optimal Force Structure	(LOA-2)	Measurement 0 of 3	Stable
3. Cyber Response	(LOA-6)	Measurement N/A	Developing
4. Sustainable Infrastructure	(LOA-3)	Measurement 0 of 2	Improving
5. Beyond the Yellow Ribbon	(LOA-4)	Measurement 1 of 3	Improving
6. Diversify the Force	(LOA-5)	Measurement 1 of 3	Improving

Specific aspects of these strategies including objectives, performance measures and results can be found in the ANNUAL REPORT and CAMPAIGN PLAN at <http://www.minnesotanationalguard.org/> (CAMPLAN will be available on September 30, 2012).

Military Affairs**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$45,479	\$2,253	\$159,123	\$206,856
Current Law Expenditures (FY 2014-15)	\$39,678	\$2,551	\$218,076	\$260,305
Governor's Recommended Expenditures (FY2014-15)	\$39,678	\$2,551	\$218,076	\$260,305
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%	0%	0%

Military Affairs**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN	\$509	\$1,914	\$0	\$2,423
REVENUE	\$0	\$2,683	\$218,074	\$220,757
TRANSFERS IN		\$978		\$978
APPROPRIATION	\$39,464	\$0	\$0	\$39,464
SOURCES OF FUNDS	\$39,973	\$5,575	\$218,074	\$263,622
BALANCE FORWARD OUT	\$273	\$2,544		\$2,817
TRANSFERS OUT	\$20			\$20
EXPENDITURES	\$39,678	\$2,551	\$218,076	\$260,305
PAYROLL EXPENSE	\$9,910	\$1,463	\$36,972	\$48,344
OPERATING EXPENSES	\$12,020	\$892	\$160,151	\$173,063
OTHER FINANCIAL TRANSACTIONS	\$48	\$4	\$4,226	\$4,278
GRANTS, AIDS AND SUBSIDIES	\$17,686		\$1,775	\$19,461
CAPITAL OUTLAY-REAL PROPERTY	\$15	\$192	\$14,952	\$15,159
USES OF FUNDS	\$39,971	\$5,095	\$218,076	\$263,142

Military Affairs
All Funds FTE by Program

	Current	Forecast Base	Governor's Recommendation
Program	FY 2013	FY 2015	FY 2015
Program: Maintenance Training Facilities	317.8	317.8	317.8
Program: General Support	19.0	17.0	17.0
Program: Enlistment Incentives	2.0	2.0	2.0
Military Affairs	338.8	336.8	336.8

Military Affairs

Revenue Summary

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Dedicated	FEDERAL GRANTS	0	2,683	218,074	220,757
	ALL OTHER		0		0
	Subtotal	0	2,683	218,074	220,757
	Total	0	2,683	218,074	220,757

Military Affairs

Maintaining of Training Facilities Program

<http://www.Minnesotanationalguard.org>

Statewide Outcome(s):

Maintaining of Training Facilities Program supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

Military Affairs is responsible for maintaining the state's facilities used to train and house the members of the Minnesota National Guard and to protect the state's investment in these facilities.

Funding for this activity predominantly comes from the state general fund.

Providing state-of-the-art buildings and ranges at Camp Ripley, Airlift Wing in Minneapolis, Fighter Wing in Duluth, and other Training and Community Centers (TACCs) (also known as armories) throughout 63 communities in the state of Minnesota contribute significantly to the readiness of MNARNG soldiers despite ever changing needs and requirements.

Strategies:

Maintain and develop sustainable infrastructure which includes Camp Ripley Training Center, two airbases, two army aviation support facilities and the Training & Community Centers (TACCs), in 63 communities of the State.

Military Affairs has a series of cooperative agreements in place for operations and maintenance of state owned and licensed facilities, for providing security at the Air Bases, Camp Ripley, and the Army Aviation Support Facilities, and for firefighting services at the Duluth Air Base and Camp Ripley.

Military Affairs provides employees and services that enable the federal forces to utilize state facilities to accomplish their mission of preparing soldiers and airmen for federal and state missions.

Each Air National Guard Base in Minneapolis and Duluth has a Civil Engineering function that is responsible for the maintenance of the federal facilities that are supported with state dollars.

Specific aspects of these strategies are located including objectives, performance measures and results can be found in the ANNUAL REPORT and CAMPAIGN PLAN at <http://www.minnesotanationalguard.org/> (CAMPLAN will be available on September 30, 2012).

Results:

Specific aspects of these results including objectives, performance measures and results can be found in the ANNUAL REPORT and CAMPAIGN PLAN at <http://www.Minnesotanationalguard.org> (CAMPLAN will be available on September 30, 2012).

Performance Measures	Previous	Current	Trend
OPTIMIZE INFRASTRUCTURE CAPABILITIES (LOA 3.1)	N/A	3 of 4	Improving
Decrease Facility Energy Consumption (LOA 3-2.1)	N/A	+3.84	Worsening
Achieve and Maintain Required Personnel Readiness Levels (LOA 1-1)	N/A	6 of 10	Worsening

Performance Measures Notes:

LOA = Line of Action

Current = 2012

LOA 3-2.1 Unit of Measurement percent reduction in Energy Usage (Benchmark = three percent reduction)

Program: Maintenance Training Facilities
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$13,320	\$1,843	\$157,373	\$172,536
Current Law Expenditures (FY 2014-15)	\$13,319	\$2,086	\$216,306	\$231,711
Governor's Recommended Expenditures (FY2014-15)	\$13,319	\$2,086	\$216,306	\$231,711
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%	0%	0%

Program: Maintenance Training Facilities

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
REVENUE	\$0	\$2,086	\$216,304	\$218,391
APPROPRIATION	\$13,320	\$0	\$0	\$13,320
SOURCES OF FUNDS	\$13,320	\$2,086	\$216,304	\$231,711
EXPENDITURES	\$13,319	\$2,086	\$216,306	\$231,711
PAYROLL EXPENSE	\$3,273	\$1,285	\$36,972	\$41,530
OPERATING EXPENSES	\$9,663	\$609	\$159,731	\$170,003
OTHER FINANCIAL TRANSACTIONS	\$38		\$4,226	\$4,264
GRANTS, AIDS AND SUBSIDIES	\$330		\$425	\$755
CAPITAL OUTLAY-REAL PROPERTY	\$15	\$192	\$14,952	\$15,159
USES OF FUNDS	\$13,319	\$2,086	\$216,306	\$231,711

Military Affairs

General Support

<http://www.Minnesotanationalguard.org>

Statewide Outcome(s):

General Support supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

Provides the general administrative, financial, accounting, budgeting, project management, strategic planning, and human resource support necessary for the operation of the department. General support funding provides manpower to process claims for reimbursement to the federal government in accordance with the Master Cooperative Agreement and appendices and supports other operations of the department as an agency of the executive branch. It also provides the support for members of the National Guard called to state active duty by the governor. The program pays the operating costs for the department headquarters in St. Paul, including rent for the Veterans Services Building.

The National Guard is no longer a cold-war era strategic reserve force, but rather it is an operational force being utilized daily in the War on Terrorism. Therefore, increases in federal missions also increase the workload for the Adjutant General and his state staff.

Funding for this activity predominantly comes from the state general fund. Some special revenue is recognized as part of an employee sharing agreement with the Minnesota State Armory Building Commission.

Strategies:

The administrative services activity provides support to the Adjutant General's staff, the department directors responsible for the cooperative agreements with the federal government, the state employees of the department, and, in times of state declared emergencies, the members of the Minnesota Army and Air National Guard called to state active duty. Administer programs that support military members of the Minnesota National Guard. Provides the leadership, planning, technical, and administrative support for the state agency. It also provides the support for the separate grants and programs authorized by the legislature, such as the Beyond the Yellow Ribbon Program and Support our Troops funding.

Results:

Specific aspects of these results including objectives, performance measures and results can be found in the ANNUAL REPORT and CAMPAIGN PLAN at <http://www.minnesotanationalguard.org/> (CAMPLAN will be available on September 30, 2012).

Performance Measures	Previous	Current	Trend
Sustainable Infrastructure (LOA 3)	N/A	0 of 2	Improving
Support Beyond the Yellow Ribbon Program (LOA 4)	N/A	1 of 3	Improving
Competent Ready Force (LOA 1)	N/A	3 of 4	Improving

Performance Measures Notes:

LOA = Line of Action

Current = 2012

Program: General Support

Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$5,176	\$410	\$1,750	\$7,337
Current Law Expenditures (FY 2014-15)	\$4,935	\$465	\$1,770	\$7,170
Governor's Recommended Expenditures (FY2014-15)	\$4,935	\$465	\$1,770	\$7,170
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%	0%	0%

Program: General Support**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN	\$509	\$1,914		\$2,423
REVENUE		\$596	\$1,770	\$2,366
TRANSFERS IN		\$978		\$978
APPROPRIATION	\$4,720	\$0	\$0	\$4,720
SOURCES OF FUNDS	\$5,229	\$3,488	\$1,770	\$10,487
BALANCE FORWARD OUT	\$273	\$2,544		\$2,817
TRANSFERS OUT	\$20			\$20
EXPENDITURES	\$4,935	\$465	\$1,770	\$7,170
PAYROLL EXPENSE	\$2,823	\$178		\$3,001
OPERATING EXPENSES	\$1,926	\$283	\$420	\$2,629
OTHER FINANCIAL TRANSACTIONS	\$10	\$4		\$14
GRANTS, AIDS AND SUBSIDIES	\$176		\$1,350	\$1,526
USES OF FUNDS	\$5,228	\$3,009	\$1,770	\$10,007

Military Affairs

Enlistment Incentives Program

<http://www.Minnesotanationalguard.org>

Statewide Outcome(s):

Enlistment Incentives Program supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

Minnesota National Guard members continue to be called to federal and state active service. These activations often place great strain on work and family life. Incentives are needed to encourage members to maintain their affiliation with the National Guard and retain combat veteran experience. Some of the incentive programs include state tuition reimbursements, reenlistment bonuses, and Military Occupation Specialties (MOS) bonuses.

Military Affairs provides selective incentives to the men and women who enlist and maintain their memberships in the Army and Air National Guard to meet the needs of our military force. These incentives allow the Minnesota National Guard to compete with neighboring states in recruitment.

Funding for this activity predominantly comes from the state general fund.

Strategies:

Manage programs and provide funding for the state's enlistment incentives program to recruit and retain service members in shortage job skills and grades to maintain a competent and ready force.

Execute and update Minnesota National Guard Circular 621-5-1 which describes the eligibility criteria and procedures for administering the Minnesota State Incentive Programs. The organization reviews and updates the incentive programs annually based on both the state and federal financial environment.

Specific aspects of these strategies including objectives, performance measures and results can be found in the ANNUAL REPORT and CAMPAIGN PLAN and Minnesota National Guard Circular 621-5-1 at <http://www.Minnesotanationalguard.org> (CAMPLAN will be available on September 30, 2012).

Results:

Specific aspects of these results including objectives, performance measures and results can be found in the ANNUAL REPORT and CAMPAIGN PLAN at <http://www.minnesotanationalguard.org/> (CAMPLAN will be available on September 30, 2012).

Performance Measures	Previous	Current	Trend
Achieve and Maintain Required Personnel Readiness Levels (LOA 1-1)	N/A	6 of 10	Worsening
Increase diversity among first-term enlistments (LOA 5-1)	N/A	8 of 10	Improving
Increase diversity among mid-grades (LOA 5-2)	N/A	4 of 7	Stable

Performance Measures Notes:

LOA = Line of Action

Current = 2012

Program: Enlistment Incentives
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$25,439			\$25,439
Current Law Expenditures (FY 2014-15)	\$20,695			\$20,695
Governor's Recommended Expenditures (FY2014-15)	\$20,695			\$20,695
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Program: Enlistment Incentives

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$20,696			\$20,696
SOURCES OF FUNDS	\$20,696			\$20,696
EXPENDITURES	\$20,695			\$20,695
PAYROLL EXPENSE	\$3,516			\$3,516
OPERATING EXPENSES	\$0			\$0
GRANTS, AIDS AND SUBSIDIES	\$17,179			\$17,179
USES OF FUNDS	\$20,695			\$20,695

Military Affairs Emergency Services

<http://www.Minnesotanationalguard.org>

Statewide Outcome(s):

Emergency Services supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

On order of the Governor of Minnesota, the Minnesota National Guard conducts support to civil authorities in order to save lives, prevent human suffering and mitigate property damage for the citizens of Minnesota and partner states.

"In all cases where any of the military forces are called into active service by the Governor and where no funds otherwise appropriated are available therefore, or where the appropriated funds, if any, are insufficient, the Adjutant General shall pay the necessary amounts out of the general fund, and the necessary sums are hereby appropriated." (M.S. 192.52)

Under the Governor's Executive Order supporting emergency operations, the Adjutant General submits a funding request to MMB. This open emergency appropriation is used to pay for emergency operations performed by the Army and Air National Guard. The state may be eligible for reimbursement by FEMA, other federal entities, and other supported states.

Strategies:

The Minnesota National Guard conducts Support to Civil Authorities operations in support of the Governor of Minnesota, federal agencies or the Department of Defense as stipulated under federal and state laws and statutes. Some of the supported emergency events include Red River Valley Flooding, Duluth Flood, and Northern Minnesota Wildfires.

The Minnesota National Guard develops and maintains an All Hazard Contingency Plan considering potential emergency situations which contain provisions for actions to be taken before, during and after disasters.

Minnesota National Guard maintains dual-status commander capability in the case that active federal military support is required during a response. This is an important legal distinction for Command and Control authority of federal assets and personnel that are involved in support of state emergencies.

Results:

Specific aspects of these results including objectives, performance measures and results can be found in the ANNUAL REPORT and CAMPAIGN PLAN at <http://www.minnesotanationalguard.org/> (CAMPLAN will be available on September 30, 2012).

Performance Measures	Previous	Current	Trend
Competent Ready Force (LOA 1)	N/A	3 of 4	Improving
Optimal Force Structure (LOA 2)	N/A	0 of 3	Stable
Achieve and Maintain Required Equipment Readiness Levels (LOA 1-2)	N/A	1 of 4	Stable

Performance Measures Notes:

LOA = Line of Action

Current = 2012

Program: Emergency Services

Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$1,543			\$1,543
Current Law Expenditures (FY 2014-15)	\$728			\$728
Governor's Recommended Expenditures (FY2014-15)	\$728			\$728
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Program: Emergency Services

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$728		\$0	\$728
SOURCES OF FUNDS	\$728	\$0	\$0	\$728
EXPENDITURES	\$728			\$728
PAYROLL EXPENSE	\$298			\$298
OPERATING EXPENSES	\$430			\$430
USES OF FUNDS	\$728			\$728

Federal Funds Summary

Federal Award Name	New Grant	Purpose / People Served	2012 Actual	2013 Budget	2014 Base	2015 Base	Required	Required	State-wide
							State Match Yes / No	State MOE Yes /No	
Federal Fund - Agency Total			24,225	99,432	108,752	109,321			
Program Total			24,225	99,432	108,752	109,321			
Program Total - Maintenance Training Facilities			23,176	98,731	107,867	108,436			
Program Total - General Support			1,049	701	885	885			
Budget Activity Total			24,225	99,432	108,752	109,321			
Budget Activity - Camp Ripley/Holman	No	Provide federal funding for the operation, maintenance and repair of facilities used by the MN National Guard for training service members.	4,830	37,209	42,157	42,601	No	Yes	SAFETY OUTCOME
Budget Activity - Armory Maintenance	No	Provide federal funding for the operation, maintenance and repair of facilities used by the MN National Guard for training service members.	13,785	54,905	56,803	56,803	Yes	Yes	SAFETY OUTCOME
Budget Activity - Air Base Maintenance - Twin Cities	No	Provide federal funding for the operation, maintenance and repair of facilities used by the MN National Guard for training service members.	1,480	2,905	3,022	3,090	Yes	Yes	SAFETY OUTCOME
Budget Activity - Air Base Maintenance - Duluth	No	Provide federal funding for the operation, maintenance and repair of facilities used by the MN National Guard for training service members.	3,081	3,712	5,885	5,942	Yes	Yes	SAFETY OUTCOME
Budget Activity - STARBASE MN	No	Established in 1993, the program's purpose is to increase the knowledge, skills, and interest of inner city youth in science, mathematics, technology, and engineering for greater academic and lifelong success.	1,049	701	885	885	No	Yes	SAFETY OUTCOME

Narrative:

The Department of Military Affairs has a Master Cooperative Agreement with the Federal Government through the National Guard Bureau that has a series of funding appendices that provide federal funding for the operation, maintenance and repair of facilities used by the MN National Guard for training service members. The recurring, general operational portion of this funding is about \$37M per year. The one-time, construction funding varies from year to year but is generally in the \$40M to \$80M range.

The state is required to hire employees to provide direct services such as base security, airfield firefighting, facilities operation, maintenance and repair, and construction and design services. The state also needs a complement of employees to provide the indirect services such as accounting, budgeting, human resources, planning, safety, and administrative services required to support those activities.

State matches are required in several areas. These vary from 50% to 75% or 80% depending on what type of activities and facilities are supported. The recurring portion of these match requirements are approximately \$1.2M per year. Army National Guard facility construction for facilities not on federally supported land usually require a 25% state contribution. Facilities on supported land are usually 100% federally funded. These construction projects each require a separate cooperative agreement.

Remodeling/renovation projects generally require a 50%-50% match. State funds for those projects are provided through capital bonding appropriations.

Estimates are based on the best federal funding information currently available at the time this document is prepared. Most federal awards that impact state FY 2013-2015 are not yet confirmed. Therefore, we use historical trend information from recent years for ongoing programs along with funding estimates from federal program managers. We anticipate a slowdown in the rate of growth in federal funding over the next several years.

The official Dept of Defense policy is to NOT plan for sequestration

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Mission:

The Minnesota State Academies (MSA) are dedicated to the intellectual, communicative, social, emotional, and physical development of students who are deaf, hard of hearing, blind, visually impaired and deaf/blind. Working collaboratively with students, families, schools and communities statewide, our mission is to provide exemplary, disability-specific learning opportunities, technology, and materials, enabling students to reach their fullest potential.

Statewide Outcome(s):

State Academies supports the following statewide outcome(s).

Minnesotans have the education and skills needed to achieve their goals.

Context:

The core purpose of the Minnesota State Academies is to provide a Free Appropriate Public Education to deaf and blind students. This purpose clearly aligns with the Individuals with Disabilities Education Act. The first national mandate for special education services was passed in 1975, which was approximately 117 years after the creation of the Academies at the end of the Civil War. From their inception in 1858 the Academies have provided special education services for deaf and blind students across the state and have been a resource for school districts and educational professionals.

MSA's primary customers are deaf and blind students who are enrolled at the Academies. Secondary customers included parents and school districts throughout the state that authorize students to attend the Academies. The city of Faribault is also a vested customer since the academies are an economic engine to the city.

Expectations on districts, schools, administrators, teachers, and students have increased dramatically in recent years. Changing expectations about the quality and nature of technology, mandated testing, and competitive compensation are examples of the significant areas that have impacted education and education costs across the state and nation.

The State Academies are funded primarily through a state general fund appropriation and through Asset Preservation funds during bonding years. Reimbursements from school districts, compensatory aid through the Department of Education, and private donations add to our revenue stream. Lastly, federal funds are dedicated to a variety of areas: examples include the child nutrition program, and the Continuous Improvement and Monitoring Process (CIMP) for special education.

Strategies:

1. **Provide a Free Appropriate Public Education (FAPE) to deaf and blind students.** The State Academies are expected to stay compliant with Individuals with Disabilities Education Act (IDEA). To meet this expectation, planning meetings are held for each student. These Individualized Education Program (IEP) Plan meetings bring parents, home school representatives, and MSA professional staff together for a single purpose - to develop a comprehensive, year-long educational plan for all students enrolled at the Academies. Additionally, educational staff members participate in professional development activities to keep licenses current and to stay abreast of changes in special education policy and procedure.

The statewide objective to which the Academies contribute is: Minnesotans have the education and skills needed to achieve their goals. Our educational programming is premised on meeting the individual needs of students as they progress toward high school graduation. An essential component of this process is transition: education staff help students identify and achieve postsecondary goals. This task is part of the educational plan for every student age fourteen and above.

-
2. **Maintain and preserve existing facilities.** The Academies are sited on an aging campus that includes two buildings listed on the National Registry of Historical Places. A master plan was developed several years ago to identify the needs of the campus's facilities. The needs were prioritized and are reevaluated each year based on unanticipated changes to the master plan targets and available funds. Staff has been hired, trained, and assigned to preserve and maintain thirteen buildings on sixty acres of land. Some general fund appropriations are directed to asset preservation and ongoing maintenance.

Measuring Success:

Annual Review of all Individualized Education Program Plans (IEPs). This review typically includes the parent, home school district representative, and education staff. Progress on these plans is not easily quantified and does not provide group data for comparisons.

Enrollment Trends. Demographic data from 2002-2008 showed a slow but steady decline in the number of students enrolled in schools throughout the state. Since 2008, that trend has reversed with slow growth becoming the norm. Enrollments at the Academies have mirrored these trends with a substantial spike in enrollments for the 2012-2013 school year.

Lastly, the Academies are special education settings and like most alternative education settings find limited value in common measures of success like test scores and graduation rates. This is true because instruction is individualized and individual success is not easily converted to group data. Secondly, commonly used measures of success such as graduation rate and achievement lose impact because the number of students in any given evaluative group is seldom large enough to be statistically significant or establish trend data.

Measures of success that have meaning in settings like the Academies are "structurally based"; i.e., do these settings have organization components similar to those found in mainstream schools? Some of those components are:

- Appropriately licensed teachers and administrators
- Rigorous graduation requirements based on state standards
- Adherence to special education due process requirements
- Credible governance and oversight by knowledgeable agencies, boards, and professionals
- Accepted budgeting and accounting practices

The Minnesota State Academies have these components as part of their operational configuration.

State Academies**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$23,194	\$6,115	\$591	\$29,900
Current Law Expenditures (FY 2014-15)	\$23,184	\$6,916	\$656	\$30,756
Governor's Recommended Expenditures (FY2014-15)	\$23,434	\$6,916	\$656	\$31,006
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$250	\$0	\$0	\$250
% Change from FY 2014-15 Current Law to Governor's Rec	1%	0%	0%	1%

State Academies
Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$1,783	\$0	\$1,783
REVENUE		\$6,486	\$655	\$7,141
TRANSFERS IN		\$54		\$54
APPROPRIATION	\$23,433	\$0	\$0	\$23,433
SOURCES OF FUNDS	\$23,433	\$8,323	\$655	\$32,411
BALANCE FORWARD OUT		\$1,349		\$1,349
TRANSFERS OUT		\$54		\$54
EXPENDITURES	\$23,434	\$6,916	\$656	\$31,006
PAYROLL EXPENSE	\$19,538	\$6,318	\$600	\$26,456
OPERATING EXPENSES	\$3,818	\$583	\$56	\$4,457
OTHER FINANCIAL TRANSACTIONS	\$10	\$0		\$10
GRANTS, AIDS AND SUBSIDIES	\$8	\$16		\$24
CAPITAL OUTLAY-REAL PROPERTY	\$60			\$60
USES OF FUNDS	\$23,434	\$8,319	\$656	\$32,409

State Academies

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Lending Library Clerk and Activities Coordinator

The Governor recommends the addition of staff positions at the the Minnesota State Academies to enhance the quality of life and education for its students. Through the proposal, the State Academies will offer after-school activities for resident students of the Deaf and Blind campuses. The State Academies will also reopen its lending library to benefit students enrolled at both campuses.

Performance Measures:

The staff position for the lending library will allow the library to offer academic and social benefits to students of the Deaf campus and Blind campus. The Activities Coordinator will have the responsibility to plan activities after the school day on both campuses for residential youth, and will enhance the quality of life for students living at the State Academies during the school week.

General Fund	Expenditure	125	125	250	125	125	250
	Net Change	125	125	250	125	125	250
Net All Change Items	General Fund	125	125	250	125	125	250
	Net Change	125	125	250	125	125	250

State Academies
All Funds FTE by Activity

	Current	Forecast Base	Governor's Recommendation
Activity	FY 2013	FY 2015	FY 2015
Budget Activity: Academy For The Deaf	81.4	81.4	81.4
Budget Activity: Academy For The Blind	57.6	57.6	57.6
Budget Activity: Academy Operations	39.5	39.5	41.5
State Academies	178.6	178.6	180.6

State Academies
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Dedicated	FEDERAL GRANTS			617	617
	INVESTMENT INCOME		2		2
	ALL OTHER		6,484	38	6,522
	Subtotal		6,486	655	7,141
	Total		6,486	655	7,141

State Academies

Minnesota State Academy for the Deaf

<http://msad.state.mn.us>

Statewide Outcome(s):

The Minnesota State Academy for the Deaf supports the following statewide outcome(s).

Minnesotans have the education and skills needed to achieve their goals.

Context:

The Minnesota State Academy for the Deaf must meet the federal mandate to provide a Free Appropriate Public Education for all deaf students enrolled in the school. One of the key challenges for the Academy is to remain compliant with the special education due process requirements which are defined by the Individuals with Disabilities Education Act (IDEA). Interpretations of that act are perpetually evolving based on guidance from federal offices, the Minnesota Department of Education, and case law.

The primary customers of the school are deaf students from across the state of Minnesota. Costs for educational services are primarily supported by a general fund appropriation, with some reimbursement from home school districts for specific types of expenditures. Other funding sources include compensatory aid through the Department of Education, private donations, and federal "flow through" funds. The Academy has no authority to conduct a levy referendum for operational or building costs.

Strategies:

The mission of the Minnesota State Academy for the Deaf can be divided into three categories: academic achievement, socialization, and due process.

- **Academic Achievement.** Students from pre-school through 12th grade attend classes at the MSAD that meet state standards. The school year and the length of the instructional day meet statutory requirements. Students also participate in state mandated testing and are taught by licensed teachers who are skilled American Sign Language signers. The academic component of our mission is modified, to a degree, by the unique needs of the students. Those needs with accompanying services are identified in the Individual Educational Program Plan or IEP that is developed for each student with input from parents and the home school district.
- **Socialization.** Socialization is a major reason why parents and districts authorize deaf students to be placed at the Academy. Schools are social settings and deaf students at MSAD have a unique opportunity to interact with deaf peers throughout the day, a benefit that is difficult to replicate in home schools. Teachers provide direct and indirect social skills instruction in classes throughout the day.
- **Due Process.** The State Academy for the Deaf is expected to stay compliant with Individuals with Disabilities Education Act (IDEA). This allows the education professionals to provide a Free, Appropriate Public Education to all the students. To meet this expectation, planning meetings are held for each student to develop Individual Education Program Plans (IEPs). These IEP meetings bring parents, home school representatives, and MSA professional staff together for a single purpose - to develop a comprehensive, year-long educational plan for all students enrolled at the Academies.

Results:

Demographic data from 2002-2008 showed a slow but steady decline in the number of students enrolled in schools throughout the state. Since 2008, that trend has reversed with slow growth becoming the norm. Enrollments at the Academies have mirrored these trends with a spike in enrollments for the 2012-2013 school year.

Measures of success are also formal approvals by independent evaluators. Both AdvanceED and the Conference of Educational Administrators of Schools and Programs for the Deaf (CEASD) gave the academic program full accreditation. Similarly, the MN Department of Education conducted a formal monitoring of our special education system and found the school compliant (highest assessment factor) in most areas.

Performance Measures	Previous	Current	Trend
1. AdvanceEd	Not Accredited	Full Accreditation	Improving
2. Conference of Educational Administrators of Schools and Programs for the Deaf (CEASD)	Not Accredited	Full Accreditation	Improving
3. Student enrollments at MSAD	152	156	Increasing

Performance Measures Notes:

1. Previous Data: Prior to March 2010 / Current Data: After March 2010
2. Previous Data: Prior to April 2010 / Current Data: After April 2010
3. Previous Data: FY 2011 / Current Data: FY 2012

Budget Activity: Academy For The Deaf
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$8,635	\$3,202	\$327	\$12,164
Current Law Expenditures (FY 2014-15)	\$9,333	\$3,671	\$330	\$13,334
Governor's Recommended Expenditures (FY2014-15)	\$9,333	\$3,671	\$330	\$13,334
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%	0%	0%

Budget Activity: Academy For The Deaf**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$454		\$454
REVENUE		\$3,310	\$330	\$3,640
TRANSFERS IN		\$30		\$30
APPROPRIATION	\$9,334	\$0	\$0	\$9,334
SOURCES OF FUNDS	\$9,334	\$3,794	\$330	\$13,458
BALANCE FORWARD OUT		\$120		\$120
EXPENDITURES	\$9,333	\$3,671	\$330	\$13,334
PAYROLL EXPENSE	\$8,739	\$3,480	\$324	\$12,543
OPERATING EXPENSES	\$594	\$181	\$6	\$782
OTHER FINANCIAL TRANSACTIONS		\$0		\$0
GRANTS, AIDS AND SUBSIDIES		\$10		\$10
USES OF FUNDS	\$9,333	\$3,791	\$330	\$13,454

State Academies

State Academies - Minnesota State Academy for the Blind

<http://msab.state.mn.us>

Statewide Outcome(s):

The Minnesota State Academy for the Blind supports the following statewide outcome(s).

Minnesotans have the education and skills needed to achieve their goals.

Context:

The Minnesota State Academy for the Blind (MSAB) must meet the federal mandate to provide a Free Appropriate Public Education for all deaf students enrolled in the school. One of the key challenges for the Academy is to remain compliant with the special education due process requirements which are defined by the Individuals with Disabilities Education Act (IDEA). Interpretations of that act are perpetually evolving based on guidance from federal offices, the Minnesota Department of Education, and case law.

Costs for educational services are primarily supported by a general fund appropriation, with some reimbursement from home school districts for specific types of expenditures. Other funding sources include compensatory aid through the Department of Education, private donations, and federal funds. The Academy has no authority to conduct a levy referendum for any operational or building costs.

Strategies:

The mission of the Minnesota State Academy for the Blind can be divided into three categories: academic achievement, socialization, and due process.

- **Academic Achievement.** Students from pre-school through 12th grade attend classes at the MSAB that meet state standards. The school year and the length of the instructional day meet statutory requirements. Students also participate in state mandated testing and are taught by licensed teacher. The academic component of our mission is modified, to a degree, by the unique needs of the students. Those needs with accompanying services are identified in the Individual Educational Program Plan or IEP that is developed for each student with input from parents and the home school district.
- **Socialization.** Students who are multi-challenged (deaf/blind, low intellectual capacity, limited mobility, etc.) have socialization needs just like more capable students. MSAB provides that social experience which is difficult to replicate in a home school, and is a major reason why parents and districts authority blind students to be placed at the academy. Blind students at MSAB have a unique opportunity to interact with blind peers throughout the day. In addition, teachers provide direct and indirect social skills instruction in classes throughout the day.
- **Due Process.** The State Academy for the Blind is expected to stay compliant with Individuals with Disabilities Education Act (IDEA). This allows education professionals to provide a Free, Appropriate Public Education to all the students. To meet this expectation, planning meetings are held for each student to develop Individual Education Program Plans (IEPs). These IEP meetings bring parents, home school representatives, and MSA professional staff together for a single purpose - to develop a comprehensive, year-long educational plan for all students enrolled at the Academies.

Results:

Demographic data from 2002-2008 showed a slow but steady decline in the number of students enrolled in schools throughout the state. Since 2008, that trend has reversed with slow growth becoming the norm. Enrollments at the Academies have mirrored these trends.

A primary measure of success is formal approval by independent evaluators. The academic component at MSAB was recently evaluated by AdvanceEd and the school was given "On Advisement" accreditation – one level below full accreditation. Similarly, the MN Department of Education conducted a formal monitoring of our special education system and found the school compliant (highest assessment factor) in most areas.

Performance Measures	Previous	Current	Trend
AdvanceED	Not Accredited	On Advisement	Improving
Enrollments MSAB	53	53	Stable

Performance Measures Notes:

1. Previous Data: Prior to March 2012 / Current Data: After March 2012
2. Previous Data: FY 2011 / Current Data FY 2012

Budget Activity: Academy For The Blind
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$5,594	\$2,540	\$65	\$8,199
Current Law Expenditures (FY 2014-15)	\$5,319	\$2,769	\$110	\$8,197
Governor's Recommended Expenditures (FY2014-15)	\$5,319	\$2,769	\$110	\$8,197
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%	0%	0%

Budget Activity: Academy For The Blind**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$681		\$681
REVENUE		\$2,679	\$110	\$2,789
TRANSFERS IN		\$24		\$24
APPROPRIATION	\$5,318	\$0	\$0	\$5,318
SOURCES OF FUNDS	\$5,318	\$3,384	\$110	\$8,812
BALANCE FORWARD OUT		\$615		\$615
EXPENDITURES	\$5,319	\$2,769	\$110	\$8,197
PAYROLL EXPENSE	\$4,869	\$2,638	\$60	\$7,567
OPERATING EXPENSES	\$450	\$127	\$50	\$627
GRANTS, AIDS AND SUBSIDIES		\$4		\$4
USES OF FUNDS	\$5,319	\$3,384	\$110	\$8,812

State Academies

State Academies - Shared Services

<http://www.msa.state.mn.us>

Statewide Outcome(s):

Shared Services at the Minnesota State Academies supports the following statewide outcome(s).

Minnesotans have the education and skills needed to achieve their goals.

Context:

Shared Services at the Minnesota State Academies (MSA) involves the following units: central administration (superintendent), human resources, business services, physical plant, nursing, and dietary services. The purpose of these entities is to provide coordinated operational support two campuses: the Academy for the Blind and the Academy for the Deaf. The units provide specialized services and oversight to staff, students, buildings, and grounds. A general fund appropriation through the Governor's Office, asset preservation funds, and federal funds dedicated to the child nutrition program are the primary funding sources for Shared Services.

Strategies:

The Shared Services model at MSA has created an "economy of scale" to maximize work output in the most cost effective manner possible. Rather than two parallel systems, there is one to meet the demands of the Academies which are .5 mile apart. This coordinated strategy has placed staff in positions which reduce redundancy and focus efforts to economically meet long term, short term, and crisis needs. Key partners include multiple state offices, the Department of Education, and the Governor's Office.

Results:

Generally core functions continue to be performed in a timely and cost effective manner by Shared Services staff. Citations by monitoring agents have led to corrective action plans which have quickly been developed, approved, and implemented.

Performance Measures	Previous	Current	Trend
Invoices issued	~ 185	~ 185	Stable
Contracts generated	~ 120	~ 120	Stable

Performance Measures Notes:

The number of invoices issued and contracts generated have remained relatively constant over the years.

Budget Activity: Academy Operations
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$8,965	\$373	\$199	\$9,537
Current Law Expenditures (FY 2014-15)	\$8,532	\$477	\$216	\$9,224
Governor's Recommended Expenditures (FY2014-15)	\$8,782	\$477	\$216	\$9,474
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$250	\$0	\$0	\$250
% Change from FY 2014-15 Current Law to Governor's Rec	3%	0%	0%	3%

Budget Activity: Academy Operations**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$648	\$0	\$648
REVENUE		\$498	\$215	\$713
APPROPRIATION	\$8,781	\$0	\$0	\$8,781
SOURCES OF FUNDS	\$8,781	\$1,146	\$215	\$10,141
BALANCE FORWARD OUT		\$614		\$614
TRANSFERS OUT		\$54		\$54
EXPENDITURES	\$8,782	\$477	\$216	\$9,474
PAYROLL EXPENSE	\$5,930	\$200	\$216	\$6,346
OPERATING EXPENSES	\$2,774	\$275		\$3,048
OTHER FINANCIAL TRANSACTIONS	\$10			\$10
GRANTS, AIDS AND SUBSIDIES	\$8	\$2		\$10
CAPITAL OUTLAY-REAL PROPERTY	\$60			\$60
USES OF FUNDS	\$8,782	\$1,145	\$216	\$10,142

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Mission:

Minnesota State Colleges and Universities support Minnesota's economy by opening the doors of educational opportunity to all Minnesotans. To that end, MnSCU strives to:

- Ensure access to an extraordinary education for all Minnesotans
- Be the partner of choice to meet Minnesota's workforce and community needs
- Deliver the highest value/most affordable higher education option

Statewide Outcome(s):

Minnesota State Colleges and Universities supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Minnesotans have the education and skills needed to achieve their goals.

Context:

Minnesota State Colleges and Universities play a critical role in ensuring the economic prosperity of Minnesota citizens and communities by offering high quality, affordable higher education opportunities throughout the state.

The strength of Minnesota's economy increasingly depends on a well-educated, highly skilled workforce. According to a Georgetown University study (<http://www9.georgetown.edu/grad/gppi/hpi/cew/pdfs/State-LevelAnalysis-web.pdf>.) of educational requirements for the projected workforce, 70 percent of Minnesota jobs will require some sort of post-secondary education by the year 2018. As Minnesota's largest and most diverse provider of higher education, MnSCU is uniquely positioned to advance the state's economic vitality and increase the employment opportunities of its citizens.

The MnSCU system serves about 420,000 students annually in both credit and non-credit courses. The system's 31 institutions include 30 separately-accredited two-year colleges and seven universities which offer more than 3,800 programs on 54 campuses and online. Information on each of the colleges and universities that comprise the MnSCU system can be found on its website: <http://www.mnscu.edu/collegesearch/index.php/institution/>.

The system's student population reflects the geographic, economic, and cultural diversity of Minnesota. MnSCU students include those seeking a college, technical, or university education; those who want to update their skills; and those who need to prepare for new careers.

Students can choose from an array of high quality and low cost educational programs offered in all parts of the state, including:

Technical education programs which prepare students for skilled occupations that do not require a baccalaureate degree.

Pre-baccalaureate programs which offer lower division instruction in academic and occupational fields designed for transfer to a baccalaureate degree and in developmental education.

Baccalaureate programs which offer undergraduate instruction and degrees.

Graduate programs including instruction through the master's degree, specialist certificates and degrees, and applied doctoral degrees.

In FY 2011, over 279,000 students enrolled in credit courses, with 195,000 (70 percent) enrolled in two year colleges and 84,000 (30 percent) in state universities. Approximately 40,400 degrees, diplomas, and certificates were awarded.

MnSCU's student population also includes nearly 25,000 Minnesota high school students who earn college credit through the Post-Secondary Enrollment Options (PSEO) program. Students participate in the PSEO program by attending college classes at a MnSCU institution, enrolling in on-line courses, or attending college-level courses taught in their high school through the PSEO concurrent enrollment option. MnSCU serves approximately 82 percent of all the state's PSEO students.

In addition to its students, MnSCU serves Minnesota businesses, industries and communities who depend on a well-educated, highly trained workforce to meet their employment needs and keep communities economically vibrant. MnSCU institutions partner with approximately 6,000 Minnesota employers and annually train approximately 120,000 workers through its occupational, professional, and customized training programs. These partnerships play an important role in keeping Minnesota businesses and workforce competitive in an increasingly competitive global economic environment.

The MnSCU system was established in 1995 through a merger of the state's technical colleges, community colleges and state universities and is governed by a 15-member Board of Trustees appointed by the governor.

The system is funded from three primary revenue sources: tuition and fees, state appropriation, and federal and state grants (which include federal and state student financial aid). Over the past decade, state funding for higher education has fallen. Colleges and universities have responded to state funding cuts by reducing costs, implementing efficiencies, and increasing their reliance on tuition.

Strategies:

To accomplish its mission, the Board of Trustee has adopted a strategic framework that guides its policy, governance and management decisions. The strategic framework includes three components each of which contributes directly to one or more statewide outcomes.

Ensure access to an extraordinary education for all Minnesotans

Minnesota State Colleges and Universities will provide the best education available in Minnesota and prepare graduates to lead in every sector of Minnesota's economy. To accomplish the dual goals of access and quality, the system will:

Partner with communities traditionally underserved by higher education to improve college readiness, recruitment, and student success.

Increase access to baccalaureate degrees by enabling students at two-year colleges to complete a MnSCU baccalaureate degree without relocating.

Develop thoughtful measures of learning outcomes and deliver programs that enable graduates to meet those standards.

Redesign the classroom experience and curriculum to create signature learning experiences.

Increase collaboration among faculty to create the best possible courses and learning experiences that can be shared across the system.

Be the partner of choice to meet Minnesota's workforce and community needs

MnSCU faculty and staff will enable Minnesota to meet its need for a substantially better educated workforce by increasing the number of Minnesotans who complete certificates diplomas and degrees and by increasing the skills and capacities of graduates. To accomplish the goal of preparing Minnesota's workforce, the system will:

Significantly increase retention and completion and reduce time to completion.

Implement the results of regional, sector-by-sector workforce needs assessment to ensure programmatic alignment of the state's workforce needs.

Better align with post-secondary education to increase college readiness, expand dual enrollment and ensure more students are on the right path.

Expand customized training offerings to Minnesota business and industries.

Collaborate with DEED and others to enable more people to more easily update their skills.

Deliver to students, employers, communities and taxpayers the highest value/most affordable higher education option

Minnesota State Colleges and Universities will continue to aggressively manage costs, improve efficiency and enhance productivity to provide affordable higher education opportunities throughout the state. To accomplish this goal, the system will:

Strengthen and expand the Campus Service Cooperative to reduce administrative overhead costs in human resources, finance, financial aid, purchasing, payroll, and information technology services.

Strengthen the financial model to create incentives to achieve the outcomes in the strategic framework.

Redesign organizational structures and processes to increase effectiveness and eliminate redundancies.

Results:

The Minnesota State Colleges and Universities system is recognized as a national leader in higher education performance measurement. Cutting edge work continues as new performance metrics are developed to align with the strategic framework and progress is tracked over time. Performance measurements allow the system's leadership to objectively determine if its strategies are working.

Building on MnSCU's web-based accountability dashboard, additional benchmarks are being developed for key performance outcomes. These metrics will complement current performance measures and are designed to objectively measure, monitor, and assess performance.

MnSCU's performance metrics measure the quality of graduates, student success, affordability, diversity, efficient use of resources, enrollment, and stewardship of financial and physical resources. To learn more about MnSCU's performance measurement, visit MnSCU's website:

<http://www.mnscu.edu/board/accountability/index.html>

Performance Measures	Previous	Current	Trend
1. Student Persistence and Completion	75.3	74.2	Worsening
2. Completion Rate (college/university)	53.5 / 52.4	53.6 / 53.2	Stable
3. Related Employment of Graduates	77.6	81.0	Improving
4. System Share of Minnesota Resident Enrollment	63.1%	56.0%	Improving
5. Percent Students of Color	19.8%	20.8%	Improving

Performance Measures Notes:

1. Student Persistence and Completion is the percent of a fall entering cohort of full-time students who have been retained, graduated or transferred by the second fall term following original fall enrollment. Previous Data: Fall 2010 / Current Data: Fall 2011.

2. Completion Rate is the percent of an entering cohort that has completed by 150 percent of normal time. Completion is measured as graduation by the sixth spring after entry at the universities and as graduation or transfer by the third spring after entry at the colleges. Because the measures are different for colleges and universities, the measurements are given separately for each institution type. Previous Data: Spring 2010 / Current Data: Spring 2011.

3. Related Employment of Graduates is the percent of system graduates in a fiscal year that reported they were employed during the year after graduation in a job that was related to their program or major. Previous Data: FY 2010 grads employed in FY 2011 / Current Data: Preliminary FY 2011 grads employed in FY 2012.

4. System Share of Minnesota Resident Undergraduate Enrollment is the percentage of Minnesota residents enrolled as undergraduate students at a Minnesota higher education institution that are attending system colleges or universities. This is a new measure linked to the strategic framework's goal of a substantially better educated workforce. Previous Data: Fall 2008 / Current Data: Fall 2011.

5. Percent Students of Color is the percent of system credit students in a fiscal year that reported being African American, American Indian, Asian, Hispanic, Pacific Islander or two or more races. Previous Data: FY 2010 / Current Data: FY 2011.

Minnesota State Colleges and Universities
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$3,058,281		\$3,058,281
Current Law Expenditures (FY 2014-15)	\$0	\$3,165,827	\$0	\$3,165,827
Governor's Recommended Expenditures (FY2014-15)	\$0	\$3,245,827	\$0	\$3,245,827
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$80,000	\$0	\$80,000
% Change from FY 2014-15 Current Law to Governor's Rec	0%	3%	0%	3%

Minnesota State Colleges and Universities
Sources and Uses no Total Funds

(Dollars in Thousands)

	Biennium FY14-FY15		
	General Funds	Other State Funds	Federal Funds
BALANCE FORWARD IN	\$0	\$539,636	
REVENUE	\$0	\$2,114,652	
TRANSFERS IN		\$1,212,200	
APPROPRIATION	\$1,170,730	\$0	
SOURCES OF FUNDS	\$1,170,730	\$3,866,488	
BALANCE FORWARD OUT		\$524,441	
TRANSFERS OUT	\$1,170,730	\$96,220	
EXPENDITURES	\$0	\$3,245,827	\$0
PAYROLL EXPENSE	\$0		
GRANTS, AIDS AND SUBSIDIES	\$0	\$3,245,827	\$0
USES OF FUNDS	\$1,170,730	\$3,866,488	\$0

State Colleges and Universities

Governor's Changes

(Dollars in Thousands)

		FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Advance Competitiveness of Minnesota's Workforce

The Governor recommends that MnSCU advance Minnesota's workforce competitiveness through three programs: Internships and Apprenticeships, Leveraged Equipment, and Faculty Driven Educational Innovations. The Internships and Apprenticeships program, with a \$12 million state investment, and the Leveraged Equipment program, with a \$26 million state investment, will match state funding with private contributions to provide students hands-on learning experiences in high-demand, high-skill trades. The Faculty Driven Innovations program, with an \$8 million state investment, will enable faculty to enhance the quality of instruction and accelerate student progress through technology-driven learning. This proposal directly supports students' career readiness by ensuring MnSCU students have the skills to compete in the job market upon graduation.

Performance Measures:

By 2017, the related-employment rates of graduates will increase by 3.5%, from 80.9% to 84.4%. \$3 million in non-state matching funds will be secured for internship/apprenticeships before FY 2015 funds are released. \$7.5 million in matching funds will be secured for leveraged equipment before FY2015 funds are released.

General Fund	Expenditure	20,500	25,500	46,000	25,500	25,500	51,000
Other Funds	Expenditure	0	0	0	0	0	0
Other Funds	Revenue	0	0	0	0	0	0
	Net Change	20,500	25,500	46,000	25,500	25,500	51,000

Retain High-Quality Faculty and Staff

The Governor recommends state funding, in partnership with savings from administrative efficiencies and student tuition, to allow MnSCU to retain high-quality faculty and staff. This proposal seeks to mitigate the effects of increasing costs related to obligations such as health insurance and limit increases in tuition for MnSCU students, which could otherwise rise significantly in order to meet these obligations. State support will provide one-third of the funding for faculty and staff retention, and savings from administrative efficiencies and student tuition will fund the remaining two-thirds.

Performance Measures:

An increase in student tuition will be limited to 3%. Tuition will increase by a maximum of \$145 for full-time college students and by \$205 for full-time university students. MnSCU will identify and implement \$44 million in administrative efficiencies.

General Fund	Expenditure	11,000	23,000	34,000	23,000	23,000	46,000
Other Funds	Expenditure	0	0	0	0	0	0
Other Funds	Revenue	0	0	0	0	0	0
	Net Change	11,000	23,000	34,000	23,000	23,000	46,000

Net All Change Items

General Fund	31,500	48,500	80,000	48,500	48,500	97,000
Other Funds	0	0	0	0	0	0
Net Change	31,500	48,500	80,000	48,500	48,500	97,000

Minnesota State Colleges and Universities

Revenue Summary

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Dedicated	TAXES	0	38		38
	FEDERAL GRANTS	0	106,818		106,818
	INVESTMENT INCOME	0	3,756		3,756
	ALL OTHER	0	2,004,040		2,004,040
	Subtotal	0	2,114,652		2,114,652
	Total	0	2,114,652		2,114,652

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Mission:

To administer secure retirement plans, a tax-free health care savings plan, and a low cost deferred compensation plan; assure timely benefit payments; be proactive in public pension policies; and provide exemplary customer service through a one-stop shopping source.

Statewide Outcome(s):

Minnesota State Retirement System supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Strong and stable families and communities.

Efficient and accountable government services.

Context:

The Minnesota State Retirement System (MSRS) manages six defined benefit trust funds that provide pension income to retired state of Minnesota employees, University of Minnesota non-faculty employees, state troopers, judges, certain employees in direct contact with inmates or patients at Minnesota correctional facilities, legislators, and elected constitutional officers. MSRS' membership in these plans includes approximately 53,600 active (contributing) employees from 29 governmental entities, 23,300 inactive employees, and 35,800 benefit recipients. MSRS' primary goal is to ensure these retirement plans are funded in a sustainable manner to ensure their long-term viability to provide promised benefits to members, thus enabling them to have financial security in their retirement years.

MSRS' four largest defined benefit plans are funded primarily with investment earnings comprising about 70 percent of revenues over the ten-year period ending June 30, 2012. Since 1980 when the State Board of Investment adjusted their asset allocation, investments have returned an annualized 9.9%, allowing contribution rates to remain relatively stable. Plan member and employer contributions each comprised nearly 15 percent of revenues in the ten-year period ending June 30, 2011. These plans require no state appropriation for funding purposes. MSRS's administrative expenses are also very low; .068 percent of plan net assets.

For MSRS' **Legislators** and **Elective State Officers** retirement plans, which have been closed to new members since 1997, contributions and net assets are insufficient to pay benefits and administrative expenses, including annual actuarial valuations. These plans are funded primarily on a pay-as-you-go basis with state General Fund appropriations. Appropriations are expected to increase annually due to growth in the number of new retirees and a 2% annual cost-of-living adjustment of pension benefits.

MSRS also administers four defined contribution plans including the **Unclassified Employees Retirement Plan**, the **Minnesota Deferred Compensation Plan**, the **Health Care Savings Plan**, and the **Supplement Retirement Plan for Hennepin County**. For these plans, participants' tax-deferred contributions and other revenue flow to a third-party record keeper and custodian for daily investment until retirement or termination of employment. These plans also require no state appropriation for funding purposes.

Strategies:

MSRS utilizes the following strategies to achieve its stated mission:

- Develop, implement, and maintain retirement programs that are responsive to members' needs.
- Seek approval of legislative initiatives designed to ensure the financial stability of the retirement plans.
- Deliver pension benefits and services in a customer-oriented and cost-effective manner. MSRS' administrative costs are very low at approximately seven basis points or seven hundredths of one percent of assets.

- Educate members to make informed decisions leading to a secure retirement future through counseling, workshops, newsletters, and web-based services and tools.
- Promote a respectful, ethical, high performance work environment that supports staff developments, technological enhancements, and business process improvements.

Results:

MSRS pensions provide members with a monthly income for life. The majority of MSRS retirees receive modest benefits. The average monthly pension is about \$1,500. This allows most retirees to sustain their lifestyle during retirement, stay in their homes and have quality health care available to them. Approximately 91 percent of MSRS retirees remain in Minnesota after leaving public service. Of the \$671 million in benefits paid in 2012, \$611 million stayed in the state, thus having a positive economic impact on the state's economy as they spend money at Minnesota businesses, which, in turn, creates jobs statewide, and they pay state and local taxes.

Three measures of a defined benefit plan's financial health are: (1) **the funding ratio** (the percent of net assets, calculated for actuarial purposes, available to pay the present value of benefits already earned by employees); (2) **contribution sufficiency/(deficiency)** rate (the difference between the actuary's computation of required employer and employee contribution rates and the statutory rates, expressed as a percent of payroll); and (3) **the unfunded actuarial accrued liability** (the difference between the actuary's valuation of assets and the present value of member's future benefits). The table below presents performance measurement data for MSRS' defined benefit plans as of June 30, 2009, and June 30, 2012 (the date of the most recent actuarial valuation results).

Performance Measures	Previous	Current	Trend
<u>MSRS State Employees Retirement Fund (General Plan)</u>			
Funding Ratio	85.90%	82.67%	Worsening
Contribution Sufficiency/(Deficiency)	(5.35)%	(2.32)%	Improving
Unfunded Actuarial Accrued Liability	\$1.482 billion	\$1.921 billion	Worsening
<u>State Patrol Retirement Fund</u>			
Funding Ratio	80.58%	72.84%	Worsening
Contribution Sufficiency/(Deficiency)	(12.16)%	(11.52)%	Improving
Unfunded Actuarial Accrued Liability	\$141 million	\$207 million	Worsening
<u>Correctional Employees Retirement Fund</u>			
Funding Ratio	71.88%	68.55%	Worsening
Contribution Sufficiency/Deficiency	(6.05)%	(4.58)%	Improving
Unfunded Actuarial Accrued Liability	\$231 million	\$304 million	Worsening
<u>Judges Retirement Fund</u>			
Funding Ratio	60.84%	51.46%	Worsening
Contribution Sufficiency/(Deficiency)	(3.73)%	(13.50)%	Worsening
Unfunded Actuarial Accrued Liability	\$95 million	\$137 million	Worsening
<u>Legislators Retirement Fund</u>			
Funding Ratio	31.70%	6.27%	Worsening
Contribution Sufficiency/(Deficiency)	\$4.5 million	\$18.2 million	Worsening
Unfunded Actuarial Accrued Liability	\$62 million	\$232 million	Worsening
<u>Elective State Officers Retirement Fund</u>			
Funding Ratio	5.49%	0.00%	Worsening
Contribution Sufficiency/(Deficiency)	\$(602,000)	\$(990,661)	Worsening
Unfunded Actuarial Accrued Liability	\$4 million	\$9 million	Worsening

Performance Measures Notes:

Source of Performance Data Presented: Actuarial Valuation Reports as of July 1, 2009 (previous) and 2012 (current), respectively.

For more information about funding progress, refer to the 2012 Actuarial Valuation Reports and the MSRS Comprehensive Annual Financial Report (Actuarial Section) at <http://www.msrs.state.mn.us/info/fincl.htmls>.

Minnesota State Retirement System
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$7,380	\$1,411,201		\$1,418,580
Current Law Expenditures (FY 2014-15)	\$7,726	\$1,486,205		\$1,493,931
Governor's Recommended Expenditures (FY2014-15)	\$7,726	\$1,486,205		\$1,493,931
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		0%

Minnesota State Retirement System**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
APPROPRIATION	\$7,726	\$1,487,324		\$1,495,050
SOURCES OF FUNDS	\$7,726	\$1,487,324		\$1,495,050
TRANSFERS OUT		\$1,120		\$1,120
EXPENDITURES	\$7,726	\$1,486,205		\$1,493,931
PAYROLL EXPENSE		\$17,851		\$17,851
OPERATING EXPENSES	\$55	\$24,951		\$25,006
OTHER FINANCIAL TRANSACTIONS	\$7,671	\$1,443,203		\$1,450,874
CAPITAL OUTLAY-REAL PROPERTY		\$200		\$200
USES OF FUNDS	\$7,726	\$1,487,325		\$1,495,051

Minnesota State Retirement System
All Funds FTE by Program

Program	Current FY 2013	Forecast Base FY 2015	Governor's Recommendation FY 2015
Program: Mn State Retirement System	111.4	110.6	110.6
Minnesota State Retirement System	111.4	110.6	110.6

Minnesota State Retirement System

Revenue Summary

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	ALL OTHER	245	672,114		672,359
	Subtotal	245	672,114		672,359
Dedicated	ALL OTHER		0		0
	Subtotal		0		0
	Total	245	672,114		672,359

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Mission:

Conservation Corps Minnesota's mission is to provide hands-on environmental stewardship and service-learning opportunities to youth and young adults while accomplishing conservation, natural-resource management and emergency response work.

Statewide Outcome(s):

Conservation Corps supports the following statewide outcome(s).

Minnesotans have the education and skills needed to achieve their goals.

A clean, healthy environment with sustainable uses of natural resources.

Context:

Conservation Corps Minnesota traces its roots to the 1930s Civilian Conservation Corps of the Great Depression. When federal support for conservation corps ended in 1981, the Minnesota Conservation Corps was created by the Minnesota Legislature to offer youth and young adult programs through the Department of Natural Resources. In 1999, the Friends of the Minnesota Conservation Corps was incorporated as a 501(c)(3) nonprofit organization by community supporters and program alumni, and the nonprofit assumed operations in 2003. In 2010, the organization changed its name to Conservation Corps Minnesota to better reflect its work after launching a smaller model of its young adult program, Conservation Corps Iowa, in Ames.

Conservation Corps Minnesota provides a wide range of service opportunities for young adults, ages 18-25. Nonresidential field crews engage young adults in conservation, natural resource management and emergency response work from February to December; apprentices serve in Soil and Water Conservation Districts throughout Minnesota; Home Energy Squads install energy-saving measures such as weather-stripping and programmable thermostats in Twin Cities homes; and specialists serve in natural resource and energy positions in state and nonprofit offices.

Young adults also serve as youth leaders for programs that enroll teens, ages 15-18, in outdoor service-learning. In 2013, the number of youth enrolled in Corps programs will grow to about 275 — a 58 percent increase from 2011. The Summer Youth Corps unplugs youth from modern intrusions during two summer sessions, each four weeks long; participants spike camp and work outdoors on natural resource projects. The Corps' urban afterschool program, Youth Outdoors, engages at-risk teens in out-of-school educational activities and service-learning projects during fall and spring school semesters. Participants from diverse backgrounds and low-income households earn a stipend while restoring the environment, revitalizing their neighborhoods and leading volunteers.

Conservation Corps Minnesota's goals are to help young people from diverse backgrounds become more connected to the environment, engaged in conservation, involved in community leadership and prepared for future employment. Last year, 515 youth and young adults completed more than 400,000 hours of conservation work such as invasive species removal, habitat restoration, wildland firefighting, energy conservation, erosion control and recreational trail improvements that benefit millions of Minnesota residents. Participants also led almost 6,000 volunteers in neighborhood beautification projects, habitat restoration and disaster response.

Conservation Corps Minnesota has a diverse funding base. Fee-for-service funds more than 60 percent of young adult programs costs, along with government grants and contracts. Youth programs also rely on private grants and contributions for about 20 percent of program costs, covering education and career-training investments.

Strategies:

Conservation Corps Minnesota's strategies are reflected in its motto: "Resources restored. Lives changed." Participants acquire important life skills while completing conservation and habitat restoration projects.

Restoring resources

1. Natural resource conservation: Corps members restore habitat on public lands throughout Minnesota by removing invasive species, conducting prescribed burns, planting native species and containing wildfires. They conserve energy by installing conservation measures in homes.
2. Outdoor recreational access improvements: Corps members build and maintain motorized and non-motorized trails, boardwalks, campsites, park facilities and other recreational structures.

Changing Lives

1. Youth educational curriculum: More than 20 percent of program time is devoted to environmental science education, leadership training and job skills such as resume writing, interviewing and financial management.
2. Work skills for young adults: Participants receive extensive training in tool and equipment use, prescribed burning, wildfire suppression, energy-efficiency methods, GIS technologies, First Aid/CPR, defensive driving, civic leadership and communication.

In addition, corps members lead more than 3,000 volunteers annually in cleaning up parks and riverbanks, restoring habitat and responding to natural disasters such as tornadoes and floods.

Youth and young adults complete projects in partnership with more than 100 organizations, including local governments, Minnesota Departments of Natural Resources and Transportation, Board of Water and Soil Resources, U.S. Fish & Wildlife Service, National Forest Service, watershed districts, city parks departments, trail and wildlife clubs and other nonprofits.

Results:

Conservation Corps Minnesota places a high priority on evaluating the effectiveness of its programs and overall organization. Before and after each program term, the Corps surveys youth, parents/guardians and young adult participants to assess its effectiveness at personal and work-skills development. Evaluation results are used by the staff and board to build on strengths and make improvements to services.

Service project performance is measured through daily field surveys, feedback from partner organizations solicited at the end of every project and corps member evaluations. Outputs are submitted by crew leaders bi-monthly. Field surveys are verified for accuracy and entered in an online database with a proven track record for collecting, analyzing and reporting outcomes based on program outputs. The Corps has a long track record of meeting or exceeding its service project performance targets.

Furthermore, Conservation Corps Minnesota is a member of the Corps Network, a national association of service and conservation corps and participates in the Network's Excellence in Corps Operations evaluation process every four years — ranking high in purpose and activities, organization and management, program design, communications and corps member development.

Performance Measures	Previous	Current	Trend
Percent of young adult participants who gained or improved technical skills	98	96	stable
Percent of youth participants who are better prepared for their next job	86	92	improving
Acres of habitat restored or improved	32,038	34,623	improving
Hours of work on recreational access improvements (trails, park facilities, campsites, docks, piers etc.)	80,432	89,843	improving

Performance Measures Notes:

Conservation Corps Minnesota's program and fiscal year follow the calendar year. Current measures indicated above are from the last completed year, 2011, and the previous measure is year 2010. Technical skills and job preparedness are measured by pre- and post-service surveys of Conservation Corps youth and young adult participants. Natural resource accomplishments are measured by field surveys entered in a Survey of Work Accomplishments database, designed for conservation corps nationwide to track service work.

Conservation Corps-Minnesota
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$612	\$980		\$1,592
Current Law Expenditures (FY 2014-15)	\$0	\$980		\$980
Governor's Recommended Expenditures (FY2014-15)	\$910	\$980		\$1,890
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$910	\$0		\$910
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		93%

Conservation Corps-Minnesota**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$910	\$980		\$1,890
SOURCES OF FUNDS	\$910	\$980		\$1,890
EXPENDITURES	\$910	\$980		\$1,890
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$910	\$980		\$1,890
USES OF FUNDS	\$910	\$980		\$1,890

Conservation Corps-Minnesota

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Conservation Corps Minnesota

The Governor recommends ongoing General Fund support for Conservation Corps Minnesota to provide the required match to federal funds for public lands projects and to pay stipends for young adult corps members

Performance Measures:

Youth develop skills for the job market while promoting a clean, healthy environment with sustainable use of resources.

General Fund	Expenditure	455	455	910	455	455	910
	Net Change	455	455	910	455	455	910

Net All Change Items	General Fund	455	455	910	455	455	910
	Net Change	455	455	910	455	455	910

Conservation Corps-Minnesota
All Funds FTE by Program

	Current	Forecast Base	Governor's Recommendation
Program	FY 2013	FY 2015	FY 2015
Program: Conservation Corps Mn	185.0	111.0	185.0
Conservation Corps-Minnesota	185.0	111.0	185.0

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Mission:

Minnesota Management & Budget (MMB) is responsible for managing state finances, payroll and human resources - providing systems for daily business operations and information access and analysis.

Our mission is to increase state government's capacity to manage and utilize financial, human, information and analytical resources to ensure exceptional service and value for Minnesota's citizens.

Statewide Outcome(s):

Management and Budget supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

MMB is a central service agency, serving the Governor, the legislature, over 100 state government entities, 53,000 state employees, and the public. The priorities of MMB include:

- Supporting the governor in establishing policies, and proposing and implementing budgets that benefit the people of Minnesota.
- Providing information that is accessible, consistent, objective, timely, and accurate to state agencies, the legislature, the governor's office and citizens.
- Providing financial, human resources, and management expertise to help state government meet its goals and responsibilities in an effective and efficient manner.
- Creating a culture in state government that is supportive, constructive, and healthy for our employees.

Strategies:

MMB emphasizes several strategies across two program areas to deliver its mission and support the statewide outcome of efficient and accountable government services. These include:

- *Accounting and human resources systems* necessary to support daily activities of the state
- *Information access, forecasts, and analysis* to provide information on state activities and anticipate issues
- *Oversight, controls, and compliance outreach* needed to ensure overall integrity of state operations
- *Decision support activities* for budget development and collective bargaining processes
- *State treasury banking transactions, employee health insurance, and management consulting* for all agencies, strategic workforce planning and management

Measuring Success:

MMB measures success by how well planning and daily business management systems, processes and information access meets the needs of state agencies, the executive branch, the legislature, and the public.

At the macro level, the impact of MMB activities are reflected by the *overall financial health* of state government as determined through the state bond ratings and evaluation of our financial statements. External stakeholder evaluations measure our planning, budgeting, financial, human resources, and information management activities' contribution to effective state management, and how well they support state decision-making and improvements in state management practices.

Management and Budget**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$37,113	\$1,666,845		\$1,703,957
Current Law Expenditures (FY 2014-15)	\$36,898	\$1,663,456		\$1,700,354
Governor's Recommended Expenditures (FY2014-15)	\$48,923	\$1,663,456		\$1,712,379
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$12,025	\$0		\$12,025
% Change from FY 2014-15 Current Law to Governor's Rec	33%	0%		1%

Management and Budget
Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN		\$277,795		\$277,795
REVENUE		\$1,646,496		\$1,646,496
TRANSFERS IN	\$434			\$434
APPROPRIATION	\$66,456	\$0		\$66,456
SOURCES OF FUNDS	\$66,890	\$1,924,291		\$1,991,181
BALANCE FORWARD OUT		\$260,806		\$260,806
TRANSFERS OUT	\$17,966	\$26		\$17,992
EXPENDITURES	\$48,923	\$1,663,456		\$1,712,379
PAYROLL EXPENSE	\$28,956	\$14,119		\$43,075
OPERATING EXPENSES	\$19,966	\$1,649,277		\$1,669,243
OTHER FINANCIAL TRANSACTIONS	\$1	\$60		\$61
USES OF FUNDS	\$66,889	\$1,924,288		\$1,991,177

Management and Budget

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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SEGIP DDIR Change

The Governor recommends transitioning to the State Employee Group Insurance Program (SEGIP) some of the work currently accomplished by the designated department insurance representatives (DDIRs) in agencies. The responsibilities of about 25 half-time DDIRs could be managed by current staff of SEGIP due to better technology and the efficiencies of a centralized approach. Any reductions to DDIR staff at agencies would be accomplished through attrition.

Performance Measures:

SEGIP would continue to transition additional DDIR functions to its operations, which would provide some budget relief to agencies.

Other Funds	Expenditure	0	0	0	0	0	0
	Net Change	0	0	0	0	0	0

Statewide Budget Systems Development

The Governor recommends a \$5.2 million investment to develop a capital budget system, capital budget tracking, and a fiscal note system. The investment will also support full development of the budget and planning system that became operational in August 2012. Additional functionality will include supplemental budget development, legislative tracking, annual spend plan development, monthly revenue reporting, and salary projections.

Performance Measures:

Currently the Capital Budget System and Fiscal Note Tracking Systems have a business needs assessment score of 2 and 3 respectively (with 1 being failing and 10 being excellent). This score is based upon the systems serving a critical business need by having a weak technical condition. Once the Capital Budget, Fiscal Note Tracking and Budget Planning and Analysis Systems are replaced and fully developed it is expected that the assessment score for each will be raised to a score of 8 or higher.

General Fund	Expenditure	4,500	725	5,225	725	725	1,450
	Net Change	4,500	725	5,225	725	725	1,450

Results Management Initiative

The Governor recommends a general fund investment of \$1 million in the next biennium to build capacity to provide enterprise-wide results management facilitation and coordination. The initiative would provide coordination of outcome and indicator reporting in support of a statewide dashboard; training to agencies focused on results, goal setting, and performance targets; monitoring and public reporting of results; data development and linkage of existing data systems; incorporation of performance metrics and outcomes into budget development and strategic planning initiatives; and communication strategies to ensure transparent reporting of financial, human resource, and performance information.

Performance Measures:

The success of this initiative will be measured through the development and expansion of reporting on a statewide dashboard to support results management through outcomes, increased access to information, and expanded business intelligence use by state agencies and stakeholders.

General Fund	Expenditure	500	500	1,000	500	500	1,000
	Net Change	500	500	1,000	500	500	1,000

Management and Budget

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Sustaining Enterprise Human Resources Capacity

The Governor recommends an investment of \$1.8 million to simplify enterprise business processes, improve recruitment and workforce planning efforts, increase diversity representation in employment, and drive additional human resources change through improved data, analysis, and tools.

Performance Measures:

The success of this initiative will be measured by the enterprise human resources division meeting goals of its strategic plan through delivery of unmet needs in state agencies.

General Fund	Expenditure	900	900	1,800	900	900	1,800
	Net Change	900	900	1,800	900	900	1,800

Develop and Deploy Enterprise Talent Management System

The Governor recommends a one-time investment of \$4 million for planning, development, and implementation of an enterprise-wide integrated system for human resources information and to re-engineer the state's hiring process. A new system would improve system reliability, provide better reporting capability to improve the hiring process, and reduce processing time because less manual intervention would be required.

Performance Measures:

The success of this initiative will be measured by increasing the capacity that exists within state government to meet the demands of a changing workforce and technology through reducing the time needed to assess qualifications, improving access to diverse populations and candidates, enhancing timely and effective communication, improving customer satisfaction, automating interview scheduling and notices, and reducing turnover by more effective selection processes.

General Fund	Expenditure	4,000	0	4,000	0	0	0
	Net Change	4,000	0	4,000	0	0	0

Net All Change Items

General Fund	9,900	2,125	12,025	2,125	2,125	4,250
Other Funds	0	0	0	0	0	0
Net Change	9,900	2,125	12,025	2,125	2,125	4,250

Management and Budget
All Funds FTE by Activity

	Current	Forecast Base	Governor's Recommendation
Activity	FY 2013	FY 2015	FY 2015
Budget Activity: Accounting Services	73.1	73.1	73.1
Budget Activity: Budget Services	21.4	21.4	24.4
Budget Activity: Economic Analysis	2.7	2.7	2.7
Budget Activity: Treasury	10.3	10.3	10.3
Budget Activity: Management Analysis & Devlpmnt	14.7	14.7	14.7
Budget Activity: Human Resource Management	24.1	24.1	33.1
Budget Activity: Labor Relations	8.2	8.2	8.2
Budget Activity: Agency Administration	84.6	84.6	84.6
Budget Activity: State Employee Group Ins Pgrm	49.9	49.9	49.9
Budget Activity: Public Employees Insurance Pgrm	1.5	1.5	1.5
Management and Budget	290.6	290.6	302.6

Management and Budget**Revenue Summary**

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	ALL OTHER	80			80
	Subtotal	80			80
Dedicated	FEDERAL GRANTS		0		0
	DEPARTMENTAL EARNINGS		1,900		1,900
	INVESTMENT INCOME		4,786		4,786
	ALL OTHER		1,639,810		1,639,810
	Subtotal		1,646,496		1,646,496
	Total	80	1,646,496		1,646,576

Management and Budget Accounting Services

<http://www.mmb.state.mn.us>

Statewide Outcome(s):

Accounting Services supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

Accounting Services provides financial management systems and services that support state operations in the areas of: accounting, payroll, and financial reporting. This activity provides functional support for the accounting and payroll modules of the of the Statewide Administrative Systems which includes the new Statewide Integrated Financial Tools (SWIFT) system that went live on July 1, 2011.

Strategies:

The Accounting Services activity provides direction and support at a statewide level to help agencies meet their financial transaction and information needs. This includes establishing policies to ensure the necessary internal controls are in place to safeguard assets and to comply with appropriate financial principles, policies, and legal requirements.

- **Set statewide accounting and payroll policies and procedures.** This activity establishes statewide policies, procedures and guidelines on which agencies can base their accounting and payroll operations. Instructions take the form of written policies, system design, and instruction on best practices. The activity strives to balance the tension between agency needs for flexibility and statewide needs for consistency and accountability.
- **Provide training and assistance to agencies on the state's financial systems.** This activity provides training and assistance to agency staff on the effective and efficient use of the statewide systems to meet their objectives. This includes educating agency staff in accounting and payroll system functionality as well as individualized assistance when problems arise.
- **Direct and maintain the integrity of the accounting and payroll systems.** This activity is responsible for directing the operation of the statewide accounting and payroll systems and maintaining the integrity of the information contained in the systems. These systems provide the actual payment of state obligations to vendors and employees by either issuing a warrant (check) or an electronic funds transfer. Program controls assure the integrity of the data and of the internal operations of the accounting and payroll systems.
- **Prepare statewide financial reports.** This activity prepares the state's Comprehensive Annual Financial Report (CAFR). The CAFR is an audited report of all state activities and is prepared in accordance with generally accepted accounting principles. This activity also acts as the state lead in the preparation of the state's portion of the federal single audit report, reporting for federal cash management activities, indirect cost allocations, and other statewide compliance monitoring and reporting.

Results:

Performance Measures	Previous	Current	Trend
Payroll Accuracy	0.028%	0.029%	Stable
Prompt Payment	91.95%	93.34%	Improving
Achieve Certificate of Excellence in Financial Reporting and unqualified audit opinion	Both met	Both met	Stable
Statewide Financial System Performance	36.2	23.8	Improving

Performance Measures Notes:

1. Payroll accuracy overall is measured by tracking the percent of total payments voided due to errors in processing. The previous measure reflects FY 2011 and the current measure reflects FY 2012.

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2. Prompt payment is an indicator of financial system efficiency. The previous measure is FY 2012 performance which had declined as a result of the new accounting system implementation and the July 2011 state government shutdown. The current measure is September 2012 and is improved.
 3. Financial Reporting Performance is measured by receipt of the annual Certificate of Achievement for Excellence in Financial Reporting, awarded by the Government Finance Officers Association (GFOA) and maintaining an annual unqualified audit opinion from the Office of the Legislative Auditor. The department has achieved both for the last 27 years for its work on Minnesota's CAFR. The previous measure reflects FY 2010 and the current measure reflects FY 2011.
 4. Statewide financial system performance is a weighted average of on-line budget check processing times, in seconds. The previous measure is February 2012, the earliest available. The current measure is October 2012.

Budget Activity: Accounting Services
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$7,775	\$33,340		\$41,115
Current Law Expenditures (FY 2014-15)	\$7,544	\$0		\$7,544
Governor's Recommended Expenditures (FY2014-15)	\$7,544	\$0		\$7,544
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		0%

Budget Activity: Accounting Services**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$25,487	\$0		\$25,487
SOURCES OF FUNDS	\$25,487	\$0		\$25,487
TRANSFERS OUT	\$17,942			\$17,942
EXPENDITURES	\$7,544	\$0		\$7,544
PAYROLL EXPENSE	\$7,094			\$7,094
OPERATING EXPENSES	\$450	\$0		\$450
USES OF FUNDS	\$25,486	\$0		\$25,486

Management and Budget

Budget Services

<http://www.mmb.state.mn.us>

Statewide Outcome(s):

Budget Services supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

Budget Services seeks to ensure that objective and relevant fiscal information is readily available for decision makers throughout the year but especially when budget decisions are being made. Budget Services promotes sound fiscal policy in decision-making and a statewide view in the management of state resources. The primary customers for Budget Services are the Governor, state agencies, the legislature and citizens. This activity is funded through general fund appropriations.

Strategies:

The work of Budget Services can be divided into three broad categories:

- **Budget Process** - Coordinating the development of the governor's biennial, capital and supplemental budget recommendations, including providing instructions to agencies
- **Information and Analysis** - Developing and publishing budgetary and financial information for use by decision-makers, staff, and citizens
- **Oversight** - Providing oversight and monitoring of budget implementation by agencies and the state's cash flow position.

Each of these functions helps to improve the efficient and effective use of state resources and prudent management of state resources.

Results:

While no single entity can claim to be responsible for Minnesota's budget and financial position, having timely, relevant and objective budget information available to decision makers is fundamental to having a financially well managed state. Minnesota Management & Budget monitors a number of broad statewide financial management indicators to help track our goals. Budget Services also evaluates performance based on whether data is provided to decision makers in a timely manner and the level of business needs met through the budget systems. The determination of meeting business needs is assessed through the analysis of business value as compared to the system's technical condition.

Performance Measures	Previous	Current	Trend
Fiscal Notes Complete	90%	93%	Improving
Average Number of Days to Complete Fiscal Note	10	9	Improving
Fiscal Note Tracking System Business Needs Assessment Score	4	3	Worsening
Capital Budget System Business Needs Assessment Score	4	2	Worsening

Performance Measures Notes:

1. Fiscal note data compares 2009-2010 legislative session (previous) to 2011-2012 legislative session (current). Data excludes fiscal notes that were inactivated by the requestor.
2. Fiscal Note Tracking and Capital Budget System assessment scores are on a scale of one (failing) to ten (excellent). The assigned scores indicate the need to replace the systems based on each system having a critical business value and a weak technical condition. Previous data is from 2008, current data is from 2012.

Budget Activity: Budget Services**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$4,231	\$1,698		\$5,930
Current Law Expenditures (FY 2014-15)	\$6,397	\$0		\$6,397
Governor's Recommended Expenditures (FY2014-15)	\$12,622	\$0		\$12,622
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$6,225	\$0		\$6,225
% Change from FY 2014-15 Current Law to Governor's Rec	97%	0%		97%

Budget Activity: Budget Services**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
TRANSFERS IN	\$414			\$414
APPROPRIATION	\$12,207	\$0		\$12,207
SOURCES OF FUNDS	\$12,621	\$0		\$12,621
EXPENDITURES	\$12,622	\$0		\$12,622
PAYROLL EXPENSE	\$7,104			\$7,104
OPERATING EXPENSES	\$5,518	\$0		\$5,518
USES OF FUNDS	\$12,622	\$0		\$12,622

Management and Budget

Economic Analysis

<http://www.mmb.state.mn.us>

Statewide Outcome(s):

Economic Analysis supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The Economic Analysis activity prepares periodic forecasts of state revenues as required by state law. These forecasts provide the governor and the legislature with a starting point for decisions on the biennial budget as well as the information needed for deciding whether mid-course corrections are necessary. Economic Analysis also provides ongoing information to the public and interested parties on the performance of the state's economy and on the general economic outlook. This activity is funded through a general fund appropriation.

Strategies:

Sound, professional revenue forecasts make government more efficient and effective by reducing the uncertainty faced by public sector managers and by reducing the size and number of short term adjustments that must be made due to unanticipated declines in state revenues. The Economic Analysis revenue forecasts are prepared with the assistance of the Revenue Research Division of the Department of Revenue. The expenditure side of the forecast is prepared by Minnesota Management & Budget's (MMB's) Budget Services staff and state agency staff.

Results:

Revenue forecasts by their very nature will always be wrong and the size of the error is not necessarily a good performance indicator for the activity. Unanticipated changes in the national economic outlook or in federal tax laws, as well as changes in state tax law can produce substantial shifts in revenues that cannot be forecast. Measures of short term differences between forecast and actual receipts are particularly inappropriate since small variances in one year may be offset by a larger variance the following year. MMB economists have constructed a history of biennial revenue forecast errors since FY 1990-1991, adjusted for subsequent legislation enacted after the first February forecast. It shows a root mean square error of 6.7 percent between the first February revenue forecast and the close of a biennium. The mean absolute error for those +29 month forecasts from the close is 5.5 percent. Both the root mean square error and the mean absolute error were less than those of the Congressional Budget Office (CBO) for the same period. The comparable root mean square error for CBO's +29 month forecast is estimated to be 7.2 percent; the mean absolute error, 6.0 percent.

Performance Measures	Previous ¹	Current ²	Trend
Root mean square error 1 st February forecast (+29 months from close)	7.0%	6.7%	Stable
Mean absolute error 1 st February forecast (+29 months from close)	5.8%	5.5%	Stable

Performance Measures Notes:

The root mean square error and mean absolute error statistics are used in place of a simple average to eliminate the possibility of positive and negative variances cancelling each other out and producing a misleadingly small average error. The root mean square error statistic penalizes forecasts with large forecast errors. The mean absolute error statistic weights small errors and large errors equally. Forecast errors depend on the length of the forecast horizon with the largest errors occurring in forecasts made before the biennium begins. Forecasts made during the biennium, particularly in the second year of the biennium, have much smaller average errors.

1. FY 1990-1991 to FY 2008-2009
2. FY 1990-1991 to FY 2010-2011

Budget Activity: Economic Analysis
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$868			\$868
Current Law Expenditures (FY 2014-15)	\$951			\$951
Governor's Recommended Expenditures (FY2014-15)	\$951			\$951
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Economic Analysis**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$952			\$952
SOURCES OF FUNDS	\$952			\$952
EXPENDITURES	\$951			\$951
PAYROLL EXPENSE	\$608			\$608
OPERATING EXPENSES	\$343			\$343
USES OF FUNDS	\$951			\$951

Management and Budget Treasury

<http://www.mmb.state.mn.us>

Statewide Outcome(s):

Treasury supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

Treasury Division is responsible for three functional areas: cash management, debt management, and capital budget implementation. Each of these functions helps to improve the efficient and effective use of state resources and ensure prudent financial management. The activities of Treasury are funded through general fund appropriations. The primary customers for Treasury are the Governor, legislators and their staff agencies and local governments, bond holders, and citizens.

Strategies:

The work of the Treasury Division can be divided into the following categories:

- **Cash Management Process** – Working with the State Board of Investment, agencies, state banking partners, and Minnesota Management & Budget (MMB) divisions, account for all receipts and deposits, provide accurate and prompt daily settlements to maximize investments, and make timely debt service payments.
- **Capital Budget Process** – Assisting state agencies and local governments in implementing capital budget appropriations in accordance with the Minnesota Constitution, state statutes and laws, and federal rules and regulations.
- **Debt Issuance Process** – Working with financial advisors, bond counsel, agencies, and sometimes underwriters, bring saleable bonds or other debt instruments to market to obtain the most favorable interest rates to the state and remain in compliance with the capital investment guidelines.
- **Information and Analysis** – Developing information on the capital budget and debt issuance process and policies related to for use by decision-makers, staff, and citizens.
- **Compliance** – Providing oversight and monitoring of the expenditures of bond and lease proceeds by agencies as well as following federal regulations, including arbitrage compliance and continuing disclosure.

Results:

While no single entity or circumstance can claim to be responsible for Minnesota’s cash and debt position, having timely, relevant, accurate and objective information available from Treasury helps decision makers to effectively manage our cash and debt position. Treasury monitors a number of indicators to help track our goals.

Performance Measures	Previous	Current	Trend
Bond Rating <ul style="list-style-type: none"> • Moody's • S&P • Fitch 	Aa1 AAA AAA	Aa1 (neg outlook) AA+ AA+	Worsening
In Compliance with Capital Investment Guidelines			
1. Total tax-supported principal outstanding as a percent of state personal income (Target: not greater than 3.35%)	2.45%	2.44%	Stable
2. Total amount of principal (both issued, and authorized but unissued) as a percent of state personal income (Target: not greater than six percent)	4.02%	3.99%	Stable
3. GO bonds scheduled to mature within five years (40%)/GO bond scheduled to mature within ten years (70%).	40%/70.1%	40%/70.1%	Stable

Performance Measures	Previous	Current	Trend
Interest rates on Minnesota GO Bonds compared to the Municipal Market data (MMD) scale.	-8 basis points	-18 basis points	Improving
Percent of Payments made by Outgoing Electronic Fund Transfers (Payments are made by both warrants and electronic fund transfers)	84.91%	85.79%	Improving

Performance Measures Notes:

Items we are tracking:

1. Bond Rating: This tracks what the state's GO bond rating was before July 2011 and what the current ratings are. Fitch downgraded the state's bond rating from AAA to AA+ in July 2011, S&P downgraded the state's bond rating from AAA to AA+ in September of 2011, and Moody's put the state on negative watch in August of 2011.
2. Capital investment guidelines: This is updated with every debt capacity forecast in February and November. The previous is based on the debt capacity forecast for November 2011 and the current is based on the debt capacity forecast for February 2012.
3. Interest Rate Spreads: Yields on the state's general obligation bonds – various purpose (fixed-rate, tax-exempt bonds) are benchmarked against the MMD scale for the sale date to determine how the Minnesota transaction compared to the MMD scale. Following a sale, yields for each maturity will be compared to the same day yields reported by MMD for comparably rated bonds (i.e., AA to AA) to determine the variances by maturity. The average basis point variance for the first 10 years, the non-callable bonds, will be calculated for the issue as well as the proxy, for comparison purposes. The previous is measured from the September 2011 sale and the current is measured from the August 2012 sale.
4. Percent of payments being made by outgoing electronic fund transfers (versus warrants). Electronic fund transfers are more efficient than processing warrants. Date for the previous is pulled from FY 2009 and date for current is pulled from FY 2010.

Budget Activity: Treasury**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$3,358			\$3,358
Current Law Expenditures (FY 2014-15)	\$3,961			\$3,961
Governor's Recommended Expenditures (FY2014-15)	\$3,961			\$3,961
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Treasury**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$3,962			\$3,962
SOURCES OF FUNDS	\$3,962			\$3,962
EXPENDITURES	\$3,961			\$3,961
PAYROLL EXPENSE	\$2,659			\$2,659
OPERATING EXPENSES	\$1,302			\$1,302
USES OF FUNDS	\$3,961			\$3,961

Management and Budget Management Analysis & Development

<http://www.mad.state.mn.us>

Statewide Outcome(s):

Management Analysis & Development supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The Management Analysis & Development (MAD) division is the state's management consulting organization. MAD offers a wide range of consulting services to all state and other public sector organizations. MAD staff consultants have worked on hundreds of projects for all state agencies, many boards and councils, the governor, the legislature, local units of government, and higher education institutions. MAD operates on a fee-for-service basis in a competitive market. MAD's clients have the option of contracting with private sector consultants or using their own, in-house staff. The direct customers are public sector managers and executives; however, the ultimate beneficiaries are the state agencies, other public entities, and the people whose services are improved.

Strategies:

MAD staff consultants provide problem-solving assistance and information to help leaders and managers make and implement better decisions. Specific services include organizational effectiveness assessment and improvement, meeting design and facilitation, process mapping and service redesign, performance measurement, contingency planning, legislative studies, service quality improvement, program evaluation, grant writing, surveys, strategic planning, and transition services

Results:

Agencies that contract with MAD see improvements such as increased productivity, clearer direction, better working relationships, additional grant income, better data for decision making, and increased cooperation and consensus with stakeholders and partners. MAD evaluates performance based on client surveys. The survey asks if the project had a positive impact on the client's organization and asks the client to rate their satisfaction on a one-to-five scale, with one equaling "very dissatisfied" and five equaling "very satisfied."

Performance Measures	Previous	Current	Trend
Organizations improved due to MAD's work	99%	99%	Stable
Customer satisfaction with MAD projects	4.7	4.7	Stable

Performance Measures Notes:

1. The first measure represents the percent of MAD projects in which clients said the organization was improved due to MAD's work, based on post-project surveys of MAD's clients. The previous period is FY 2009-2010, and the current period is FY 2011-2012.
2. The second measure reflects the average client response to the post-project survey question: "How would you rate your satisfaction with our work, using (a five-point) scale?" The previous period is FY 2009-2010, and the current period is FY 2011-2012.

Budget Activity: Management Analysis & Devlpmnt
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$520	\$4,721		\$5,241
Current Law Expenditures (FY 2014-15)	\$646	\$5,330		\$5,976
Governor's Recommended Expenditures (FY2014-15)	\$646	\$5,330		\$5,976
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		0%

Budget Activity: Management Analysis & Devlpmnt**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$1,019		\$1,019
REVENUE		\$4,889		\$4,889
APPROPRIATION	\$646	\$0		\$646
SOURCES OF FUNDS	\$646	\$5,908		\$6,554
BALANCE FORWARD OUT		\$579		\$579
EXPENDITURES	\$646	\$5,330		\$5,976
PAYROLL EXPENSE	\$639	\$2,785		\$3,424
OPERATING EXPENSES	\$7	\$2,545		\$2,552
USES OF FUNDS	\$646	\$5,909		\$6,555

Management and Budget

Enterprise Human Resources

<http://www.mmb.state.mn.us>

Statewide Outcome(s):

Enterprise Human Resources (EHR) supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

Enterprise Human Resources delivers innovative and strategic human resources (HR) solutions through our agency partners that align with business needs and contribute to the delivery of exceptional public services by our state employees. EHR promotes sound HR policies in decision-making and a statewide view in the management of human resources. Our primary customers are state government managers, supervisors, and HR staff. This activity is funded through general fund appropriations and fee-for-services. The Enterprise Learning, Development, and Talent Strategy unit collects fees for training it conducts.

Strategies:

The work of EHR contributes to efficient and accountable government services through the following strategies:

- **HR Systems:** the EHR operates centralized systems of records to store and retrieve statewide human resource information (Employee Learning management, SEMA4 and Applicant Tracking).
- **Compliance and Oversight:** the EHR function provides oversight and monitoring of enterprise application and implementation of state's HR policy framework, which includes classification, compensation, compliance, and selection.
- **Agency and Applicant Services:** the EHR provides technical assistance to agency HR departments in application and implementation of human resources practices framework.
- **Information and Analysis:** the EHR develops and publishes HR information for use by decision-makers, staff, and citizens.
- **Enterprise Learning, Development, and Talent Strategy:** the EHR provides training in competency-based leadership development, professional development, employee skills enhancement, talent leadership, career development planning services, and workforce planning services to agencies and individuals.

Each of these functions helps to improve the efficient and effective management of state human resources with the activities described under each segment.

Results:

The state of Minnesota is able to acquire, develop, engage, and retain a diverse workforce with the skills needed to deliver exceptional services to Minnesota citizens.

Performance Measures	Previous	Current	Trend
1. Percentage of customers who stated that they value MMB as a resource or expert on HR or Labor Relations	N/A	44%	N/A
2. Percentage of customers who stated that EHR was effective in developing, overseeing and maintaining the human resource policy framework	N/A	63%	N/A
3. Percentage of state employees who are receiving a required formal annual performance evaluation.	N/A	78%	Improving
4.a. Participant feedback surveys indicate effectiveness of the leadership courses.	N/A	Not yet available	N/A
4.b. Completion of 360 ° feedback tool	N/A	95	N/A

Performance Measures Notes:

1. Stakeholder survey was conducted in summer of 2012 to assess satisfaction with MMB services by division. Periodic surveys to be conducted in the future.
2. See #1.
3. EHR has begun an annual survey of state agencies to determine adherence to required performance evaluations. While the first survey was conducted in FY 2012, the number of evaluations has increased since the initiative began in March of 2012. Annual surveys are planned in future years.
4. a. ELD began initiatives in recent years to address the need for leadership development. In FY 2012, ELD started a senior leadership institute. Participation in this leadership course and the course for emerging leaders is increasing. Aggregate feedback is not available at this time, but will be available by the end of FY 2013.

b. ELD entered into a contract to offer an extraordinary leadership 360° feedback tool for managers and supervisors in line with our performance management development strategies. Since the tool was introduced in June 2012, 95 individuals have participated.

Budget Activity: Human Resource Management
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$4,305	\$2,805		\$7,111
Current Law Expenditures (FY 2014-15)	\$4,670	\$4,419		\$9,089
Governor's Recommended Expenditures (FY2014-15)	\$10,470	\$4,419		\$14,889
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$5,800	\$0		\$5,800
% Change from FY 2014-15 Current Law to Governor's Rec	124%	0%		64%

Budget Activity: Human Resource Management**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$673		\$673
REVENUE		\$4,514		\$4,514
APPROPRIATION	\$10,470	\$0		\$10,470
SOURCES OF FUNDS	\$10,470	\$5,187		\$15,657
BALANCE FORWARD OUT		\$765		\$765
EXPENDITURES	\$10,470	\$4,419		\$14,889
PAYROLL EXPENSE	\$6,900	\$1,600		\$8,500
OPERATING EXPENSES	\$3,570	\$2,819		\$6,388
OTHER FINANCIAL TRANSACTIONS	\$1			\$1
USES OF FUNDS	\$10,470	\$5,184		\$15,654

Management and Budget Labor Relations

<http://www.mmb.state.mn.us>

Statewide Outcome(s):

Labor Relations supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The Labor Relations program represents the executive branch in its role as the employer in the collective bargaining framework established by the Public Employees Labor Relations Act, MS Chap. 179A. This program seeks to promote a harmonious and productive relationship with the exclusive representatives (unions) of state employees while balancing the needs of management to provide efficient and accountable government services. The primary customers of this program are agency management, human resources offices, exclusive representatives (unions) and state executive branch employees. This program is funded through general fund appropriations.

Strategies:

- Negotiating labor contracts that balance the needs of the employees and the needs of management.
- Advising agencies on the day-to-day administration of the labor contracts, including employment investigations, employee discipline, labor contract interpretation and employee performance management so as to uphold management rights and promote harmonious relationships with exclusive representatives and employees.
- Training managers and supervisors so that they are able to implement the labor contract and uphold management rights while promoting harmonious relationships with exclusive representatives and employees.
- Working with the exclusive representatives to resolve labor/management issues.
- Representing the employer in labor arbitration proceedings to maintain management rights.
- Continuity of Operations planning to prepare for anticipated and unanticipated disruptions in government services such as weather emergencies, labor strikes, government shutdowns, etc.

Key partners include Governor's Office, all Minnesota Management & Budget (MMB) divisions, and human resources personnel throughout the executive branch, MN.IT business analysts, and management representatives in all agencies.

Results:

Strategies are working if:

- A voluntary labor contract is negotiated with the exclusive representatives in a timely manner.
- Positive feedback is received from agencies on the assistance provided in the day-to-day administration of the labor contracts.
- Grievances are avoided or resolved at the agency level.
- Arbitration awards uphold the employer's actions.

Performance Measures	Previous	Current	Trend
1. Number of voluntary labor contracts negotiated	9	0	Worsening
2. Percentage of surveyed key partners ranking MMB's effectiveness at 4 or 5 on:			
• Interpreting bargaining agreements and pay plans	N/A	76%	N/A
• Setting/maintain statewide policies for management's relationships with labor	N/A	59%	N/A
• Advising state agency management in their relationships with exclusive representatives.	N/A	51%	N/A

Performance Measures	Previous	Current	Trend
3. Unresolved grievances that go to arbitration	31	24	Improving
4. Arbitration awards upholding employer's actions	27	19	Worsening

Performance Measures Notes:

1. The previous measure reflects FY 2010-2011, and the current measure reflects FY 2012-2013.
2. MMB management survey of key stakeholders will be conducted every two years. Survey questions, response and results may be viewed at http://www.state.mn.us/mgmt_survey.
3. The previous measure covers July 1, 2008 through June 30, 2010, and the current measure covers July 1, 2010, through June 30, 2012.
4. The previous measure covers July 1, 2008 through June 30, 2010, and the current measure covers July 1, 2010 through June 30, 2012.

Budget Activity: Labor Relations**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$1,739	\$812		\$2,551
Current Law Expenditures (FY 2014-15)	\$1,702	\$909		\$2,611
Governor's Recommended Expenditures (FY2014-15)	\$1,702	\$909		\$2,611
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		0%

Budget Activity: Labor Relations**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$4		\$4
REVENUE		\$907		\$907
APPROPRIATION	\$1,702	\$0		\$1,702
SOURCES OF FUNDS	\$1,702	\$911		\$2,613
BALANCE FORWARD OUT		\$2		\$2
EXPENDITURES	\$1,702	\$909		\$2,611
PAYROLL EXPENSE	\$1,664			\$1,664
OPERATING EXPENSES	\$38	\$909		\$947
USES OF FUNDS	\$1,702	\$911		\$2,613

Management and Budget Agency Administration

<http://www.mmb.state.mn.us>

Statewide Outcome(s):

Agency Administration supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

Agency Administration provides leadership and operational support to the department. These activities include: administrative and technical support, human resources, fiscal services, communications, agency strategic direction and leadership through the commissioner's office. In addition, the internal control and accountability unit that promotes effective internal controls throughout state government is part of this division. Until the comprehensive information technology (IT) consolidation across state government occurred on July 1, 2012, the Information Services section was a large part of the Agency Administration Division. Their work is now under the direction of MN.IT Services.

Typical work performed within this division includes fiscal, human resource, and strategic planning for the agency. This division also manages the production of several key documents including the Governor's budget, economic forecasts, and the state's Comprehensive Annual Financial Report (CAFR). In addition, our communications unit works with all state agencies and the Governor's office on relevant issues as well as providing internal communications within Minnesota Management & Budget (MMB). Most members of the Agency Administration Division work with both internal and external customers across all aspects of state government including the Governor, the legislature, and the media.

This division is funded primarily through a general fund appropriation. A small portion of additional funding is provided by a special revenue fund for those costs associated with the support of the Statewide Employees Group Insurance Plan (SEGIP) unit within MMB.

Strategies:

With the recent introduction of new statewide systems like Statewide Integrated Financial Tools (SWIFT) and Budget Planning and Analysis System (BPAS), MMB has re-examined the department's strategies to ensure we continue to strive to provide the most efficient and accountable services within MMB as well as across state government. One example involves the development of the CAFR, which will utilize a completely new process this year as SWIFT provides a different approach to its production. Another example involves the production of the Governor's FY 2014-15 budget using BPAS for the first time. In addition, the department has undertaken a significant strategic planning process that provides us with direction for additional actions over the next few years that will continue to build on the efficiencies we deploy both in-house as well as across all of state government. The resulting strategies are:

- Maintain and enhance statewide systems to promote efficiency and improved decision making.
- Develop an agency-wide culture of collaboration that fosters relationship building, mutual understanding and common-voice communications that result in better served customers. Specifically, seek out and identify opportunity for division/work units to partner/collaborate on projects that serve common departmental interests and customers, and promote the activity.
- Determine data/information most critical to our mission/customers, conduct an audit of data/analysis and set priorities and policy for data access and delivery.
- Lead a workgroup of state agency partners and other stakeholders to create a model recruitment and retention plan for state employees.

Other existing strategies in place for Agency Administration include:

- Communication needs are met timely across state government, the legislature, and media
- Performance reviews take place on an annual basis
- Major information products are released on time
- Fiscal transactions are processed on a timely basis and in accordance with statewide standards
- Human Resources functions are performed within existing policies and procedures

Results:

Expected results from our new strategies include:

- Statewide systems are optimized for improved efficiencies
- Collaborative partnerships expanded across all areas of the department as applicable
- Critical data points established through analysis and prioritization
- Create model recruitment and retention plan

Results from other existing strategies include:

- Consistent communication needs are met
- Annual performance reviews are all up-to-date
- Major documents are produced on time and within budget
- Fiscal and human resources functions are performed within established parameters

Performance Measures	Previous	Current	Trend
Percentage of MMB performance reviews completed annually	<50%	100%	Improving
Major information documents produced timely and within budget	100%	100%	Stable
Employee retention percentage	85-90%	85%	Stable

Performance Measures Notes:

1. The previous measure reflects calendar year 2011, and the current measure reflects 2012. Significant effort throughout the department resulted in over 95 percent of performance reviews completed within established guidelines. Any remaining performances reviews at that time have now been completed, ensuring an 100 percent rate for calendar year 2012.
2. This measure reflects the timely and within budget production of the Governor's budget recommendations, two economic forecast documents (November and February), and the state's Comprehensive Annual Financial Report (CAFR). The previous measure reflects fiscal year 2011, and the current measure reflects fiscal year 2012. MMB has a long-standing history of producing all of these documents on-time and within the planned budget.
3. This measure reflects the percentage of MMB employees retained. The previous measure reflects calendar year 2011, and the current measure reflects calendar year 2012 (estimated). Historically, MMB has a higher turnover rate compared to state government as a whole. We attribute that to the work we perform at the enterprise level that makes our staff very attractive to other state agencies, or other governmental entities. As we explore statewide options for a model recruitment and retention plan, we expect to deploy those tools within MMB in an effort to reduce or retention rate.
4. As we deploy activities across the department related to our recent strategic planning efforts, we expect to expand our use of performance measures within the next 24 months.

Budget Activity: Agency Administration
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$14,316	\$21,367		\$35,683
Current Law Expenditures (FY 2014-15)	\$11,026	\$19,688		\$30,714
Governor's Recommended Expenditures (FY2014-15)	\$11,026	\$19,688		\$30,714
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		0%

Budget Activity: Agency Administration**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$6,109		\$6,109
REVENUE		\$20,998		\$20,998
TRANSFERS IN	\$20			\$20
APPROPRIATION	\$11,030	\$0		\$11,030
SOURCES OF FUNDS	\$11,050	\$27,107		\$38,157
BALANCE FORWARD OUT		\$7,419		\$7,419
TRANSFERS OUT	\$24			\$24
EXPENDITURES	\$11,026	\$19,688		\$30,714
PAYROLL EXPENSE	\$2,288	\$1,288		\$3,576
OPERATING EXPENSES	\$8,738	\$18,400		\$27,138
USES OF FUNDS	\$11,050	\$27,107		\$38,157

Management and Budget

State Employee Group Insurance Plan (SEGIP)

<http://www.mmb.state.mn.us>

Statewide Outcome(s):

SEGIP supports the following statewide outcome(s).

Efficient and accountable government services.

Minnesotans are healthy.

Context:

SEGIP provides benefits to eligible employees, retirees, and dependents in all three branches of state government, Minnesota State Colleges and Universities (MnSCU), and certain quasi-state agencies. These insurance benefits include health, dental, life, long and short-term disability, long-term care coverage, as well as pre-tax accounts. This activity covers over 120,000 individuals statewide, and is funded through premiums collected from state agencies and other participating groups, and from employees and retirees. In general, these are pass-through funds to insurance carriers, third party administrators, and other vendors. SEGIP's administrative revenues are collected primarily through direct, per employee charges to state agencies and other groups.

The key issue addressed by SEGIP centers on the provision of cost-effective, high quality insurance benefits for members; SEGIP is a demanding buyer that sets clear specifications for providers, buys selectively and holds providers accountable for value-based results.

Strategies:

- SEGIP strives for effectiveness and efficiency in term of administrative and service costs, as well as choice/flexibility for members. SEGIP strives for measurable outcomes for the state and the medical providers in the Advantage Health Plan.
- SEGIP's key partners are the health plans participating in SEGIP, state agencies, and the unions representing state employees.
- By providing efficient and affordable care, SEGIP contributes to the state's goals of healthy Minnesotans and efficient and accountable government services.
- A comprehensive audit of all SEGIP programs and vendors was completed in 2011. The purpose of the audit was to identify gaps in care, coordinate services, and increase quality and satisfaction while controlling costs. Targets have been established for participation and completion of programs across all vendors. Tools have been created for enhanced measurement of program targets and outcomes which demonstrate vendor accountability and health improvement. Chronic diseases are being addressed by programming and measurement to improve outcomes and reduce costs.
- SEGIP has a comprehensive Employee Assistance Program (EAP) in which employees and their families have 24/7 confidential access to EAP counselors. Tools have been developed to measure utilization, outcomes and accessibility of services.
- The Advantage health plan makes available all provider groups within the state of Minnesota and surrounding communities.

Results:

- SEGIP's contracts with its medical, dental, and pharmacy carriers contain performance metrics focused on three primary areas: Cost management; Health Outcomes; Provider Network Management and Operational Performance. The dollars available for incentive (where appropriate) or forfeiture is based on a percentage of the administrative fee paid by SEGIP to the carrier.
- SEGIP encourages its medical carriers to enter into contracting arrangements with providers that engage the provider in new approaches to how the payer and provider work together. Such agreements change incentives for payment to high quality cost-effective care (right time, right place, right care) rather than paying for the amount of services provided. Providers are rewarded financially if the care is both cost-effective and of high quality.

- SEGIP recently completed a dependent eligibility verification audit to ensure that only eligible dependents are covered under the SEGIP health plans.

Performance Measures	Previous	Current	Trend
1. Plan administration costs (projected at 4.9 percent in 2013) will stay below the industry norm of 8 percent	N/A	4.9% (projected)	N/A
2. Plan medical claims costs (projected at 5.9 percent for 2013) will stay below the current industry standard of 2-9 percent for national programs.	N/A	5.9% (projected)	N/A
3. 85 percent of plan participants will seek care from high quality/low cost providers	60%	85% (projected)	Improving

Performance Measures Notes:

1. The time frame for the projected performance is Plan Year 2013, January 1 – December 31, 2013.
2. The time frame for the projected performance is Plan Year 2013, January 1 – December 31, 2013.
3. The time frame for the projected performance is Plan Year 2013, January 1 – December 31, 2013. The previous measure reflects performance for 2002.

Budget Activity: State Employee Group Ins Pgrm
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$1,519,002		\$1,519,002
Current Law Expenditures (FY 2014-15)		\$1,550,313		\$1,550,313
Governor's Recommended Expenditures (FY2014-15)		\$1,550,313		\$1,550,313
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

Budget Activity: State Employee Group Ins Pgrm**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN		\$250,373		\$250,373
REVENUE		\$1,532,112		\$1,532,112
SOURCES OF FUNDS		\$1,782,485		\$1,782,485
BALANCE FORWARD OUT		\$232,146		\$232,146
TRANSFERS OUT		\$26		\$26
EXPENDITURES		\$1,550,313		\$1,550,313
PAYROLL EXPENSE		\$7,962		\$7,962
OPERATING EXPENSES		\$1,542,297		\$1,542,297
OTHER FINANCIAL TRANSACTIONS		\$54		\$54
USES OF FUNDS		\$1,782,485		\$1,782,485

Management and Budget

Employee Insurance Division/Public Employees Insurance Program (PEIP)

<http://www.mmb.state.mn.us>

Statewide Outcome(s):

Employee Insurance Division supports the following statewide outcome(s).

Efficient and accountable government services.

Minnesotans are healthy.

Context:

PEIP is defined in M.S. 43A.316 and provides Minnesota's public employers with the option to purchase an affordable, uniform package of health care and other benefits for employees, their dependents, and retirees. This population includes 84 public employer groups: 47 school districts, 25 cities and townships, three counties and nine other units of government. The average number of employees per group is 59, with groups ranging in size from one to more than 1,200. PEIP is funded by employer group premiums. Premiums collected in excess of expenses are used to minimize the rate charges to employer groups. Premium investment income is used to offset administrative expenses.

The key issue addressed by PEIP centers on the provision of cost-effective, high quality insurance benefits for members; PEIP is a demanding buyer that sets clear specifications for providers, buys selectively and holds providers accountable for value-based results.

Strategies:

- PEIP strives for effectiveness and efficiency in term of administrative and service costs, as well as choice/flexibility for members.
- PEIP's key partners are public employers in Minnesota, and the health plans participating in PEIP.
- By providing efficient and affordable care, PEIP contributes to the state's goals of healthy Minnesotans and efficient and accountable government services.

Results:

- One hundred percent of PEIP's membership is enrolled in the highly successful Minnesota Advantage Health Plan.
- PEIP provided more than 200 local units of government and their 60,000 employees with quotes for coverage during FY 2011 and 2012.
- PEIP's viability and overall impact in the market are determined to a large extent by the number of participating employee groups and the number of individuals covered by the program. Because the program is not mandatory, membership fluctuates. At present, approximately 10,500 employees, retirees and dependents are covered under PEIP, the most to every have participated in the program.
- Following on SEGIP activities for the Advantage Health Plan, PEIP groups benefit from the following:
 - A comprehensive audit of all SEGIP programs and vendors was completed in 2011. The purpose of the audit was to identify gaps in care, coordinate services, and increase quality and satisfaction while controlling costs. Targets have been established for participation and completion of programs across all vendors. Tools have been created for enhanced measurement of program targets and outcomes which demonstrate vendor accountability and health improvement. Chronic diseases are being addressed by programming and measurement to improve outcomes and reduce costs.
 - SEGIP encourages its medical carriers to enter into contracting arrangements with providers that engage the provider in new approaches to how the payer and provider work together. Such agreements change incentives for payment to high quality cost-effective care (right time, right place, right care) rather than paying for the amount of services provided. Providers are rewarded financially if the care is both cost-effective and of high quality.

- As the program grows, PEIP's contracts with its medical, dental, and pharmacy carriers will contain performance metrics focused on three primary areas: cost management; health outcomes; and provider network management and operational performance. The dollars available for incentive (where appropriate) or forfeiture is based on a percentage of the administrative fee paid by SEGIP to the carrier.

Performance Measures	Previous	Current	Trend
1. Contingency reserve level	39.9%	31.2%	Stable
2. Plan medical claim costs (projected at 5.9 percent) for 2013 will stay below the current industry standard of 2-9 percent for national programs	N/A	5.9% (projected)	N/A
3. 85 percent of plan participants will seek care from high quality/low cost providers	60%	85% (projected)	Improving

Performance Measures Notes:

1. A program of this size, combined with the inherent fluctuation of voluntary membership requires a contingency reserve equal to 20 percent - 40 percent of annual premium. The previous measure reflects the contingency reserve level on 6/30/11 and the current measure reflects the reserve level on 6/30/12.
2. The time frame for the projected performance is Plan Year 2013, January 1 – December 31, 2013.
3. The time frame for the projected performance is Plan Year 2013, January 1 – December 31, 2013. The previous measure reflects performance for 2012.

Budget Activity: Public Employees Insurance Pgrm
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$83,098		\$83,098
Current Law Expenditures (FY 2014-15)		\$82,798		\$82,798
Governor's Recommended Expenditures (FY2014-15)		\$82,798		\$82,798
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

Budget Activity: Public Employees Insurance Pgrm**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$19,617		\$19,617
REVENUE		\$83,076		\$83,076
SOURCES OF FUNDS		\$102,693		\$102,693
BALANCE FORWARD OUT		\$19,895		\$19,895
EXPENDITURES		\$82,798		\$82,798
PAYROLL EXPENSE		\$484		\$484
OPERATING EXPENSES		\$82,308		\$82,308
OTHER FINANCIAL TRANSACTIONS		\$6		\$6
USES OF FUNDS		\$102,693		\$102,693

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Mission:

The mission of the Department of Natural Resources (DNR) is to work with citizens to conserve and manage the state's natural resources, to provide outdoor recreation opportunities, and to provide for commercial uses of natural resources in a way that creates a sustainable quality of life.

Statewide Outcome(s):

Natural Resources supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Strong and stable families and communities.

A clean, healthy environment with sustainable uses of natural resources.

DNR operates under a "triple bottom line" principle that economic prosperity and vibrant communities depend on a healthy environment and sustainable use of natural resources.

DNR is also a contributor to the statewide outcome:

People in Minnesota are safe.

Context:

Key Issues. Minnesota's natural resources play a key role in the state's economic engine and quality of life. Yet, Minnesota is at natural resources sustainability crossroads as complex challenges reshape the state's natural heritage. Invasive species threaten the health and resiliency of Minnesota's lands and waters. Growth patterns in cities, on farmlands, in working forestlands, and around shorelands are impacting land and water conditions and their sustainable use. Climate changes are altering Minnesota's lands and waters and are projected to significantly intensify the negative effects of wildfires, invasive species, and wildlife and plant diseases. Growing markets for renewable energy offer opportunities to conserve natural resources and enhance energy price stability and security. Minnesota's nationally and internationally significant mineral resources are drawing significant development interest, while processing technology and environmental impact mitigation are advancing. Complex social and demographic trends are changing how citizens use and view Minnesota's environment, while creating new demands for diverse outdoor recreation opportunities and services.

Agency Priorities. DNR serves a diverse and changing public as it works to achieve the following mission-critical goals:

Goal 1. Minnesota's waters, natural lands, and diverse fish and wildlife habitats will be conserved and enhanced

Goal 2. Minnesota's outdoor recreation opportunities meet the needs of new and existing Minnesotans so that all feel connected to nature.

Goal 3. Management of Minnesota's natural resources will contribute to strong and sustainable job markets, economies, and communities.

Goal 4. DNR will be an excellent organization that continually improves its management capabilities in service to its conservation mission.

Budget. DNR operates on direct, open, and statutory appropriations: general fund, game and fish fund, natural resources fund, federal funds, legacy fund, environmental trust fund, and other special revenue. DNR budget information can be found at http://files.dnr.state.mn.us/aboutdnr/budget/fy12-13/budget_spent.pdf

Major shifts in traditional sources of conservation funding are influencing how the department accomplishes its work. This challenges DNR to adjust its strategic funding framework in ways that ensure efficient and consistent delivery of mission-critical services.

Strategies:

DNR's work to sustain Minnesota's natural lands and waters serves as a foundation to achieve the state's triple bottom line – a healthy environment, a strong economy, and vibrant communities. DNR advances mission-critical priorities and contributes to statewide outcomes through the following integrated organizational structure:

- **Division of Ecological and Water Resources** works to ensure the long-term health of watersheds across the state that support water quality and maintain water quantity, biodiversity, and vital ecosystem services.
- **Division of Enforcement** enforces laws related to game and fish, wetlands, aquatic plants, and the operation of watercraft, snowmobiles, all-terrain vehicles, and other recreational vehicles, and provides conservation and safety education programs.
- **Division of Fish and Wildlife** conserves and enhances the state's fish and wildlife populations and their supporting habitats through regulation, restoration, research, monitoring, and education.
- **Division of Forestry** protects citizens and property from wildfire and strives for the sustainable yield of timber resources for forest products while managing state forests for wildlife habitat and recreation.
- **Division of Lands and Minerals** manages agency real estate transactions and promotes, regulates, and provides expertise on mineral exploration, mining, and mine land reclamation.
- **Division of Parks and Trails** operates a system of state park and state forest campgrounds that conserves natural, scenic, and cultural resources; maintains a statewide network of recreational trails; provides public access to lakes, rivers, and streams; and offers education opportunities.
- **Operations Support** provides the policy, business, and managerial foundation to support DNR's mission including planning and facilitating the deployment of the agency's financial, human, and physical resources.

DNR's integrated organizational structure efficiently contributes to vital statewide outcomes.

Minnesota's natural resource-based economy

- DNR offers for sale 700,000 to 900,000 cords of wood annually from state forest lands – about one third of the state's timber harvest while Minnesota's forest products sector has an economic impact of \$13.8 billion in sales annually, \$6.4 billion value added per year, and 67,300 jobs
- Hunting, fishing and wildlife watching generates \$4.3 billion annually and supports 55,000 jobs
- With 12 million acres of state mineral rights, mining is the biggest contributor to northeast Minnesota's economy

Natural resource conservation and enhancement

- Forest certification on 4.8 million acres of state forest lands maintains the market competitiveness of Minnesota's forest industry, providing timber, habitat, clean water, and recreation opportunities
- DNR maps and monitors ground water – two-thirds of public water supply comes from ground water
- DNR monitors the state's surface waters with 2,800 monitoring sites across the state
- DNR manages 1,430 wildlife management areas (WMAs) with 1.3 million acres of habitat and 840 shoreland miles administered as aquatic management areas (AMAs)
- DNR manages approximately 150 scientific and natural areas (SNAs), encompassing 180,000 acres

Outdoor recreation

- Minnesota has the nation's highest per-capita participation in fishing, while numbers of hunters, park visitors, trail users, and wildlife watchers are all above the national average. About 29 percent of Minnesotans fish, 15 percent Minnesotans hunt or trap, and 54 percent view or photograph wildlife
- 74 state parks and recreation areas, 54 state forest campgrounds and day use areas, eight state waysides

-
- 1,300 miles of developed state trails, 23,000 miles of snowmobile trails, 1,500 miles of cross-country ski trails, 2,000 miles of off-highway vehicle trails
 - 30 water trails totaling 4,300 miles, 1,600 public accesses, 350 fishing piers and shore fishing sites

Measuring Success:

DNR employs a performance management system that connects agency mission and goals to budgets and uses performance measures and targets to measure conservation results. DNR's "Strategic Conservation Agenda: Performance and Accountability Report", (http://www.mndnr.gov/conservation_agenda/performance) a core part of this system, uses more than 90 performance measures and conservation targets to measure and communicate progress towards agency goals. Performance measures and targets are updated and reported annually. DNR's Outcomes Tracking System provides up-to-date and integrated performance reporting of DNR Grant programs (<http://www.dnr.state.mn.us/grants/outcomes/index.html>) and programs receiving Legacy Amendment Funds (<http://www.dnr.state.mn.us/legacy/dnr-projects.html>)

Natural Resources**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$163,684	\$910,905	\$36,512	\$1,111,101
Current Law Expenditures (FY 2014-15)	\$146,837	\$626,610	\$31,753	\$805,201
Governor's Recommended Expenditures (FY2014-15)	\$158,417	\$709,370	\$31,753	\$899,541
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$11,580	\$82,760	\$0	\$94,340
% Change from FY 2014-15 Current Law to Governor's Rec	8%	13%	0%	12%

**Natural Resources
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN	\$14	\$73,471	\$2,666	\$76,151
REVENUE	\$0	\$362,916	\$34,317	\$397,233
TRANSFERS IN		\$93,861		\$93,861
APPROPRIATION	\$210,346	\$435,237	\$0	\$645,583
SOURCES OF FUNDS	\$210,360	\$965,485	\$36,983	\$1,212,828
BALANCE FORWARD OUT	\$14	\$71,652	\$5,229	\$76,895
TRANSFERS OUT	\$51,927	\$62,302		\$114,229
CANCELLATIONS		\$122,154		\$122,154
EXPENDITURES	\$158,417	\$709,370	\$31,753	\$899,541
PAYROLL EXPENSE	\$63,294	\$310,153	\$7,269	\$380,715
OPERATING EXPENSES	\$75,202	\$311,577	\$11,318	\$398,098
OTHER FINANCIAL TRANSACTIONS	\$18,147	\$9,837	\$568	\$28,552
GRANTS, AIDS AND SUBSIDIES	\$1,629	\$46,787	\$9,513	\$57,929
CAPITAL OUTLAY-REAL PROPERTY	\$144	\$31,017	\$3,086	\$34,247
USES OF FUNDS	\$210,358	\$965,478	\$36,982	\$1,212,819

Natural Resources

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Investments in Forest Management

The Governor recommends funding for management of state forest lands, including timber harvest, forest inventory, reforestation, and forest road maintenance, thus supporting both the state's recreation and forest products industries. This investment grows Minnesota's natural resource-based economy while sustaining the state's forests, which are important for connecting citizens to the outdoors.

Performance Measures:

This investment will improve forest productivity, forest health, and wildlife habitat.

General Fund	Expenditure	2,000	2,000	4,000	2,000	2,000	4,000
	Net Change	2,000	2,000	4,000	2,000	2,000	4,000

Improving Parks and Trails Operations and Customer Service

The Governor recommends funding for improved operations, maintenance, and customer service of state parks and trails. State parks and trails provide diverse recreation experiences in Minnesota's outdoor places. State parks and trails also play an important role in Minnesota's local economies, drawing more than 8 million visitors to communities annually and supporting the state's \$11.3 billion tourism economy.

Performance Measures:

This investment helps the department of natural resources meet the growing public demand for safe, enjoyable, and accessible outdoor recreation opportunities.

General Fund	Expenditure	2,250	2,250	4,500	2,250	2,250	4,500
	Net Change	2,250	2,250	4,500	2,250	2,250	4,500

Managing Aquatic Invasive Species

The Governor recommends funding for aquatic invasive species (AIS) management, prevention, and enforcement. AIS threaten the health of the state's waters and the recreational enjoyment of and economic benefits derived from water. This appropriation will permanently replace expiring one-time money and will allow the department of natural resources to continue to control the spread and minimize the harmful effect of nonnative aquatic species.

Performance Measures:

This investment will contribute to managing aquatic invasive species and preventing their spread in the state.

General Fund	Expenditure	3,750	3,750	7,500	3,750	3,750	7,500
	Net Change	3,750	3,750	7,500	3,750	3,750	7,500

Natural Resources

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Asian Carp Deterrent Barrier Insurance

The Governor recommends funding the insurance costs required on the Asian carp deterrent barrier project at Lock and Dam #1 (Ford Dam) from the natural resources fund. The United States Army Corps of Engineers requires insurance coverage that exceeds the State's liability limits. This deterrent barrier is an important strategy in responding to the threats Asian carp pose to the health of the Mississippi river and all the connected rivers and lakes within its watershed.

Performance Measures:

This investment will meet the insurance requirement for the Asian carp deterrent barrier project.

Other Funds	Expenditure	200	200	400	200	200	400
	Net Change	200	200	400	200	200	400

Investments in Game and Fish Management and Habitat Conservation

The Governor recommends appropriating proceeds of existing increased license fees from the game and fish fund to accelerate work related to fish and wildlife populations, habitat, and regulation enforcement. This investment will improve the health of fish and wildlife populations and habitat through land conservation, population assessments, research and control of wildlife disease, inventory and monitoring, outreach, and enforcement.

Performance Measures:

Citizens will continue to safely enjoy high-quality hunting and fishing opportunities through this investment.

Other Funds	Expenditure	4,000	4,000	8,000	4,000	4,000	8,000
	Net Change	4,000	4,000	8,000	4,000	4,000	8,000

Game and Fish Policy Bill

The Governor recommends a variety of minor changes to game and fish provisions. Components include aligning non-resident youth license requirements with resident youth; allowing the agency to recover costs for responding to escaped farmed cervids (deer and elk); clarifying revenues generated from aquatic management areas (AMA) and wildlife management areas (WMA) with constitutionally dedicated investments can continue to be deposited in the game and fish fund; and other miscellaneous changes.

Performance Measures:

This change will better align the agency's policies to support its fish and wildlife activities.

Other Funds	Revenue	(10)	(19)	(29)	0	0	0
	Net Change	10	19	29	0	0	0

Natural Resources

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Clean Water Legacy - Multiple Activities

The Governor recommends clean water legacy money to (1) advance research related to watershed health and protection strategies; (2) groundwater and geological information; (3) to advance monitoring and assessment of aquifers, stream flow, lake health, and fish contamination; and (4) to support local implementation of water quality protection efforts related to nonpoint sources. These projects and programs have been prioritized based on assessments of water quality issues.

Performance Measures:

This legacy funding will continue funding the long-term, collaborative effort to achieve cleaner water in Minnesota.

Other Funds	Expenditure	9,010	9,010	18,020	0	0	0
	Net Change	9,010	9,010	18,020	0	0	0

Parks and Trails Legacy - Multiple Activities

The Governor recommends parks and trails legacy money for state parks and trails as allocated by the parks and trails legacy funding work group, which was convened as directed by the 2011 Legislature. Funding will support the renewal, restoration, and rehabilitation of state parks and trails, acquisition and development, resource protection, and enhanced interpretation and outreach.

Performance Measures:

This legacy funding will provide for expanding and improving state parks and trail opportunities that connect people to the outdoors.

Other Funds	Expenditure	15,901	16,493	32,394	0	0	0
	Net Change	15,901	16,493	32,394	0	0	0

Parks and Trails Legacy - Grant to Greater Minnesota

The Governor recommends parks and trails legacy funding money for Greater Minnesota regional parks and trails as allocated by the parks and trails legacy funding work group. Funding will support the acquisition and development of regional park and trails, improvement and restoration of existing facilities, and program development in greater Minnesota.

Performance Measures:

This legacy funding will allow greater Minnesota to expand and improve fund parks and trails of regional or statewide significance.

Other Funds	Expenditure	7,950	8,247	16,197	0	0	0
	Net Change	7,950	8,247	16,197	0	0	0

Natural Resources

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Parks and Trails Legacy - Collaboration among Parks and Trails Legacy Partners

The Governor recommends using a portion of the Parks and Trails Legacy fund to establish an appropriation to support coordinated activities among the three parks and trails systems (state, metro, and Greater Minnesota). Half of the funding will support capacity building efforts for Greater Minnesota Regional Parks and Trails Coalition for five years. It will allow the coalition to determine visitation data and operating expenditures as well as implement outcomes from the Greater Minnesota strategic plan.

Performance Measures:

This legacy funding will allow for increased coordination among the many partners that support the state and regional parks and trails system to create a seamless network focused on visitor experiences.

Other Funds	Expenditure	200	207	407	0	0	0
	Net Change	200	207	407	0	0	0

Scientific Management Tools for Sustainable Forestry and Invasive Species Mitigation

The Governor recommends continuing to fund the agency's ecological classification system (ECS,) a scientific framework that helps the agency select the right management treatments to optimize timber production and wildlife benefits. Funding from the game and fish fund will be used to (1) accelerate the native plant community mapping, (2) continue developing silvicultural interpretations for management based on the native plant community mapping, and (3) advance invasive species management work.

Performance Measures:

The continuation of this system will allow at least 100,000 acres of state forest lands to be mapped annually; silvicultural interpretations to be developed for additional native plant communities; and broader implementation of invasive species guidelines to better protect state forest lands.

Other Funds	Expenditure	1,000	1,000	2,000	1,000	1,000	2,000
	Net Change	1,000	1,000	2,000	1,000	1,000	2,000

Technical Change for Parks and Trails Reservation System Contract Management

The Governor recommends a technical change in the current parks and reservation system contract. Currently, people making reservations pay the contractor and the contractor pays DNR. This would create the necessary structure so people could pay DNR and then DNR would pay the contractor. This change allows the state to more effectively manage revenues and expenditures.

Performance Measures:

This will result in more efficient government.

Other Funds	Expenditure	500	500	1,000	500	500	1,000
	Net Change	500	500	1,000	500	500	1,000

Natural Resources

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Critical Habitat License Plate Donation Increase

The Governor recommends increasing the cost for the critical habitat license plates from \$30 to \$40 in order to more fully leverage private donations. These contributions have been used as the state's match for the Reinvest in Minnesota (RIM) critical habitat private sector matching account which funds acquisition and improvement of important natural habitats, management of nongame wildlife, and procurement of quality recreational opportunities, such as hunting, fishing, and wildlife watching.

Performance Measures:

This will allow the agency to increase support to activities that promote healthy, productive habitat and fish and wildlife populations.

Other Funds	Expenditure	800	800	1,600	800	800	1,600
Other Funds	Revenue	1,300	1,300	2,600	1,300	1,300	2,600
	Net Change	(500)	(500)	(1,000)	(500)	(500)	(1,000)

Conservation Officer Pre-Employment Education Program

The Governor recommends funding from the natural resources fund and game and fish fund to train the next class of conservation officers by providing law enforcement training and a living wage while candidates attend classes through the state community college system. This proposal aims to improve diversity by recruiting and hiring candidates who hold an existing four-year degree in a field other than law enforcement.

Performance Measures:

The program will result in more trained conservation officers and a more diverse conservation officer workforce

Other Funds	Expenditure	250	250	500	250	250	500
	Net Change	250	250	500	250	250	500

Data Analytics and Decision Tools

The Governor recommends funding from the natural resources fund, game and fish funds and the special revenue fund to build an enterprise-wide system to 1) improve data integration; 2) link financial tracking, program administration, and outcomes reporting systems; and 3) increase access to data and decision-support tools. This investment will improve the information available to the agency and to the public and will provide tools to better inform decisions and track results.

Performance Measures:

This investment aims to modernize and improve the agency's data tools and performance reporting.

Other Funds	Expenditure	300	300	600	300	300	600
	Net Change	300	300	600	300	300	600

Natural Resources

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Aquatic Plant Management Fee Increases

The Governor recommends changing aquatic plant management (APM) permit fees deposited into the natural resources fund to cover the full costs of these activities. The purpose of the APM permit program is to protect the beneficial functions of aquatic vegetation while allowing riparian property owners to obtain reasonable access to public waters.

Performance Measures:

These changes will allow for the continued effective permitting to protect aquatic habitat

Other Funds	Revenue	700	700	1,400	700	700	1,400
	Net Change	(700)	(700)	(1,400)	(700)	(700)	(1,400)

Drill Hole Inspections and Drill Core Library Fee

The Governor recommends establishing a user fee deposited in the special revenue account to conduct drill hole inspections and to utilize the state's drill core library located in Hibbing. This fee increase combined with a reduction in the hours of operation will allow the division to fully capture the cost of operating the library.

Performance Measures:

The services provided will be streamlined, resulting in greater efficiencies.

Other Funds	Expenditure	209	209	418	209	209	418
Other Funds	Revenue	209	209	418	209	209	418
	Net Change	0	0	0	0	0	0

Real Estate, Mining, and Minerals Activities Fee Increases

The Governor recommends increasing permit to mine fees and fees for mineral, real estate, and state aggregate leases to more fully recover these costs. The increases, deposited in the special revenue and natural resources accounts, will accelerate the processing of applications, will more fairly distribute permitting and transaction costs among users, and will continue water quality research related to mine permitting. Additionally, the funding will provide funding for reclamation activities associated with smaller gravel pits, such as land sloping and planting vegetation.

Performance Measures:

These increases will allow these services to continue and will create processing efficiencies.

Other Funds	Expenditure	414	460	874	515	556	1,071
Other Funds	Revenue	432	478	910	523	554	1,077
	Net Change	(18)	(18)	(36)	(8)	2	(6)

Natural Resources

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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State Cross Country Ski Trail Grooming and Maintenance

The Governor recommends funding from the cross country ski account to sustain and expand the miles of groomed ski opportunities at state parks, trails, and recreation areas. Cross country skiing is one of the primary recreation uses in state parks during the winter months, and groomed trails provide a significant draw to key areas of the state during the off-peak season. Half of the statewide cross country ski opportunities in the state are provided at state parks and trails.

Performance Measures:

This investment will maintain or increase the number of miles of groomed cross country ski trails in priority parks and state recreation areas.

Other Funds	Expenditure	75	75	150	75	75	150
	Net Change	75	75	150	75	75	150

Local and Regional Trail Grants Lottery in Lieu

The Governor recommends additional funding from the lottery-in-lieu account to provide additional grants to local governments for the acquisition and development of regional trails and trail connections to meet the increased demand for outdoor recreation trail activities in local communities throughout the state. Trails are important to local communities, expanding outdoor recreation opportunities and providing safe connections between local schools, businesses, residential areas, recreation areas, and other trails.

Performance Measures:

This investment will allow for more grants to be awarded to local units of government to meet demand.

Other Funds	Expenditure	200	200	400	200	200	400
	Net Change	200	200	400	200	200	400

Grey Wolf Appropriation Elimination

The Governor recommends eliminating the appropriation for grey wolf management from the non-game wildlife account. The 2011 Legislature established a new the wolf management and monitoring account, which has provided funding to support grey wolf management activities since July 1, 2012. The appropriation is no longer needed since the federal government delisted the grey wolf in January 2012, with management responsibility for the species shifting to the state.

Performance Measures:

This proposal provides savings to the state by reducing unnecessary expenditures

Other Funds	Expenditure	(100)	(100)	(200)	(100)	(100)	(200)
	Net Change	(100)	(100)	(200)	(100)	(100)	(200)

Natural Resources

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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General Fund Adjustment

The Governor recommends a reduction to the of the agency's general fund operating budget which will be achieved by increasing fess for some activities that have been subsidized by the general fund. These include full-cost recovery for real estate services on state managed lands, restructuring operations for the state's drill core library, and eliminate general fund support for prairie wetlands. This adjustment will help free up general funds for higher priority uses such as forestry and parks and trails.

Performance Measures:

This adjustment will require the agency's divisions that manage state lands to cover the full cost of administering these lands and will streamline operations at the state's drill core library.

General Fund	Expenditure	(2,210)	(2,210)	(4,420)	(2,210)	(2,210)	(4,420)
	Net Change	(2,210)	(2,210)	(4,420)	(2,210)	(2,210)	(4,420)

LaSalle Lake State Recreation Area Fee Change

The Governor recommends removing the permit requirement for the LaSalle lake state recreation area for visitors who are not using developed campground and day use facilities to allow hunters and anglers access to the recreation area to hunt and fish without incurring the additional cost of a park permit.

Performance Measures:

Removing the permit requirement for those visitors will encourage greater use of the recreation area by hunters and anglers.

Other Funds	Expenditure	0	0	0	0	0	0
Other Funds	Revenue	0	0	0	0	0	0
	Net Change	0	0	0	0	0	0

Forest Management Investment Account Certification

The Governor recommends amending MS 89.0385 to allow quarterly instead of annual transfers of forest management costs from the account where receipts are deposited to the forest management investment account (FMIA.) This will relieve cash flow concerns.

Performance Measures:

This initiative will financial stress on the forest management investment account.

Other Funds	Expenditure	0	0	0	0	0	0
Other Funds	Revenue	0	0	0	0	0	0
	Net Change	0	0	0	0	0	0

Net All Change Items	General Fund	5,790	5,790	11,580	5,790	5,790	11,580
	Other Funds	38,278	39,183	77,461	5,217	5,227	10,444
	Net Change	44,068	44,973	89,041	11,007	11,017	22,024

Natural Resources
All Funds FTE by Activity

	Current	Forecast Base	Governor's Recommendation
Activity	FY 2013	FY 2015	FY 2015
Budget Activity: Real Estate & Minerals Mgmt	111.1	103.8	103.8
Budget Activity: Ecological And Water Resources	340.2	241.6	325.6
Budget Activity: Forest Management	264.0	245.3	255.3
Budget Activity: Fire Fighting	209.5	206.4	206.4
Budget Activity: Parks And Trails Management	563.1	473.1	513.1
Budget Activity: Community Partnerships	1.4	0.4	1.4
Budget Activity: Fish And Wildlife Management	502.6	457.0	508.0
Budget Activity: Licensing	20.6	20.3	20.3
Budget Activity: Enforcement Nr Laws & Rules	226.0	216.2	218.2
Budget Activity: Operations Support	272.2	261.3	263.3
Budget Activity: Information Technologies	93.3	0.0	0.0
Natural Resources	2,604.1	2,225.5	2,415.5

Natural Resources
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	TAXES	6			6
	FEDERAL GRANTS		402		402
	DEPARTMENTAL EARNINGS	1,778	255,885		257,664
	INVESTMENT INCOME		425		425
	ALL OTHER	324	2,268		2,592
	Subtotal	2,108	258,981		261,089
Dedicated	FEDERAL GRANTS		600	34,317	34,917
	DEPARTMENTAL EARNINGS	0	172,277		172,277
	INVESTMENT INCOME		191		191
	ALL OTHER		189,848		189,848
	Subtotal	0	362,916	34,317	397,233
	Total	2,108	621,897	34,317	658,322

Natural Resources

Lands and Minerals - Real Estate and Minerals Management

http://www.dnr.state.mn.us/lands_minerals/index.html

Statewide Outcome(s):

Lands and Minerals supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

A clean, healthy environment with sustainable uses of natural resources.

The program operates under the principle that economic prosperity depends on a healthy environment and sustainable use of natural resources

Context:

The Division of Land and Minerals is responsible for three critical economic and environmental areas within the Department of Natural Resources (DNR):

- management of the department's 5.5 million acres of state owned land;
- management of the department's 12 million acres of state-owned mineral rights;
- and reclamation of previously mined land.

The Division of Land and Minerals provides services to local units of government and schools throughout the state. The division manages the calculation and payment of Payment in Lieu of Taxes (PILT), which is a local government aid payment established by the Minnesota Legislature in the late 1970s. The payments are made in lieu of property taxes for DNR-owned land and for tax-forfeited lands. The division identifies mineral resources for the financial benefit of local units of government.

The division's primary customers include the schools and the university; local governments, conservation organizations, businesses, and landowners, and virtually all Minnesota citizens who value business growth, employment opportunities, a healthy environment, and sustainable natural resources.

The division operates on a variety of funding sources including general fund, natural resources fund, cooperative agreements with mining companies, permit fees, and game and fish fund. For more information, see: (http://files.dnr.state.mn.us/aboutdnr/budget/fy12-13/budget_spent.pdf) pages 2-3.

Strategies:

The work of the Division of Land and Minerals is divided into three categories:

- **Real Estate and Land Asset Management** - The division implements the departments strategic decisions, including generating revenue for the permanent school trust, relative to purchases, sales and land exchanges. The division manages transactions for road easements, utility licenses, and various leases; pays real estate taxes and special assessments; reviews county proposed tax forfeited land sales; conducts land surveying, staking, and platting for acquisitions; develops plans for monitoring conservation easements; reviews encroachment and adjoining rights; reviews title actions and maintains land records for all DNR managed lands.
- **Mineral Management** - The division manages minerals resources owned by the state in order to generate revenue for the permanent school trust fund and the general fund. The division monitors global commodity demand and pricing; establishes equitable royalty rates for state owned minerals; develops mineral resource information to support state mineral lease sales and mining; determines ore quality, generates resource and reserve estimates; conducts field inspections; collects rental and royalties due from exploration and mining on state lands; and reconciles and disburses mineral rental and royalty payments to the appropriate accounts.
- **Mineland Reclamation** - The division, as directed by MN statutes, establishes and enforces regulations for reclamation of lands disturbed by mining. Responsibilities include reducing the environmental impacts of mining; ensuring adequate environmental review of proposed developments; issuing permits; ensuring

progressive reclamation; enforcing reclamation law; ensuring public review and input to the permitting process; developing mine closure plans and overseeing mine closures.

Results:

- The Land and Minerals division monitors a number of performance measures to help track progress in each of the strategic areas described above. Key factors that drive desired outcomes include:
- Globalization of the mineral industry. The major funding for the school trust fund is from mineral rents and royalties. The impact of the globalization of the mineral industry and attendant commodity pricing will impact the amount of rents and royalties collected.
- Acceptance of mining. There is considerable debate regarding the mining of precious metals such as platinum, palladium, nickel, gold, silver and copper. The ability to mine these minerals will have a significant impact on the school trust fund.
- Fee for service. The willingness of citizens and companies to continue to fund government activity through fees may be reaching a turning point. A portion of the activities performed within Lands and Minerals (LAM) are still covered through the general fund. If general funds decline, additional fees will be charged to citizens and companies.
- Land Record System. DNR is implementing a new Land Record System which will dramatically change our internal processes and will improve communications regarding the status of real estate transactions. The new system requires accurate linking of data from the current system and new system processes must be fully implemented and maintained into the future.

Performance Measures	Previous	Current	Trend
1. Annual number of real-estate transactions	109	100	Stable
2. Income from state mineral leases	\$14,373,000	\$27,030,000	Improving
3. Acres of mineland reclaimed annually	~600 acres	~600 acres	Stable

Performance Measures Notes:

1- Comparing averages from FY 2003 through FY 2007 to FY 2008 through FY 2012. Includes fee-title, easement, and condemnation transactions. Given year-to-year variability, the trend is stable. In order to determine the time required to complete land acquisitions, an agreed upon measurement and calculation needs to be established. The new Land Record System will provide a mechanism to track time and to communicate progress regarding the various real estate transactions.

2- Comparing averages from FY 2003 through FY 2007 to FY 2008 through FY 2012

3- Comparing FY 2010 to FY 2011

More information: Strategic Conservation Agenda: Performance and Accountability Report (http://www.mndnr.gov/conservation_agenda/performance)

Budget Activity: Real Estate & Minerals Mgmt
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$5,352	\$29,148	\$1,014	\$35,514
Current Law Expenditures (FY 2014-15)	\$5,243	\$25,252		\$30,495
Governor's Recommended Expenditures (FY2014-15)	\$1,221	\$26,544		\$27,765
\$ Change from FY 2014-15 Current Law to Governor's Rec	(4,022)	\$1,292		(2,730)
% Change from FY 2014-15 Current Law to Governor's Rec	(77%)	5%		(9%)

Budget Activity: Real Estate & Minerals Mgmt**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$20,250		\$20,250
REVENUE	\$0	\$82,522	\$0	\$82,522
TRANSFERS IN		\$17,935		\$17,935
APPROPRIATION	\$53,150	\$21,296	\$0	\$74,446
SOURCES OF FUNDS	\$53,150	\$142,004	\$0	\$195,153
BALANCE FORWARD OUT		\$22,942		\$22,942
TRANSFERS OUT	\$51,927	\$32,877		\$84,805
CANCELLATIONS		\$59,640		\$59,640
EXPENDITURES	\$1,221	\$26,544		\$27,765
PAYROLL EXPENSE	\$2,323	\$13,193		\$15,516
OPERATING EXPENSES	(1,191)	\$13,238		\$12,047
OTHER FINANCIAL TRANSACTIONS		\$15		\$15
GRANTS, AIDS AND SUBSIDIES	\$38			\$38
CAPITAL OUTLAY-REAL PROPERTY	\$52	\$98		\$150
USES OF FUNDS	\$53,149	\$142,004		\$195,152

Natural Resources

Ecological and Water Resources Management

<http://www.dnr.state.mn.us/waters/index.html>

Statewide Outcome(s):

Ecological and Water Resources Management supports the following statewide outcome(s).

A clean, healthy environment with sustainable uses of natural resources.

A thriving economy that encourages business growth and employment opportunities.

The program operates under the principle that economic prosperity depends on a healthy environment and sustainable use of natural resources.

Context:

Ecological and water resources management is the job of the Department of Natural Resources (DNR) Ecological and Water Resources Division. The division promotes and delivers integrated land and water conservation to achieve healthy watersheds throughout Minnesota. The program provides critical information and regulatory oversight to state and local governments and landowners to foster natural resources stewardship. Customers include local governments, conservation organizations, businesses, and landowners and all Minnesotans benefited from healthy natural resources.

Funding sources include: general fund, natural resources fund, game and fish fund, legacy funds, environment and natural resource trust fund, and federal grants

(see http://files.dnr.state.mn.us/aboutdnr/budget/fy12-13/budget_spent.pdf pages 4-6).

Strategies:

The work of Ecological and Water Resources Division is divided into three categories:

- **Inventory, monitoring, and analysis** – collecting and delivering information on ground and surface water, lake and stream habitat, and rare plants and animals. Quality information on natural resources is the key to sustainable use and maintaining Minnesota's quality of life. State and local governments and the public depend on this information to make good decisions regarding development and natural resource protection.
- **Conservation assistance and regulation** – regulating water use, public water modifications, and dam safety, and providing regulatory oversight to local governments for shoreland, floodplain, and Wild and Scenic Rivers. Population growth and development pressure will result in depletion of ground and surface water without adequate regulatory controls. Dam safety oversight protects the public and natural resources. Environmental review identifies potential impacts of projects and helps permitting address those impacts.
- **Ecosystem management and protection** – managing and preventing the spread of aquatic and terrestrial invasive species, managing Minnesota's Scientific and Natural Area and native prairie bank programs, managing nongame wildlife, and protecting threatened and endangered species. Invasive species threaten the state's lakes, rivers, wetlands, forests, and prairies, including the economies that depend on them. Protecting rare species prevents extinctions within the state. Nongame wildlife species are important to the state's ecosystems and recreational enjoyment of the outdoors.

Results:

Ecological and Water Resources Division monitors a number performance measures to track progress in each of the strategic areas. Examples below indicate a performance measure under each strategy. Key factors that drive desired outcomes include:

- **Water sustainability trends.** With projected population growth and increased demand for domestic, industrial, and agricultural water, conflicts over water use, depletion of aquifers, and impacts on surface waters will increase if DNR and partners do not sustainably manage groundwater resources. To do this

requires an understanding of groundwater geology and hydrology and work with water users towards conservation and water sustainability.

- **Innovation and continuous improvement.** Providing for wise use and protection of water resources requires a water permitting system that is user friendly and efficient. The division has had excellent success in meeting the 150-day goal established by the legislature and Governor's Office. Nevertheless, increased demand for water and lakeshore development, as well as decreases in general fund support for permitting programs, present challenges to meeting this goal. To help meet the challenge, the division is developing an on-line permitting system and increasing use of general permits.
- **Aquatic invasive species.** The spread of aquatic invasive species is one of the state's top conservation challenges. An increasingly mobile and global society has dramatically increased the number of new invasive species spreading to and within the state. Minnesota is particularly challenged because of the large number of lakes and rivers and corresponding public and private accesses. Also, climate change, habitat alterations, and other environmental disturbances create conditions favorable to invasive species over native species. Zebra mussels are a major concern because their rate of spread within the state has increased over the past five years. Regulation changes and increased emphasis on watercraft inspections and enforcement have been implemented to slow the rate of spread.

Performance Measures	Previous	Current	Trend
1. Number of groundwater monitoring wells	735	848	Improving
2. Percentage of water permits acted on within 150-day goal	Not applicable	99%	Stable
3. Rate of over land spread of zebra mussels to new waters	3 newly confirmed waters	3 newly confirmed waters	Worsening

Performance Measures Notes:

1. Comparing FY 2011 and FY 2012. While DNR is steadily increasing the number of monitoring wells, it is still short of reaching the target of 7,000 wells. The target of 7,000 wells was identified in a report to the LCCMR for a statewide groundwater monitoring network that may take 30 years to fully implement.
2. Determining the 150-day goal for most water related permits required significant database changes to better capture the dates that permit applications were considered complete, thus there is no way to look back at this data prior to FY 2012. Predicted stable trend based on being able to issue 99 percent of permits within 150 days of having a complete application.
3. Comparing FY 2010 to FY 2011. While zebra mussels are being confirmed in additional lakes and rivers every year, the rate of spread would likely be much higher without Minnesota's increasing focus on invasive species legislation, education, and enforcement.

More information: Strategic Conservation Agenda: Performance and Accountability Report (http://www.mndnr.gov/conservation_agenda/performance)

Program: Ecological And Water Resources
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$20,336	\$106,282	\$11,173	\$137,791
Current Law Expenditures (FY 2014-15)	\$16,224	\$52,332	\$9,512	\$78,068
Governor's Recommended Expenditures (FY2014-15)	\$23,724	\$71,052	\$9,512	\$104,288
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$7,500	\$18,720	\$0	\$26,220
% Change from FY 2014-15 Current Law to Governor's Rec	46%	36%	0%	34%

Program: Ecological And Water Resources
Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$7,716	\$1,716	\$9,432
REVENUE	\$0	\$24,215	\$7,798	\$32,013
TRANSFERS IN		\$1,310		\$1,310
APPROPRIATION	\$23,724	\$46,854	\$0	\$70,578
SOURCES OF FUNDS	\$23,724	\$80,095	\$9,514	\$113,333
BALANCE FORWARD OUT		\$6,844		\$6,844
TRANSFERS OUT		\$2,798		\$2,798
EXPENDITURES	\$23,724	\$71,052	\$9,512	\$104,288
PAYROLL EXPENSE	\$7,822	\$39,214	\$4,444	\$51,480
OPERATING EXPENSES	\$14,557	\$31,649	\$1,943	\$48,150
OTHER FINANCIAL TRANSACTIONS	\$349	\$141	\$42	\$532
GRANTS, AIDS AND SUBSIDIES	\$964	\$40	\$2,147	\$3,151
CAPITAL OUTLAY-REAL PROPERTY	\$32	\$8	\$936	\$976
USES OF FUNDS	\$23,724	\$80,694	\$9,512	\$113,930

Natural Resources

Forest Management

www.dnr.state.mn.us/forestry/index.html

Statewide Outcome(s):

Forest Management supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

A clean, healthy environment with sustainable uses of natural resources.

The program operates under the principle that economic prosperity depends on a healthy environment and sustainable use of natural resources.

Context:

Forest management is the job of the Department of Natural Resources (DNR) Division of Forestry. The division helps sustain Minnesota's quality of life by improving the productivity, health, diversity, accessibility, and use of forests, which are natural assets that will depreciate if not properly managed. The forest products industry relies on a sustainable state timber supply to survive. In turn, the industry provides jobs and millions of dollars of indirect economic benefits to Minnesota. Well managed forests also provide economic benefits from tourism and outdoor recreation. In addition, a healthy forest provides environmental benefits by supporting clean water, wildlife habitat and biodiversity. To ensure a healthy, vibrant, and competitive Minnesota into the future, the DNR and partners must actively manage the state's forests to enhance their utility.

- Minnesota needs healthy forests for a sustainable supply of high-quality wood fiber that will sustain industry and associated jobs into the future.
- Forests are needed to ensure that landscapes remain productive, ecologically healthy, and beautiful in the face of conservation challenges, such as wildfires, land-use and climate changes, invasive species and insects and diseases.
- Society needs forests to pass on an outdoor heritage because forests are a cornerstone for connecting citizens to the great outdoors.

Funding sources include general fund and natural resources fund, with a lesser amount of dedicated funds for specific activities within this category from the Heritage Enhancement Account, federal grants, and special revenue sources (http://files.dnr.state.mn.us/aboutdnr/budget/fy12-13/budget_spent.pdf) see pages 7-10.

Strategies:

The Division of Forestry:

- Provides leadership in forest management and policy development aimed at ensuring all Minnesota forest lands (public and private) are sustained and enhanced into the future
- Manages 4.2 million acres of DNR-administered forest lands for a sustainable supply of forest resources (as defined in Minnesota Statutes section 89.001) including quality timber, abundant wildlife habitat and populations, outdoor recreation, clean water, and biological diversity
- Collaborates with other forest landowners and natural resource professionals to keep working forests forested and actively managed
- Supports the commercial use and public enjoyment of forest resources by maintaining public access, forest roads, and recreational trails
- Manages School Trust lands consistent with goals for the Permanent School Trust Fund

Results:

The following performance measures represent a subset of outcomes for the forest management program. Key factors that influence desired outcomes include:

- Gaining a competitive edge in global markets:** Minnesota competes with other states as well as globally for forest industry investment. The industry needs a sustainable supply of wood in the state to survive. While the division has increased the amount of wood sold and harvested during the past five year period compared to the previous five year period, the value received for the wood has decreased significantly due to market conditions. Forest products mill closures and reduced timber supply from private lands compound market pressures on state resources. Unpredictable and often volatile timber sales revenue challenges division operations. Because the division relies on revenues from timber sales to support its operations, as revenue from timber harvest and other state funding declines, the amount of forest management the division can accomplish each year is strained. This impacts forest management outcomes on both state and private lands, in turn impacting an already stressed industry. In addition, commercial timber harvest is a low cost way to manage the forest for wildlife habitat and ecological health. The DNR does not have the funds to actively conduct the timber work itself so it relies on commercial harvest to get much of this work done. DNR also manages for Forest Certification on 4.8 million acres of state forest lands to help maintain the market competitiveness of Minnesota's forest industry. Strong investment in the division's operations is needed to help sustain forest resources and jobs in Minnesota and ensure we can continue to manage our forests for wildlife and ecological benefits as well.
- Enhancing working forests on private lands and responding to parcelization:** The division's Forest Stewardship Program works with non-industrial, private forest owners to encourage forest retention and sustainable management in the face of development pressure. Because private lands represent 40% of Minnesota's forest ownership, and management activity on these lands is relatively low, the need to increase their contribution to forest landscape goals and to the forest economy is critical. Parcelization, the subdivision of land into smaller ownership parcels, is a phenomenon affecting private forest land across the nation and Minnesota. Forest land parcelization has adverse effects on timber availability, wildlife habitat, and recreational access. Division of Forestry's leadership is key to working with private landowners to ensure private forest lands are maintained, well managed and can contribute to the state's timber supply. This will ensure a healthy forest products industry with the ancillary environmental benefits a healthy forest provides.
- Key management tools to ensure healthy forests and sustainable timber supply:** An up-to-date inventory of state forest lands, including tree cover, size, age, and productivity, is essential to determine timber supply, sustainable management targets and forest industry research and development needs. The division also responds to forest threats by monitoring, detecting and analyzing various pests, diseases, and natural disasters via aerial surveys, evaluations, impact assessments, and treatments. DNR employs two primary forest inventory and analysis programs: Cooperative Stand Assessment (CSA), which is a stand management-level inventory of DNR forest lands; and Forest Inventory and Analysis (FIA), a multi-agency strategic inventory across all forest land ownerships. DNR is pursuing a redesign of CSA to continue meeting user needs within projected budgets and alternative ways to fund FIA at a level sufficient to guide strategic decision making.
- Incorporating scientific innovation into practice:** DNR pursues innovative ways to enhance Minnesota's forests. The division has created distinctive forest management guides based on Native Plant Communities data collected and analyzed by its staff. Management guides provide progressive science-based information that helps inform management decisions and meet the public demand for environmentally sound forest management.

Performance Measures	Previous	Current	Trend
1. Cords of wood products offered on the market at public auction as DNR timber sales.	812,000	863,000	Stable
2. Acres of Cooperative Stand Assessment (CSA) Forest Inventory completed.	113,560	90,040	Worsening
3. Acres of non-industrial private and non-federal public lands monitored via aerial survey for insect and disease, and other forest health threats.	13 million	13 million	Stable
4. Acres of DNR forest land characterized to Native Plant Community (ecological units) annually.	1,570	99,200	Improving

Performance Measures Notes:

-
1. Comparing annual average of FY 2003-FY 2007 to annual average of FY 2008-FY 2012. Only including new volumes not previously offered at auction.
 2. Comparing annual average of FY 2004-FY 2008 to annual average of FY 2009-FY 2012.
 3. Comparing FY 2006 to FY 2012. While DNR aerial surveys continue to cover the total 13 million acres of non-federal public and non-industrial private forest land statewide, the threats detected are increasing in frequency or severity.
 4. Comparing annual average of FY 2002-FY 2006 to annual average of FY 2007-FY 2011.

More information: Strategic Conservation Agenda: Performance and Accountability Report
(http://www.mndnr.gov/conservation_agenda/performance)

Budget Activity: Forest Management
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$25,207	\$54,069	\$9,504	\$88,780
Current Law Expenditures (FY 2014-15)	\$24,410	\$39,342	\$5,823	\$69,576
Governor's Recommended Expenditures (FY2014-15)	\$28,410	\$41,342	\$5,823	\$75,576
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$4,000	\$2,000	\$0	\$6,000
% Change from FY 2014-15 Current Law to Governor's Rec	16%	5%	0%	9%

Budget Activity: Forest Management**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN	\$1	\$9,033	\$768	\$9,802
REVENUE	\$0	\$29,719	\$5,238	\$34,957
TRANSFERS IN		\$17,275		\$17,275
APPROPRIATION	\$28,410	\$29,794	\$0	\$58,204
SOURCES OF FUNDS	\$28,411	\$85,821	\$6,006	\$120,238
BALANCE FORWARD OUT	\$1	\$6,191	\$184	\$6,376
TRANSFERS OUT		\$23,018		\$23,018
CANCELLATIONS		\$14,669		\$14,669
EXPENDITURES	\$28,410	\$41,342	\$5,823	\$75,576
PAYROLL EXPENSE	\$9,663	\$30,953	\$1,161	\$41,777
OPERATING EXPENSES	\$18,662	\$9,290	\$4,015	\$31,967
OTHER FINANCIAL TRANSACTIONS	\$24	\$20	\$0	\$44
GRANTS, AIDS AND SUBSIDIES	\$0	\$964	\$647	\$1,611
CAPITAL OUTLAY-REAL PROPERTY	\$61	\$115	\$0	\$176
USES OF FUNDS	\$28,411	\$85,220	\$6,007	\$119,639

Natural Resources

Forestry – Fire Fighting

<http://www.dnr.state.mn.us/forestry/fire/index.html>

Statewide Outcome(s):

Forestry Wildfire Protection supports the following statewide outcome(s).

People in Minnesota are safe.

A clean, healthy environment with sustainable uses of natural resources.

Context:

Wildfire protection is the job of the Department of Natural Resources (DNR) Division of Forestry, which provides wildfire protection on 45.5 million acres of public and private land in Minnesota. While fire is a natural part of the environment, more people living near wildlands means a greater chance of loss of life, property, and damage to natural resources. Wildfire protection is needed to protect people, natural resources, and the state's quality of life. It serves landowners, homeowners, businesses, rural fire departments, other emergency response partners, and natural resource managers in particular. The forestry division also manages the use of prescribed fire.

The division assures accountability in state fire suppression costs and fosters cooperation with federal and regional firefighting organizations to reduce reliance solely on state resources.

With climate changes, hot, dry conditions can produce larger and more intense fires and longer fire seasons. The amount of resources required to maintain fire response under new normal baseline environmental conditions is likely to increase in coming years. There is a high degree of uncertainty as to what the average annual fire season duration and severity will be, and what that response will cost. However, DNR puts a high priority on cost-effective delivery of fire protection services.

Funding sources include open general fund appropriation, a direct general fund appropriation, and federal funds for fire prevention, in that order of significance. (http://files.dnr.state.mn.us/aboutdnr/budget/fy12-13/budget_spent.pdf) see pages 7-10.

Strategies:

The DNR Division of Forestry is charged with preventing and suppressing wildfires on 45.5 million acres of public and private land in Minnesota.

The Division of Forestry:

- Protects against loss of life by wildfire
- Minimizes loss of property and natural resources
- Responds to fire and natural disaster emergencies in Minnesota and cooperates with federal and regional firefighting organizations by staffing national fire incidents
- Prevents wildfires through education, regulation, and management of an open-burning permit system
- Supports the use of prescribed fire as a natural resource management tool and fuels reduction strategy

Results:

The following performance measures represent a subset of outcomes for the wildfire protection program. These performance measures describe the speed of emergency response, size of fires suppressed by Division of Forestry, and Division of Forestry's effectiveness on protection of structures. The goals associated with these measures are as follows:

- Maintain a response time of 20 minutes or less for areas that DNR is the principle first responder.
- Median fire size is maintained under ten acres in a given year.
- At least 95 percent of structures threatened by wildfire are protected.

As the data shows, Division of Forestry has been effective at achieving the goals for this activity.

Performance Measures	Previous	Current	Trend
1. Average response time to wildfires	average response time was <20 minutes	average response time was <20 minutes	Stable
2. Median wildfire size	median fire size was 0.26-10 acres	median fire size was 0.26-10 acres	Stable
3. Percent of structures threatened by wildfire that are protected	average was 95%	average was 96%	Stable

Performance Measures Notes:

1 & 2- Comparing FY 2000-FY 2006 to FY 2006-FY 2012.

3- Comparing FY 2007-FY 2009 to FY 2010-FY 2012.

More information: Strategic Conservation Agenda: Performance and Accountability Report
http://www.mndnr.gov/conservation_agenda/performance

Budget Activity: Fire Fighting
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$51,231	\$9,956		\$61,187
Current Law Expenditures (FY 2014-15)	\$40,290	\$9,436		\$49,726
Governor's Recommended Expenditures (FY2014-15)	\$40,290	\$9,436		\$49,726
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		0%

Budget Activity: Fire Fighting**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN		\$771		\$771
REVENUE		\$9,356		\$9,356
APPROPRIATION	\$40,290	\$0		\$40,290
SOURCES OF FUNDS	\$40,290	\$10,127		\$50,417
BALANCE FORWARD OUT		\$691		\$691
EXPENDITURES	\$40,290	\$9,436		\$49,726
PAYROLL EXPENSE	\$18,366	\$2,632		\$20,998
OPERATING EXPENSES	\$21,724	\$6,802		\$28,526
OTHER FINANCIAL TRANSACTIONS	\$0			\$0
GRANTS, AIDS AND SUBSIDIES	\$200			\$200
CAPITAL OUTLAY-REAL PROPERTY	\$0	\$2		\$2
USES OF FUNDS	\$40,290	\$10,127		\$50,417

Natural Resources

Parks and Trails Management

http://www.dnr.state.mn.us/parks_trails/index.html

Statewide Outcome(s):

Parks and Trails Management supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Strong and stable families and communities.

A clean, healthy environment with sustainable uses of natural resources.

Context:

Parks and trails management is the job of the Department of Natural Resources (DNR) Parks and Trails Division. The division seeks to create unforgettable park, trail, and water recreation experiences that inspire people to pass along the love for the outdoors to current and future generations. This is accomplished by implementing four outdoor recreation priorities:

- Connecting people to the outdoors
- Acquiring land and creating opportunities
- Taking care of what we have
- Coordinating with partners

The division provides diverse outdoor recreation opportunities and supports jobs by participating in a sustainable tourism industry. The division provides windows into Minnesota's original landscape by preserving and managing important ecosystems and viewsheds in the state. The division helps visitors understand and appreciate the story of Minnesota's rich natural and cultural heritage through interpretation and outreach.

The division's customers, the recreating public, are resident and non-resident. Its prospective customers and primary target market is young families with children.

Funding sources include general fund, dedicated natural resource funds, state park revenue dedicated account, working capital, legacy funds, lottery-in-lieu, and other statutory appropriations. The Parks and Trails 25 year Legacy Plan (http://www.legacy.leg.mn/sites/default/files/resources/parks_trails_legacy_plan_0.pdf) and the ten year Strategic Parks and Trails Plan (http://www.dnr.state.mn.us/input/mgmtplans/strategic_plan/10year_2.html) guides our investments to develop and improve parks and trails to meet the changing needs and expectations of Minnesotans:

Strategies:

- Provide high quality recreation experiences for campers, hikers, cyclists, horseback riders, canoeists, kayakers, boaters, anglers, hunters, swimmers, in-line skaters, paddle boarders, birders, off-highway vehicle and snowmobile riders, and cross country skiers and others by building a sustainable infrastructure and providing excellent customer service.
- Preserve Minnesota's best landscapes for current and future generations to enjoy.
- Restore native ecosystems, protect natural systems and help stop the spread of invasive species.
- Inspire and provoke visitors to learn about the stories of Minnesota's natural and cultural heritage.
- Identify and purchase high quality resource and recreation lands for public use.
- Increase the number of families and children enjoying the outdoors through market research, communication strategies, and innovative recreation facility and program development.
- Maintain recreational facilities, such as paved trails, bridges and campgrounds.
- Provide leadership in the wise use of energy by creating energy efficient practices and buildings.
- Increase family and youth participation in outdoor recreation skills by offering relevant skill-building programs and promoting opportunities through advertising.

- Encourage and grow key partnerships: the Minnesota Parks and Trails Council, recreation associations, such as the Minnesota United Snowmobiler's Association and Minnesota Motorized Trail Coalition, Explore Minnesota Tourism, clubs, friends groups, local units of government, and state agencies.

Results:

The performance measures in the chart below are a subset of the outcomes for the entire program. Key factors that influence outcomes include:

- **A change in participation in traditional nature-based recreation activities.** In particular, there has been decline in outdoor recreation participation by young adults and their children. This trend threatens Minnesota's storied tradition as an outdoor culture. To stem this trend, DNR Parks and Trails is implementing innovative strategies with its partners to connect Minnesotans to the outdoors and ensure Minnesota's children become the natural resource stewards of tomorrow.
- **Taking care of what we have.** Minnesota has invested significantly in its outdoor recreation system - both natural and cultural resources and built facilities. The state needs to maintain and protect these treasures if unforgettable park, trail, and water recreation experiences are to be available for current and future use.
- **Creating opportunities.** The face of Minnesota is changing. The state's population is becoming more diverse, more urban, and older. If it is to meet the evolving needs of current and future Minnesotans, the state must acquire and develop parks and trails in new and innovative ways that meet the outdoor recreation needs of people of all abilities.
- **Major shifts in traditional sources of funding** influence how the division accomplishes its work. A decline in general fund resources and lack of flexible funding sources are causing service reductions at state parks. The division cannot use dedicated funds to support essential day-to-day operations and maintenance needed for maintaining a high-quality parks and trails system. In Minnesota session laws 2012, the legislature required DNR to prepare a report on the "long-term funding, use, expansion, and administration of Minnesota system of state parks, recreation areas, trails, and state forests day use areas".

The DNR's Parks and Trails Division has earned praise and recognition across the state and country. Recent awards include: American Trails "Best Trails State" (2010), Coca-Cola's "America's Favorite Park" - Bear Head Lake State Park (2010) and Soudan Underground Mine State Park (2011), "Governor's Award for Pollution Prevention" (2010), "Large Access Outstanding Project" award from the States Organization for Boating Access (SOBA) for the McQuade Public Access on Lake Superior (2009), and American Trails Winning Website award for the DNR Water Trails website (2009).

Performance Measures	Previous	Current	Trend
1. Number of state park overnight guests	950,000	1 million	Improving
2. Percent of state park visitors under the age of 45	68%	58%	Worsening
3. Acres of Parks and Trails (PAT) land restored, burned or managed for invasive species control	6,531	12,140	Improving
4. Trail Bridge Rehabilitation or Replacement	4	20	Improving
5. Percent of paved state trail miles in poor condition	26%	24%	Stable

Performance Measures Notes:

1 & 2. Recreation participation by families with children was trending downward prior to FY 2007 in state parks and trails. The division has used Legacy funds to innovate its products, services and communication strategies in order to reverse this trend. It is anticipated that FY 2012 social science research will begin to show a slight reverse in this trend. Overnight stays and participation in interpretive programs in state parks has been on an upward trend since FY 2007. More information will be known about whether this increase includes guests under the age of 45 when FY 2012 research is complete in December. DNR is using market research to develop new products and modify existing products to increase per-capita and next generation engagement in outdoor recreation.

1. Comparing FY 2007-FY 2011
2. Comparing FY 2001-FY 2007

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3. Comparing FY 2007 to FY 2011
 4. Comparing FY 2008-2009 to FY 2011-2012
 5. Comparing FY 2008 to FY 2011

More information: Strategic Conservation Agenda: Performance and Accountability Report
(http://www.mndnr.gov/conservation_agenda/performance)

Budget Activity: Parks And Trails Management
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$34,690	\$141,842	\$69	\$176,602
Current Law Expenditures (FY 2014-15)	\$35,060	\$90,120	\$0	\$125,180
Governor's Recommended Expenditures (FY2014-15)	\$39,560	\$124,071	\$0	\$163,631
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$4,500	\$33,951	\$0	\$38,451
% Change from FY 2014-15 Current Law to Governor's Rec	13%	38%	0%	31%

Budget Activity: Parks And Trails Management**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN	\$7	\$5,196		\$5,203
REVENUE	\$0	\$15,709		\$15,709
TRANSFERS IN		\$43,102		\$43,102
APPROPRIATION	\$39,560	\$108,075	\$0	\$147,635
SOURCES OF FUNDS	\$39,567	\$172,082	\$0	\$211,649
BALANCE FORWARD OUT	\$7	\$4,456		\$4,463
TRANSFERS OUT		\$453		\$453
CANCELLATIONS		\$43,102		\$43,102
EXPENDITURES	\$39,560	\$124,071	\$0	\$163,631
PAYROLL EXPENSE	\$19,578	\$53,506	\$0	\$73,084
OPERATING EXPENSES	\$19,982	\$63,288		\$83,270
OTHER FINANCIAL TRANSACTIONS		\$569		\$569
GRANTS, AIDS AND SUBSIDIES		\$795		\$795
CAPITAL OUTLAY-REAL PROPERTY		\$5,914		\$5,914
USES OF FUNDS	\$39,567	\$172,082	\$0	\$211,649

Natural Resources

Parks and Trails – Community Partnerships

www.mndnr.gov/parks_trails

Statewide Outcome(s):

Parks and Trails Community Partnerships supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Strong and stable families and communities.

A clean, healthy environment with sustainable uses of natural resources.

Context:

Through community partnerships, the division seeks to create unforgettable park, trail, and water recreation experiences that inspire people to pass along the love for the outdoors to current and future generations. This is accomplished by implementing four outdoor recreation priorities:

- Connecting people to the outdoors
- Acquiring land and creating opportunities
- Taking care of what we have
- Coordinating with partners

The division also serves local units of government in supporting and developing recreational facilities. This includes supporting development of local park and trail systems through grants, as well as water recreation facilities through cooperative agreements. The division program works with local units of government to coordinating with clubs and volunteers to create and maintain trail networks for motorized and non-motorized recreation.

Funding sources include legacy funds, natural resource fund, and federal grants.

Strategies:

- Provide pass-through grants to local government units through the following grants: parks and trails legacy grant program, outdoor recreation grant program, regional park grant program, local trail connections program, regional trail grant program, and the federal recreational trail program.
- Administer and coordinate an extensive Grant-in-Aid (GIA) system that supports local government units and clubs that connects communities and other state facilities.
- Assist communities in establishing cooperative water access sites such as boat launches and fishing piers.
- Partner with local government units to provide cost advantages to the state such as reduced acquisition costs, reduced operations and maintenance and shared enforcement costs. The local unit of government benefits from reduced development or renewal costs, while meeting local recreational demands.
- Supplement local efforts to increase local and regional outdoor recreational opportunities that increase access and economic benefits. A University of Minnesota study found that in 2008 Minnesota trail users spent \$3.3 billion in recreation-related spending and contributed \$2.8 million in local taxes.

Results:

The performance measures in the chart below are a subset of the outcomes for the entire program. Program managers implement the strategies and regularly evaluate their success and adapt practices to achieve desired results. Key factors that influence outcomes include:

- **Creating opportunities.** The face of Minnesota is changing. Minnesota is becoming more diverse, more urban, and older. This requires the Department of Natural Resources (DNR) to adapt parks, trails, and water-based recreation amenities to meet the outdoor recreation needs of people of all abilities.

Partnering with local units of government is one key strategy to enhance the current outdoor recreational opportunities in Minnesota.

- **Taking care of what we have.** Minnesota has invested significantly in a world-class outdoor recreation system. Recreational facilities need to be maintained and protected if unforgettable park, trail, and water recreation experiences are to be available for current and future use.

One way to measure the success of the program is by the quality and quantity of applications received, funding requests for the competitive grant programs continues to exceed fund availability by three to one.

Performance Measures	Previous	Current	Trend
1. Number of fishing pier projects	6	2	Worsening
2. Miles of Grant-in-Aid (GIA) Trails Groomed and Maintained (Snowmobile, Ski, and Off-Highway Vehicle)	22,791	25,409	Stable
3. Number of GIA Partnerships with Local Communities (Snowmobile, Ski, and Off-Highway Vehicle)	264	279	Stable
4. Number of Park and Trail Grant Applications (non-GIA)	181	260	Improving
5. Number of Park and Trail Grants Awarded/Funded (non-GIA)	69	104	Improving

Performance Measures Notes:

1. Measures were taken from the average for FY 2007-2011 and FY 2012. With declining funding level for the fishing pier program, the number of projects has declined. Despite the reductions in funding, the number of fishing pier applications has actually been steady or increasing. On average, the DNR receives five times as many applications as it is able to fund annually, metro area has been running about ten times more applications than funding will allow.
2. Measures were taken from the average for FY 2007-11 and FY 2012.
3. Measures were taken from the average for FY 2009-11 and FY 2012.
- 4 & 5 Measures were taken from the average for FY 2007-11 and FY 2012.

For more information: Strategic Conservation Agenda: Performance and Accountability Report (http://www.mndnr.gov/conservation_agenda/performance)

Budget Activity: Community Partnerships
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$41,075	\$3,423	\$44,497
Current Law Expenditures (FY 2014-15)		\$22,258	\$4,900	\$27,158
Governor's Recommended Expenditures (FY2014-15)		\$38,855	\$4,900	\$43,755
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$16,597	\$0	\$16,597
% Change from FY 2014-15 Current Law to Governor's Rec		75%	0%	61%

Budget Activity: Community Partnerships**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
REVENUE		\$600	\$4,900	\$5,500
APPROPRIATION		\$38,255	\$0	\$38,255
SOURCES OF FUNDS		\$38,855	\$4,900	\$43,755
EXPENDITURES		\$38,855	\$4,900	\$43,755
PAYROLL EXPENSE		\$537	\$140	\$677
OPERATING EXPENSES		\$180	\$40	\$220
OTHER FINANCIAL TRANSACTIONS			\$100	\$100
GRANTS, AIDS AND SUBSIDIES		\$38,138	\$4,520	\$42,658
CAPITAL OUTLAY-REAL PROPERTY		\$0	\$100	\$100
USES OF FUNDS		\$38,855	\$4,900	\$43,755

Natural Resources

Fish and Wildlife Management

<http://www.dnr.state.mn.us/fishwildlife/index.html>

Statewide Outcome(s):

Fish and Wildlife Management supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

A clean, healthy environment with sustainable uses of natural resources.

The program operates under the principle that economic prosperity depends on a healthy environment and sustainable use of natural resources.

Context:

Fish and wildlife management is the job of the Department of Natural Resources (DNR) Fish and Wildlife Division. Minnesota's citizens value the state's rich outdoor heritage and often view their quality of life by the state's abundance and quality of outdoor experiences and recreation opportunities. The level of support for Minnesota's outdoor heritage was demonstrated by the 2008 constitutional Legacy Amendment that was supported by 56% of voters. Other amendments have also garnered significant support: a 1988 constitutional amendment establishing the environmental and natural resources trust fund (77 percent voter support) and a 1998 constitutional amendment preserving the right to hunt and fish (75 percent voter support).

The division supports DNR's three-part mission to support interrelated values of economic development, recreational use, and natural resources protection. The division serves DNR's mission by managing fish and wildlife populations, conserving aquatic and upland habitats, responding to fish and wildlife disease and habitat challenges, and providing economic benefits at local and statewide levels.

Fishing, hunting, trapping and wildlife watching annually provide:

an estimated 38.9 million days of fish and wildlife related outdoor recreation, including 24.4 million fishing days, 6.5 million hunting days, and 8 million wildlife watching (away from home) days, and

direct annual expenditures in Minnesota of \$4.3 billion.

Funding sources include the game and fish fund (angling and hunting licenses), legacy fund, special revenues, federal grants, natural resource fund, environmental trust fund, and general fund (http://files.dnr.state.mn.us/aboutdnr/budget/fy12-13/budget_spent.pdf) see page 14

The 2012 Legislature approved a fee initiative that is forecasted to bring in increased revenue to the game and fish fund enabling the department to continue and, in some cases, accelerate critical hunting and fishing activities.

Strategies:

Fish and wildlife population monitoring and management is necessary for managing healthy and productive fish and wildlife populations that support high quality and abundant fishing, hunting, trapping, and wildlife recreation viewing opportunities. Recreational opportunities and species sustainability are grounded in well-managed fishing and hunting and trapping seasons, which are based on scientific population surveys. Staff have been increasingly involved in monitoring and managing wildlife diseases such as bovine TB, avian influenza, chronic wasting disease and Newcastle disease.

Habitat protection, enhancement, and restoration is necessary for healthy and productive aquatic and terrestrial fish and wildlife populations. Fish and wildlife managers are responsible for conserving and managing habitat on state lands. Typical practices include creating waterfowl impoundments, conducting prescribed burns, restoring and enhancing wetlands, managing timber harvest, conducting wildlife lake assessments, improving fish spawning areas, restoring aquatic plants, removing dams, restoring channels, and reclaiming lakes.

Technical assistance, public participation, planning, and coordination results in citizens who are knowledgeable about the social and ecological value of healthy environments. In turn, citizens become supportive of the conservation of natural resources and ecological systems. DNR provides effective citizen partnerships to manage fish and wildlife resources.

Outreach, recruitment, and retention is necessary for increased multicultural, urban, and youth participation and appreciation of the state's outdoor heritage as well as retention of current fish and wildlife recreation participants. This work includes implementing mentored hunts, managing the National Archery in the Schools program, providing skills-based training through youth and women's programs, working directly with the Southeast Asian and other ethnic communities, investing in youth education through the MinnAqua program, and enhancing skills through the Becoming An Outdoors Woman/Family program, and Fishing In the Neighborhood.

Results:

- The performance measures in the chart below are a subset of outcomes for the entire program. Program managers implement the strategies and regularly evaluate their success and adapt management practices to achieve the desired results. Key factors that drive outcomes include the following:
- Loss of habitat as natural lands and waters are converted and developed for other purposes is a continuing challenge. High conservation value habitat such as grasslands, wetlands, and lakeshore are under threat from drainage, pollution, and land conversion. These ecosystems supply wildlife habitat and are critical for water quality, local economies, and recreation.
- The cumulative effects of stresses - a changing climate, invasive species, disease, pollution, and land conversion - all lead to unprecedented challenges to Minnesota's wide range of fish and wildlife species and habitats. Events occurring far from Minnesota, such as the 2010 Gulf oil spill, can also impact migratory wildlife species such as loons and waterfowl.
- Increasing recreational and economic demands on fish and wildlife resources create potential for conflict. Some hunters want motorized access, while others want silence. Different people want land managed for different economic uses.
- Managing interactions between people and wildlife is a challenge. More people are spending more time in places that bring them into contact-and sometimes conflict-with deer, geese, turkey, bears, and other animals. Wildlife damage to crops and other resources increase with changes in human and wildlife populations and with changes in the quantity and quality of habitat. An increasingly urban population may not be aware of fish and wildlife needs and laws.
- Retooling management and channeling resources in new ways prepares DNR to respond to rapidly changing trends. The division will take advantage of new opportunities for managing natural lands to sustain wildlife while meeting emerging markets for biomass energy.

Performance Measures	Previous	Current	Trend
1. Number of wild rice lakes actively managed for waterfowl	173	314	Improving
2. Acres of agricultural landscape in grassland and wetland habitat conservation programs	2.8 million	2.6 million	Worsening
3. Percent of lake trout in Lake Superior, that are naturally reproducing	79%	82%	Improving
4. Percent of deer permit areas within goal range	67%	66%	Stable
5. Number of lake surveys per year	700	~665	Improving

Performance Measures Notes:

There are factors outside the control of program managers that influence these measures such as weather, climate, and land use changes. Habitat conservation programs are largely federal Farm Bill programs with contributions from federal and state protection (fee title ownership).

1. Comparing FY 2005 to FY 2009.
2. Comparing FY 2007 to FY 2011.
3. Comparing FY 2005 to FY 2011.
4. Comparing FY 2007 to FY 2012.
5. Comparing FY 2010 to FY 2012.

More information: Strategic Conservation Agenda: Performance and Accountability Report
(http://www.mndnr.gov/conservation_agenda/performance)

Budget Activity: Fish And Wildlife Management
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$15,955	\$193,585	\$3,406	\$212,946
Current Law Expenditures (FY 2014-15)	\$18,600	\$142,654	\$3,238	\$164,492
Governor's Recommended Expenditures (FY2014-15)	\$18,202	\$150,094	\$3,238	\$171,534
\$ Change from FY 2014-15 Current Law to Governor's Rec	(398)	\$7,440	\$0	\$7,042
% Change from FY 2014-15 Current Law to Governor's Rec	(2%)	5%	0%	4%

Budget Activity: Fish And Wildlife Management**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$19,133	\$162	\$19,295
REVENUE	\$0	\$22,535	\$8,121	\$30,656
TRANSFERS IN		\$9,494		\$9,494
APPROPRIATION	\$18,202	\$122,765	\$0	\$140,967
SOURCES OF FUNDS	\$18,202	\$173,927	\$8,283	\$200,412
BALANCE FORWARD OUT		\$20,743	\$5,045	\$25,788
TRANSFERS OUT		\$3,086		\$3,086
EXPENDITURES	\$18,202	\$150,094	\$3,238	\$171,534
PAYROLL EXPENSE		\$80,549	\$397	\$80,946
OPERATING EXPENSES	\$0	\$57,357	\$2,423	\$59,780
OTHER FINANCIAL TRANSACTIONS	\$17,775		\$20	\$17,795
GRANTS, AIDS AND SUBSIDIES	\$427	\$1,997	\$398	\$2,822
CAPITAL OUTLAY-REAL PROPERTY		\$10,191		\$10,191
USES OF FUNDS	\$18,202	\$173,923	\$8,283	\$200,408

Natural Resources

Fish and Wildlife; Licensing

<http://www.dnr.state.mn.us/fishwildlife/license/index.html>

Statewide Outcome(s):

Fish and Wildlife - Licensing supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

A clean, healthy environment with sustainable uses of natural resources.

Context:

Fish and wildlife licensing is the job of the Department of Natural Resources (DNR) Fish and Wildlife Division. A license is required in order to hunt and fish in Minnesota. The purposes of game and fish licenses are to:

- allow for the control and management of fish and wildlife populations through harvest;
- provide information to managers for determining hunter/angler interest and harvest pressure on given populations;
- support enforcement of game and fish regulations; and
- generate revenue used to manage fish and wildlife habitat and populations.

Registration and titling helps recreation managers to regulate watercraft, snowmobile, ATV and other recreational vehicles and provides revenue to manage recreational trail systems, provide safe use, and provide information for program implementation.

Funding is provided from those who receive the service - hunters, anglers, boaters, snowmobilers, and other recreational motorists.

Strategies:

DNR's License Center is responsible for the development, implementation, and maintenance of the statewide electronic licensing system (ELS). Hunting and fishing licenses can be purchased at any of the 1,500 ELS agent locations, by phone, or online. License Center responsibilities also include commercial licenses (e.g., minnow dealers, game farms, and shooting preserves) and the lottery system for issuing controlled hunt permits (e.g., turkey, antlerless deer, bear, moose, and elk). The License Center issues all watercraft registration and titles and the registration of All-Terrain Vehicles (ATV), snowmobiles, Off-Road Vehicles (ORVs), and Off-Highway Motorcycles (OHM) through the web-based ELS and distributed through 170 deputy registrar locations.

A walk-in service counter provides service to customers for all types of license, registration, and titling transactions. Other services include the statewide distribution of a variety of DNR-related materials. This includes hunting regulations, fishing regulations, waterfowl supplements, boating guides, snowmobile regulations, and Off-Highway Vehicle (OHV) regulations.

Results:

Recently, the License Center implemented the second generation of ELS. The new system applies the latest technology available for point of sale licensing. This includes touch screen point of sale equipment, web integrated programming, and easier online and telephone sales and harvest registration.

Performance Measures	Previous	Current	Trend
1. Game and Fish License transactions per year	3.1 million	2.87 million	Stable
2. Annual watercraft registrations	854,000	809,000	Worsening
3. Annual ATV registrations	250,000	259,500	Improving

Performance Measures Notes:

1, 2 & 3 – Comparing FY 2006 to FY 2011.

Changes in types of game and fish licenses occurred during this period. The number of individual license purchasers is stable.

More information: Strategic Conservation Agenda: Performance and Accountability Report (http://www.mndnr.gov/conservation_agenda/performance).

Budget Activity: Licensing
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$16,892		\$16,892
Current Law Expenditures (FY 2014-15)		\$17,004		\$17,004
Governor's Recommended Expenditures (FY2014-15)		\$17,004		\$17,004
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

Budget Activity: Licensing**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$855		\$855
REVENUE	\$0	\$12,403		\$12,403
TRANSFERS IN		\$2,198		\$2,198
APPROPRIATION	\$0	\$4,622		\$4,622
SOURCES OF FUNDS	\$0	\$20,078		\$20,078
BALANCE FORWARD OUT		\$876		\$876
CANCELLATIONS		\$2,198		\$2,198
EXPENDITURES		\$17,004		\$17,004
PAYROLL EXPENSE		\$3,042		\$3,042
OPERATING EXPENSES		\$13,962		\$13,962
USES OF FUNDS		\$20,078		\$20,078

Natural Resources

Enforcement Natural Resource Laws and Rules

<http://www.dnr.state.mn.us/enforcement/index.html>

Statewide Outcome(s):

The Enforcement Natural Resource Laws and Rules Program supports the following statewide outcome(s).

- A clean, healthy environment with sustainable uses of natural resources
- A thriving economy that encourages business growth and employment opportunities
- Strong and stable families and communities.

The program is also a contributor to the statewide outcome:

- People in Minnesota are safe.

Context:

The enforcement of natural resources laws and rules is the job of the Department of Natural Resources (DNR) Enforcement Division. The division operates to ensure public safety and compliance with laws regarding state game and fish, recreational vehicles, non-motorized recreational activities; natural resource commercial operations, and environmental protection. Major responsibilities include law enforcement, public safety, and education in:

- hunting and fishing seasons, methods of taking wild animals, and possession limits;
- public safety, including regulating Off-Highway Vehicle (OHV) and watercraft operation, alcohol impaired operation, and response to natural disasters;
- regulating commercial use and exploitation of natural resources and products;
- protection of the state's land, air, and water quality; and
- safety training and hunter education for youth and adults.

The Enforcement Division helps ensure sustainable game and fish populations that make Minnesota a destination state for outdoor recreation. This program supports a multi-million dollar tourism industry linked to hunting, fishing, motorized and non-motorized recreation. It also promotes education of Minnesota's diverse outdoor recreationalists in safe and ethical practices. Enforcement possesses specialized equipment and workforce skills that are relied on by other law enforcement agencies in natural disaster response.

Funding sources include game and fish fund, general fund, natural resources fund, water recreation fund and small amounts of remediation fund and federal funds (see http://files.dnr.state.mn.us/aboutdnr/budget/fy12-13/budget_spent.pdf pages 16-18).

Strategies:

The Division of Enforcement manages five core program areas:

- **Environmental Protection:** Protection of the environment through enforcement of regulations related to invasive species, the Wetland Conservation Act, protected waters, aquatic plants, wildlife management areas, fire, air quality, timber and solid waste.
- **Fisheries and Game Protection:** Protect fisheries stocks, small game, migratory waterfowl, and big game populations through law enforcement and education efforts. Promote safe involvement in the state's shooting sports through quality education.
- **Recreational Enforcement and Safety Training and Education:** Provide safety training and law enforcement services for All-Terrain Vehicle [ATV], Off-Highway Motorcycle (OHM), Off-Road Vehicle (ORV), and snowmobiles, and for non-motorized activities.

- **Public Safety and Service:** Respond to citizens' calls for service and support police and sheriff's law enforcement efforts for activities such as disaster response.
- **Water Recreation:** Enhance boat and water safety and public access to waters through enforcement and education, including grants to local law enforcement.

Results:

- The following performance measures represent a subset of outcomes for the Division of Enforcement. Key factors that drive desired outcomes include:
- **Public Safety Role.** The health and welfare of Minnesotans in their time of need is our highest priority. The division measures its success by its ability to respond to requests for service. The division's emergency response role must be stable and consistent; it cannot be compromised. For example, the efforts of the Division has contributed to a continued fatality rate well below the national average of 6.2/100,000 boat registrations. Minnesota leads the nation in per/capita boat ownership and has been a leader in boating safety outreach and enforcement.
- Major shifts in traditional sources of conservation funding influence how the division accomplishes its work. Because public safety activities are funded by general fund appropriations, in years where natural disaster response is elevated there are fewer resources available to deliver other critical public services. Enforcement must assure fund integrity of its dedicated funds that cannot be diverted from their intended purposes. This challenges the division's flexibility; alternative funding models are needed to ensure efficient and consistent delivery of all the Division's vital conservation services.
- **Invasive Species Enforcement.** The spread of aquatic invasive species in the state poses unprecedented challenges to ensuring the persistence and health of Minnesota wide range of fish and wildlife species and habitats and the recreation and economic opportunities they provide. The enforcement division increasingly plays a critical enforcement and education role to address this growing threat to the state's natural resources.
- **Continuous Improvement and New Service Delivery Models.** The effectiveness of law enforcement efforts cannot be gauged simply by tabulating the results of citations and warnings issued. The Division has a three-pronged approach to gaining compliance; information, education, and law enforcement, with enforcement action as the last measure. The Division must keep pace with change and accelerate the use of media to inform and influence citizens to increase voluntary compliance and report violations.

Performance Measures	Previous	Current	Trend
Hours of game and fish enforcement worked	210,000	200,000	Stable
Students certified through Division Safety Training Programs	38,500	37,000	Stable
Recreational fatalities maintained below the national average (Deaths/100,000 registrations)	Boating - 1.47 ATV – 8.38 Snow – 5.00	Boating -1.98 ATV – 5.85 Snow – 2.73	Improving
Hours worked in environmental protection	29,000	22,000	Worsening
Hours devoted to Public Safety	6500	5000	Stable

Performance Measures Notes:

1, 2, 3, 4, & 5 – Comparing FY 2011 to FY 2012.

5 - While the measure appears to be worsening, in FY 2011 a major flood increased activity levels above normal. Goals for service are being met and base activity outside of disaster response has remained stable.

DNR is exploring the development of an enforcement data records management system to help track an improved set of enforcement performance measures.

More information: Strategic Conservation Agenda: Performance and Accountability Report (http://www.mndnr.gov/conservation_agenda/performance)

Program: Enforcement Nr Laws & Rules
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$5,591	\$66,339	\$151	\$72,081
Current Law Expenditures (FY 2014-15)	\$6,750	\$70,512	\$80	\$77,342
Governor's Recommended Expenditures (FY2014-15)	\$6,750	\$72,672	\$80	\$79,502
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$2,160	\$0	\$2,160
% Change from FY 2014-15 Current Law to Governor's Rec	0%	3%	0%	3%

Program: Enforcement Nr Laws & Rules**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$815	\$20	\$835
REVENUE	\$0	\$10,315	\$60	\$10,375
TRANSFERS IN		\$2,547		\$2,547
APPROPRIATION	\$6,750	\$62,336	\$0	\$69,086
SOURCES OF FUNDS	\$6,750	\$76,013	\$80	\$82,843
BALANCE FORWARD OUT		\$795		\$795
CANCELLATIONS		\$2,545		\$2,545
EXPENDITURES	\$6,750	\$72,672	\$80	\$79,502
PAYROLL EXPENSE	\$5,361	\$39,540	\$10	\$44,912
OPERATING EXPENSES	\$1,389	\$28,711	\$70	\$30,169
OTHER FINANCIAL TRANSACTIONS		\$207	\$0	\$207
GRANTS, AIDS AND SUBSIDIES		\$4,214	\$0	\$4,214
USES OF FUNDS	\$6,750	\$76,012	\$80	\$82,842

Natural Resources Operations Support

<http://www.dnr.state.mn.us/aboutdnr/index.html>

Statewide Outcome(s):

Operations Support supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Strong and stable families and communities.

A clean, healthy environment with sustainable uses of natural resources.

DNR operates under a “triple bottom line” principle that economic prosperity and vibrant communities depend on a healthy environment and sustainable use of natural resources.

Context:

Operations Support provides the critical policy, programmatic, business and managerial support to the Department of Natural Resources (DNR) mission. Program activities engage in planning and deploying the agency’s financial, human, and physical resources, and administer pass through grants.

Shared leadership and business services are merged into a single program area. The operations support program is a consolidation of common business activities that support the work and mission of the agency including: safety, planning and performance measurement, policy development, communications, personnel, equipment and facilities, purchasing, information systems, finance, and leadership. The program also provides internal leadership and business services.

- Operations Support maintains key business skills at the lowest possible costs. These skills involve: workforce, planning, allocation of money and capital assets, and decision-making. The program assesses the full costs of decisions for decision-makers. This creates dependable budgeting, planning, and reporting. The program assures a fair and equitable distribution of costs so that money is allocated for its intended, specific purposes.
- Key issues for the operations support program are leadership, decision-making, managing costs, allocation of costs, instituting best management practices and support for innovation, transparency and accountability in reporting results, and managing pass through grants for local units of government and non-profits.
- Primary customers include executive leadership, senior management, operations managers, managerial and supervisory corps, employees at all levels, and grant recipients.
- Operation support activities exist under the oversight of the shared services board that negotiates and recommends service level agreements. These agreements are contracts that stipulate service products, the amount of services, allocation of costs, and measures of performance. The allocated costs are converted into bills to the divisions. Funds received from billings are allocated to business services.

Strategies:

Operations Support establishes business and leadership systems that focus on strategic priorities and agency goals reflect sound management values, and direct design and delivery of coherent systems of support services. Operations support is organized around these core purposes:

- **Coordinate strategic priorities** to achieve DNR’s goals. Design and operate a customer-driven implementation process. Train managers how to support and operationalize decisions. Provide effective opportunities for stakeholder participation. Better understand economic trends. Use capital investments to drive economic development.
- **Conduct operations** that reflect DNR’s cultural values. Support a diverse and respectful workplace. Build a workforce that is safe, respectful and flexible. Develop the next generation of DNR leaders. Initiate process improvement projects. Ensure adoption of best science and management practices. Adapt programs to changing climate and emerging energy markets.

- **Manage the major support functions.** Improve business practices and transparency. Design a customer-focused delivery system.
- **Enable natural resource results.** Design and deliver of a coherent system of leadership and support services. Assess effectiveness of support functions. Establish a coordinated agenda of department-wide organizational changes.

Results:

The following performance measures represent a subset of outcomes for the Operations Services Division. Key factors that drive desired outcomes include:

- **Significant shifts in workforce composition and future worker availability.** Minnesota agencies face changing demographics, workforce shifts, and loss of institutional knowledge and experience. These trends require workforce planning, recruitment, development, and retention strategies.
- **Major shifts in traditional sources of conservation funding** influence how the department accomplishes its work. This challenges DNR to adjust its strategic funding framework in ways that ensure efficient and consistent delivery of mission-critical services. Increasing reliance on dedicated funds can restrict agency flexibility in responding to changing conditions. DNR must assure fund integrity and allocation is consistent with the appropriate dedicated purpose.
- **Increasing demands and requirements for accountability** at state and federal government levels have resulted in many legislative changes to business operations to ensure a higher level of financial and regulatory accountability. These demands commit DNR to allocate the resources required to provide needed accountability data.
- **Increasing demand for use of renewable energy sources.** State and federal policies support renewable energy development. Technology advances and new incentives mean opportunities for DNR to significantly enhance energy efficiency and reduce its environmental footprint.
- **Increasing complexity of natural resource issues.** The growing complexity of natural resource decision making requires better and more integrated information. DNR must expand its capacity to collect, manage, and make accessible the natural resource information that is vital to fact-based decisions and improved conservation results.

Performance Measures	Previous	Current	Trend
1. Number of recordable work injuries per 100 employees	5.30	6.05	Worsening
2. Percent renewable energy used at DNR facilities; carbon emission from DNR facilities and fleet	0.10%	0.59%	Improving but below target
3. Number of performance indicators tracked at DNR	89	226	Improving

Performance Measures Notes:

The suite of performance measures that are currently being used can be found in the service level agreements and the Strategic Conservation Agenda, Part II.

1 & 2 – Comparing FY 2010 to FY 2011

3 – Comparing FY 2010 to FY 2012. Number of indicators tracked is based on indicators and performance measures tracked in the Strategic Conservation Agenda and the Outcomes Tracking System. The increase represents DNR's continuing commitment to accountability to results through the 2011 launch of its Outcomes Tracking System to support tracking and reporting of outcomes resulting from DNR's investment of Legacy Funds and grants.

More information: Strategic Conservation Agenda: Performance and Accountability Report (http://www.mndnr.gov/conservation_agenda/performance)

Budget Activity: Operations Support
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$5,192	\$235,264	\$7,772	\$248,228
Current Law Expenditures (FY 2014-15)	\$0	\$129,248	\$8,200	\$137,448
Governor's Recommended Expenditures (FY2014-15)	\$0	\$129,848	\$8,200	\$138,048
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$600	\$0	\$600
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%	0%	0%

Budget Activity: Operations Support**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN	\$6	\$9,052		\$9,058
REVENUE	\$0	\$127,092	\$8,200	\$135,292
APPROPRIATION	\$0	\$1,240	\$0	\$1,240
SOURCES OF FUNDS	\$6	\$137,384	\$8,200	\$145,590
BALANCE FORWARD OUT	\$6	\$7,464		\$7,470
TRANSFERS OUT		\$70		\$70
EXPENDITURES	\$0	\$129,848	\$8,200	\$138,048
PAYROLL EXPENSE		\$46,549	\$1,117	\$47,666
OPERATING EXPENSES		\$63,767	\$2,827	\$66,594
OTHER FINANCIAL TRANSACTIONS		\$4,704	\$406	\$5,110
GRANTS, AIDS AND SUBSIDIES	\$0	\$640	\$1,800	\$2,440
CAPITAL OUTLAY-REAL PROPERTY	\$0	\$14,188	\$2,050	\$16,238
USES OF FUNDS	\$6	\$137,382	\$8,200	\$145,588

Natural Resources

Operations Support-Trust Land Management

http://www.dnr.state.mn.us/aboutdnr/school_lands/index.html

Statewide Outcome(s):

Operations Support-Trust Land Management supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Strong and stable families and communities.

A clean, healthy environment with sustainable uses of natural resources.

DNR operates under a “triple bottom line” principle that economic prosperity and vibrant communities depend on a healthy environment and sustainable use of natural resources.

Context:

The Department of Natural Resources (DNR) administers approximately 2.5 million acres of school fund lands, 26,000 acres of university trust fund lands as well as school trust and university trust severed mineral interests of one million acres respectively. DNR administers these lands and mineral interests consistent with legislative direction (Minn. Stat., secs. 84.027 subd. 18; 127A.31; 137.022) to maximize revenue to the permanent school fund and the permanent university fund and ensure the long-term viability of these resources.

Strategies:

DNR manages trust lands to:

- Maximize the long-term economic return from trust lands and mineral resources;
- Give precedence to the long-term economic return in managing school trust lands;
- Manage school trust fund lands efficiently and in a manner that reflect the undivided loyalty to the beneficiaries consistent with all fiduciary obligations to generate revenue;
- Provide for the sustainable economic use of Minnesota’s abundant natural resources;
- Maximize revenue while maintaining sound natural resource conservation and management principles;
- Manage the sale, exchange, and commercial leasing of trust lands for returns not less than fair market value;
- Optimize school trust land revenues and maximize the value of the trust consistent with the balancing of short-term and long-term interests, so that long-term benefits are not lost in an effort to maximize short-term gains;
- Maintain the integrity of the trust and prevent the misapplication of its lands and revenues;
- Manage the sale and exchange of lands to limit lands for uses that prohibit revenue generation;
- Effectively and efficiently deliver services to manage trust lands.

Program key partners are DNR management and state executive agencies.

Results:

The following performance measures represent a subset of outcomes for the department’s trustee responsibilities. Key factors that drive desired outcomes include:

- Progress with U.S. Forest Service on the exchange of school trust lands within the Boundary Waters Canoe Area Wilderness;
- Mitigation of policy designations that preclude or inhibit revenue generation from trust lands;
- Promotion of revenues from forest products through timber harvest / timber sales;
- Promotion of revenues from state-owned mineral rights through identification, leasing, and development;
- Generation of revenue from real estate transactions that benefit trust land;
- Creation of land asset management principles for trust lands that inform staff on application of policy decisions and potential outcomes to trust land.

Performance Measures	Previous	Current	Trend
1. Income from trust land mineral leases	\$19,952,114	\$32,955,116	Improving
2. Income from trust land forest products	\$2,403,000	\$2,287,000	Worsening
3. Number of trust land parcels sold	10	0	Stable

Performance Measures Notes:

The performance measures above are in development as DNR implements a new Operational Order on Management of School Trust Lands initiated in February 2012.

1, 2, & 3 – Comparing FY 2011 to FY 2012.

1 – FY 2012 gross revenues with 80 percent distribution to Permanent School Fund and 20 percent to minerals management account, not to exceed \$3 million.

3 - The quantity of school trust forest products and amount of money generated by trust land real estate sales is dependent upon its long term economic return and will fluctuate.

More information: Strategic Conservation Agenda: Performance and Accountability Report

(http://www.mndnr.gov/conservation_agenda/performance)

Budget Activity: Ops Support-Trust Land Management
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$130			\$130
Current Law Expenditures (FY 2014-15)	\$260			\$260
Governor's Recommended Expenditures (FY2014-15)	\$260			\$260
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Ops Support-Trust Land Management

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$260			\$260
SOURCES OF FUNDS	\$260			\$260
EXPENDITURES	\$260			\$260
PAYROLL EXPENSE	\$180			\$180
OPERATING EXPENSES	\$80			\$80
USES OF FUNDS	\$260			\$260

Natural Resources

Operations Support – MN.IT@DNR

<http://www.dnr.state.mn.us/aboutdnr/bureaus/mis/index.html>

Statewide Outcome(s):

Operations Support –MN.IT supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Strong and stable families and communities.

A clean, healthy environment with sustainable uses of natural resources.

DNR operates under a “triple bottom line” principle that economic prosperity and vibrant communities depend on a healthy environment and sustainable use of natural resources.

Context:

MN.IT @ DNR operates within the department’s operations support program to provide critical operational and strategic support to the Department of Natural Resources (DNR) mission. A comprehensive suite of IT services are provided at agency, program, and individual computer user levels. Services range broadly from infrastructure support to designing and building business-enhancing and cost-saving software applications.

Staff providing IT services operate within the MN.IT statewide service structure, while maintaining close business-centric relationships with DNR staff at all levels.

- MN.IT @ DNR maintains key IT skills at the lowest possible costs. Decision-makers are kept well-appraised of service costs and their linkage to service delivery. This creates dependable budgeting, planning, and reporting for IT services.
- Key IT issues are leadership support, decision-making, cost management, cost allocation to agency customer groups, and instituting best management practices for innovation, transparency and accountability.
- Primary customers are executive leadership, senior management, operational managers, employees at all levels, grant recipients, citizen recreationists, and external business partners.
- Sources of funding are delivered under the oversight of MN.IT and the DNR shared services board that negotiates and recommends service level agreements. These agreements are contracts that stipulate service products, service delivery terms, allocation of costs, and measures of performance. The allocated costs are converted into bills to the divisions, which are used to fund the services.

Strategies:

MN.IT @ DNR establishes and maintains business systems centered on strategic priorities and agency goals. To maximize outcomes, the agency has created an IT service delivery strategy with flexibility and responsiveness, while maintaining accountability and management best practices:

- **Common Services** – IT Common Services are provided across the entire agency and managed collectively for optimal operational efficiency. Common Services are billed for using a “block funding” model, where large-scale assessments are made twice per year to division customers to fund the Common Services budget. Once established, this budget is available to deliver services and to reinvest in the program and its assets.
- **Utility Services** – IT Utility Services are managed using a dynamic revenue-based model based on direct rate of consumption and billed accordingly. A good example is Email services, which are billed monthly based on the number of accounts a given division customer group maintains – more accounts, more service, more cost.
- **Business Services** – IT Business Services are specific to DNR divisions, who maintain an IT staff complement dedicated to enhancing their specific lines of business. Each division funds these services at a level commensurate with their need, and works with MN.IT @ DNR management to ensure that work

plans are consistent with division objectives. Each service relationship is governed by an individual divisional service level agreement (SLA).

- **Project Services** – IT Project Services is a business construct that allows MN.IT @ DNR management to assign staff to business-enhancing projects while collecting revenue to pay for the activity. It is a flexible system that allows any MN.IT @ DNR staff member to operate in this capacity. Revenue management is subject to rigorous rules to ensure equitable rates while avoiding over-collection.

Results:

The following performance measures represent a subset of outcomes for the Operations Services Division. Key factors that drive desired outcomes include:

- **Maintaining service levels while containing costs.** Like other state agencies, DNR is increasingly reliant on technology to maintain its business operations. Opportunities to increase cost performance are always being considered, but not at the expense of service quality.
- **The exponential increase in use of mobile communications in our society** creates new requirements for delivering information and providing services to DNR customers. The agency must reach mobile customers.
- **Increasing demands and requirements for accountability** at state and federal government levels have resulted in many legislative changes to business operations to ensure a higher level of financial and regulatory accountability.
- **IT Consolidation demands new, more efficient ways of providing IT services.** Agency IT operations must mature into and conform to the high standards and best practices required by MN.IT leadership.

Performance Measures	Previous	Current	Trend
1. Business Application Availability	99.9%	99.9%	Stable
2. Mobile Application Access Rates	375,000 pages	950,000 pages	Improving
3. Key IT Services Maturity (system monitoring, request management, incident management, project management, change management)	CMM level 2.2	CMM level 2.6	Improving

Performance Measures Notes:

1,2, & 3 – Comparing FY 2011 to FY 2012

2 – The large increase in the number of mobile application access rates is likely due to increased popularity and use of smartphones and other mobile devices.

3 - Capability Maturity Model (CMM) estimations are used to rate maturity in processes identified as key areas of standardization and improvement within MN.IT Services. Higher levels are considered better.

Budget Activity: Information Technologies
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$16,454		\$16,454
Current Law Expenditures (FY 2014-15)		\$28,451		\$28,451
Governor's Recommended Expenditures (FY2014-15)		\$28,451		\$28,451
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

Budget Activity: Information Technologies**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$650		\$650
REVENUE	\$0	\$28,450		\$28,450
SOURCES OF FUNDS	\$0	\$29,100		\$29,100
BALANCE FORWARD OUT		\$650		\$650
EXPENDITURES		\$28,451		\$28,451
PAYROLL EXPENSE		\$438		\$438
OPERATING EXPENSES		\$23,333		\$23,333
OTHER FINANCIAL TRANSACTIONS		\$4,180		\$4,180
CAPITAL OUTLAY-REAL PROPERTY		\$500		\$500
USES OF FUNDS		\$29,101		\$29,101

Minnesota Department of Natural Resources (DNR)
FY 2014-15 Biennial Budget
Federal Funds Summary

Narrative

Federal funds are accepted at the DNR when they support the mission, strategies, goals and objectives found in the DNR's Strategic Conservation Agenda 2009-2013. The Federal Funds Summary Table below lists anticipated revenues for incoming federal funds, their use (including statewide outcomes), and whether funds are new and require a state match and/or maintenance of effort. Federal funds include continuing programs, funds based on funding formulas, competitive grants, and project grants.

Federal Fund accounts include:

1. Incoming federal grant or federal cooperative agreement revenue deposited directly to a federal (3000 fund) account.
2. Federal grant or cooperative agreement revenue passed through another state agency to the DNR. If the federal funds are passed through another state agency that other state agency has also included this amount in their budget.

Outgoing grants funded from federal dollars are estimated throughout the spending period of the grant, rather than estimated in the first year of the grant award. Estimates are based on the best federal funding information available at the time this report is prepared. Most new federal awards that impact state fiscal years 2014-2015 have not yet been confirmed. Therefore, we used historical trend information from recent years to estimate future revenues, as well as any knowledge of changing funding levels or trends that may impact future awards.

Specific funding level changes or trends by division include:

- * Ecological and Water Resources: Interior Fish and Wildlife Service Landowner Incentive Program ended at the end of FY12.
- * Enforcement: 2 Department of Justice Grants Ended - Underage Alcohol Prevention and Bulletproof Vests.
- * Fish and Wildlife: USDA Animal and Plant Health Inspection Service Wildlife Grant Ended, Interior Fish and Wildlife Service Multistate Conservation and Wolf Depredation Grant Programs ended.
- * Operations Services: NSF MN Master Naturalist Program ended at the end of FY11, LIDAR projects (2) and Public Safety Inoperable Communications Project have ended.

State funding is required related to the federal awards listed in this summary as most grants are implemented on a reimbursement basis and may require a state match. Across the board reductions (sequestration) would certainly have an impact on what could be accomplished with federal funds and the amount of state funds that would be necessary to meet federal match requirements.

Table

Federal Agency & CFDA #	Federal Award Received and Description of Use, Including Statewide Outcome (SWO)	New Program (Yes or No)	State Match / MOE Required	FY12-13 Revenues (FY13 Anticipated)		FY14-15 Estimated Revenues	
				FY12	FY13	FY14	FY15
Ecological and Water Resources							
Commerce/ National Oceanic and Atmospheric Administration 11.419, 4 appropriations	Coastal Zone Management: Program requires a balance between economic development & resource protection within the coastal zone. Projects must preserve, protect, develop, & where possible, restore & enhance coastal resources. SWO=Environment	No	Match	\$917,001	\$963,000	\$963,000	\$963,000
Federal Emergency Management Agency 97.045, 3 appropriations	Cooperating Technical Partners: Increase local involvement in the production, development, and maintenance of Digital Flood Insurance Maps (DFIRMS). SWO=Safety	No	No	\$510,494	\$484,000	\$490,000	\$80,000
Federal Emergency Management Agency 97.023, 2 appropriations	Community Assistance Program-State Support Services Element: Provide technical assistance to National Flood Insurance. Program communities to monitor and evaluate performance of floodplain management activities. SWO=Safety	No	Match	\$145,913	\$145,915	\$146,000	\$146,000
Homeland Security 97.041, 2 appropriations	National Dam Safety Program: To strengthen and improve the state dam safety program. SWO=Safety	No	No	\$115,671	\$150,000	\$150,000	\$150,000
Interior/Fish and Wildlife Service 15.608	Fed Agreements for Invasive: Implementation of state plan for invasive species prevention, research, & monitoring. SWO=Environment	No	No	\$424,553	\$623,000	\$1,000,000	\$688,539

Federal Agency & CFDA #	Federal Award Received and Description of Use, Including Statewide Outcome (SWO)	New Program (Yes or No)	State Match / MOE Required	FY12-13 Revenues (FY13 Anticipated)		FY14-15 Estimated Revenues	
				FY12	FY13	FY14	FY15
Interior/Fish and Wildlife Service 15.608, 2 appropriations	Aquatic Nuisance Species Program: Public awareness of Nonindigenous Aquatic Nuisance species - Stop Aquatic Hitchhikers campaign. SWO=Environment	No	Match	\$0	\$25,000	\$25,000	\$3,454
Agriculture/Forest Service 10.652	Mercury in Fish: Mercury in Fish Testing. SWO=Safety	No	Match	\$1,572	\$7,500	\$5,000	\$5,000
Interior/Fish and Wildlife Service 15.657	White Nose Syndrome: Monitor bat populations for the occurrence of white nose syndrome and educate the public about the disease. SWO=Environment	No	No	\$28,020	\$25,000	\$25,000	\$25,000
Interior/Fish and Wildlife Service 15.633	Landowner Incentive Program: Habitat management on private lands to benefit rare species. SWO=Environment	No	Match	\$124,269	\$0	\$0	\$0
Interior/Fish and Wildlife Service 15.634	State Wildlife Grants: Implement, coordinate, & monitor implementation of the state wildlife action plan to benefit species of greatest conservation need. SWO=Environment	No	Match	\$919,581	\$1,000,000	\$1,000,000	\$1,000,000
Interior/Fish and Wildlife Service 15.634	Comprehensive Conservation Plan: Coordinate and monitor state wildlife. SWO=Environment	No	Match	\$255,997	\$300,000	\$300,000	\$300,000
Environmental Protection Agency 66.461	Wetlands Program Development Grant: Pass-through grant under a cooperative agreement with MPCA wetland monitoring. SWO=Environment	No	Match	\$3,043	\$2,923	\$0	\$0

Federal Agency & CFDA #	Federal Award Received and Description of Use, Including Statewide Outcome (SWO)	New Program (Yes or No)	State Match / MOE Required	FY12-13 Revenues (FY13 Anticipated)		FY14-15 Estimated Revenues	
				FY12	FY13	FY14	FY15
Interior/Fish and Wildlife Service 15.615, 2 appropriations	Endangered Species Reimbursement: Research & monitoring to support endangered species recovery. SWO=Environment	No	Match	\$96,124	\$75,000	\$75,000	\$75,000
Interior, US Geological Survey 15.978	Long Term Resource Monitoring: Monitor long-term trends of water quality, aquatic vegetation, & fish on Pool 4 of the Mississippi River; Analyze & summarize the data and provide that information to decision makers. SWO=Environment	No	No	\$480,469	\$450,000	\$450,000	\$450,000
Defense/ National Guard Bureau 12.401	Army Compatible Use Buffer Zone: Protect lands surrounding Camp Ripley from development & other encroachment that would impair the camp's function. This is achieved through DNR fee title & conservation easement acquisition from willing land owners. SWO=Environment	No	Match	\$155,561	\$500,000	\$500,000	\$500,000
Enforcement							
Homeland Security 97.056	Port Security: Strengthens critical port infrastructure against risks associated with potential terrorist attacks. SWO=Safety	Yes	No	\$0	\$116,497	\$0	\$0
Interior/Fish and Wildlife Service 15.662	Great Lakes Enforcement Task Force Cooperative: To effectively and efficiently investigate and enforce State and Federal wildlife laws. SWO=Safety	Yes	No	\$20,000	\$60,000	\$20,000	\$0
Interior/Fish and Wildlife Service 15.662	Great Lakes Enforcement Task Force Cooperative: Protect and restore the Great Lakes. SWO=Safety	No	No	\$0	\$70,000	\$0	\$0

Federal Agency & CFDA #	Federal Award Received and Description of Use, Including Statewide Outcome (SWO)	New Program (Yes or No)	State Match / MOE Required	FY12-13 Revenues (FY13 Anticipated)		FY14-15 Estimated Revenues	
				FY12	FY13	FY14	FY15
Interior/Fish and Wildlife Service 15.662	Upper Midwest Invasive Species Task Force: Invasive Species Task Force. SWO=Safety	Yes	No	\$0	\$85,000	\$29,750	\$29,750
Fish and Wildlife							
Agriculture 10.025	Animal and Plant Health Inspection Service-Fish. SWO=Environment	No	Match	\$11,107	\$10,000	\$21,000	\$0
Agriculture/Farm Service Agency 10.093	Voluntary Public Access-Habitat: Ended Sept 30, 2012, but can continue to spend all obligated funds until done. SWO=Environment	No	No	\$817,959	\$248,250	\$0	\$0
Commerce/National Oceanic and Atmospheric Administration 11.407	Inter-jurisdictional Fisheries Act: Fish disease research. SWO=Environment	No	No	\$0	\$24,000	\$36,000	\$0
National Oceanic and Atmospheric Administration 11.463	GLRI Phase I Radio Tower Bay Restoration Project: Extended to 12/31/2013. SWO=Environment	No	Match	\$196,065	\$400,000	\$55,000	\$2,000,000
Interior/Fish and Wildlife Service 15.608	Fisheries Federal Agreements. SWO=Environment	No	Match	\$68,544	\$207,000	\$200,000	\$19,000
Interior/Fish and Wildlife Service 15.608	Riparian Habitat: Ends 6/30/14. SWO=Environment	No	Match	\$37,554	\$75,000	\$88,000	\$100,000
Interior/Fish and Wildlife Service 15.608	Midwest Glacial Lakes Partnership 1&2: Ends 6/30/13. SWO=Environment	No	Match	\$0	\$48,000	\$15,000	\$0
Interior/Fish and Wildlife Service 15.611	Wildlife Federal Agreements Research. SWO=Environment	No	No	\$48,844	\$150,000	\$104,000	\$100,000

Federal Agency & CFDA #	Federal Award Received and Description of Use, Including Statewide Outcome (SWO)	New Program (Yes or No)	State Match / MOE Required	FY12-13 Revenues (FY13 Anticipated)		FY14-15 Estimated Revenues	
				FY12	FY13	FY14	FY15
Interior/Fish and Wildlife Service 15.623	North American Wetlands Conservation Act: Ends 12/04/12, but staff discussing future grants. All match completed. SWO=Environment	No	No	\$36,878	\$82,000	\$200,000	\$200,000
Interior/Fish and Wildlife Service 15.647	Migratory Bird Conservation Grant: Investigation of disease outbreak potential for Lesser Scaup on newly-infested lakes and rivers. Ends 6/30/14. SWO: Environment	No	Match	\$47,667	\$43,000	\$20,000	\$20,000
Interior/Fish and Wildlife Service 15.655	Estimating Numbers of Breeding Sandhill Cranes in NW Minnesota: Current grant ends 9/30/14. New request to start July 2013, for 2 years. SWO=Environment	No	Match	\$5,454	\$30,000	\$40,000	\$20,000
Forestry							
Agriculture/Forest Service 10.664, 4 grants	Cooperative Fire Protection - Volunteer Fire Assistance: Provides financial, technical, and related assistance to State Foresters for organizing, training, and equipping rural fire departments. One grant closed after FY12; one grant closes at the end of FY13. SWO=Safety	No	Match	\$ 347,180	\$ 340,000	\$300,000	\$300,000

Federal Agency & CFDA #	Federal Award Received and Description of Use, Including Statewide Outcome (SWO)	New Program (Yes or No)	State Match / MOE Required	FY12-13 Revenues (FY13 Anticipated)		FY14-15 Estimated Revenues	
				FY12	FY13	FY14	FY15
Agriculture/Forest Service 10.664, 14 grants	Cooperative Fire Protection - State Fire Assistance: Provides financial, technical, and related assistance to State Foresters to other agencies and individuals. Hazardous Mitigation Program: Expands and implements community wildfire protection plans in Minnesota. Firewise: Provides information and education targeting prevention and mitigation in the Wildland Urban Interface. SWO=Safety	No	Match	\$1,147,330	\$1,797,372	\$1,767,000	\$900,000
Agriculture/Forest Service 10.664, 4 grants	Cooperative Forestry Assistance - Minnesota Forestry Resource Council: Increases private forest management in a collaborative manner by addressing regionally significant forest management concerns and/or opportunities. SWO=Economy	No	Match	\$43,342	\$137,115	\$0	\$0
Agriculture/Forest Service 10.664, 4 grants	Cooperative Forestry Assistance - Forest Inventory and Analysis: Collaborates with Northern Research Station in completing the Forest Inventory and Analysis Project in an effort to report on the health of Minnesota's forests. SWO=Economy	No	Match	\$326,948	\$17,250	\$492,760	\$0

Federal Agency & CFDA #	Federal Award Received and Description of Use, Including Statewide Outcome (SWO)	New Program (Yes or No)	State Match / MOE Required	FY12-13 Revenues (FY13 Anticipated)		FY14-15 Estimated Revenues	
				FY12	FY13	FY14	FY15
Agriculture/Forest Service 10.683	Cooperative Fire Protection - National Fish & Wildlife Foundation Zumbro: This program is designed to restore 150 acres of flood plain forest through tree planting and direct seeding. SWO=Environment	No	No	\$10,920	\$0	\$0	\$0
Agriculture/Forest Service 10.675, 7 grants	Cooperative Forestry Assistance - Urban and Community Forestry Education: Improves the protection and management of community forests and expands the resource base by building the capacity of local programs and private vendors across the state. SWO=Economy	No	Match	\$166,788	\$228,857	\$500,000	\$400,000
Agriculture/Forest Service 10.680, 3 grants	Forest Health Protection - Oak Wilt: Provides cost share assistance to communities for suppression activities. One grant ended 12/31/2011. SWO=Economy	No	Match	\$14,317	\$6,122	\$0	\$0
Agriculture/Forest Service 10.680, 10 grants	Forest Health Management: Protect non-federal forest and tree resources from damaging forest insects, disease causing agents, and invasive plants; develop/improve forest health protection technologies; and monitor the health of forests. Specific programs addressing emerald ash borer, garlic mustard, and buckthorn. One grant ended 12/31/2011. SWO=Economy	No	Match	\$228,711	\$686,814	\$331,918	\$0

Federal Agency & CFDA #	Federal Award Received and Description of Use, Including Statewide Outcome (SWO)	New Program (Yes or No)	State Match / MOE Required	FY12-13 Revenues (FY13 Anticipated)		FY14-15 Estimated Revenues	
				FY12	FY13	FY14	FY15
Agriculture/Forest Service 10.680	Teaching Stewardship through School Forests: Project to increase stewardship and invasive species management and education activities at Minnesota School Forests. SWO=Economy	Yes	Match	\$193,000	\$193,000	\$193,000	\$0
Agriculture/Forest Service 10.680	SPF Control of Invasive Species in Gravel Pits and Dispersals into Forests: Terrestrial invasive plant control on state gravel pits. SWO=Economy	Yes	Match	\$76,000	\$76,000	\$76,000	\$0
Agriculture/Forest Service 10.678, 4 grants	Conservation Reserve Program: Reserves highly erodeable cropland acres and establishes more suitable covers to promote other resource values. These values include improved air and water quality and wildlife habitat. SWO=Economy	No	No	\$171,325	\$131,908	\$280,000	\$280,000
Agriculture/Forest Service 10.678, 7 grants	Forest Stewardship Program: Promote and enable the long-term active management of non-industrial private and other non-federal forest land to sustain the multiple values and uses that depend on such lands. SWO=Economy	No	Match	\$321,745	\$194,414	\$0	\$0
Agriculture/Forest Service 10.676, 3 grants	Forest Legacy Program: Contracts specific acquisition activities and/or provides a portion of salaries for employees involved in day-to-day administration of the program. SWO=Economy	No	Match	\$20,715	\$61,007	\$0	\$0

Federal Agency & CFDA #	Federal Award Received and Description of Use, Including Statewide Outcome (SWO)	New Program (Yes or No)	State Match / MOE Required	FY12-13 Revenues (FY13 Anticipated)		FY14-15 Estimated Revenues	
				FY12	FY13	FY14	FY15
Lands and Minerals							
Environmental Protection Agency/Office of Water 66.469	Taconite Mercury Emission Control-Great Lakes Restoration Initiative: Project will evaluate multiple methods to control mercury emissions during the processing of taconite. SWO=Environment	No	No	\$996,427	\$257,648	\$0	\$0
Operations Services							
Homeland Security/Coast Guard 97.012	Recreational Boating Safety: Provides federal grant funds to states and territories to make boating safer and more enjoyable. Funds can be spent in any of six boating safety areas: Program Administration, Enforcement, Education & Outreach, Aids to Navigation, Registration & Titling and Public Boat Access. SWO=Safety	No	Match	\$2,631,948	\$3,369,000	\$4,100,000	\$4,100,000
Agriculture, Natural Resources Conservation Service 10.903	Minnesota Elevation Mapping Arrowhead Region.SWO=Environment	No	No	\$171,000	\$0	\$0	\$0
Interior, US Geological Survey 15.808	Minnesota Elevation Mapping Metro Region. SWO=Environment	No	No	\$71,288	\$78,712	\$0	\$0

Federal Agency & CFDA #	Federal Award Received and Description of Use, Including Statewide Outcome (SWO)	New Program (Yes or No)	State Match / MOE Required	FY12-13 Revenues (FY13 Anticipated)		FY14-15 Estimated Revenues	
				FY12	FY13	FY14	FY15
Interior/Fish and Wildlife Service 15.616	Clean Vessel Act: Provides grant funds to the states, the District of Columbia and insular areas for the construction, renovation, operation, and maintenance of pumpout stations and waste reception facilities for recreational boaters and also for educational programs that inform boaters of the importance of proper disposal of their sewage. SWO=Environment	No	Match	\$60,829	\$200,000	\$200,000	\$200,000
Parks and Trails							
Transportation/Federal Highway Administration 20.219	Recreation Trail Program: Provides funds to the States to develop and maintain recreational trails and trail-related facilities for both nonmotorized and motorized recreational trail uses. SWO=Environment	No	Match	\$1,210,402	\$1,500,000	\$2,000,000	\$2,000,000
Interior/Fish and Wildlife Service 15.662	Sports Fishing and Boating Safety Act: The Boating Infrastructure Grant Program (BIG) provides grant funds to the states, the District of Columbia and insular areas to construct, renovate, and maintain tie-up facilities with features for transient boaters in vessels 26 feet or more in length, and to produce and distribute information and educational materials about the program. SWO=Environment	No	Match	\$51,439	\$400,000	\$300,000	\$200,000
Totals				\$13,729,994	\$16,075,304	\$16,498,428	\$15,254,743

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Nursing Home Administrators, Board of Examiners for **Small Agency Profile**

<http://www.benha.state.mn.us> and <http://www.asu.state.mn.us>

The Minnesota Board of Examiners for Nursing Home Administrators is an independent State agency, and as one of the Health Regulatory Boards, has responsibility as the administering Board for the Administrative Services Program (ASU). Both the Board of Examiners for Nursing Home Administrators and ASU are profiled below. Additional detailed information about both the Board of NHA and ASU may be found in the December 2011 report to the Sunset Advisory Commission (http://www.commissions.leg.state.mn.us/sunset/reports/BENHARReport_2011.pdf).

Mission:

The mission of the Board of Examiners for Nursing Home Administrators is to promote the public's interest in quality care and effective services for residents of nursing facilities by ensuring that licensed administrators are qualified to perform their administrative duties.

The mission of Minnesota Health-Related Licensing Boards, Administrative Services Unit (ASU) is to provide business services to each of the Health-Related Licensing Boards, individually, and as a collaborative, in an efficient, cost-effective manner, in which services are delivered accurately, promptly, and in accordance with State law, policies, and procedures.

Statewide Outcome(s):

Nursing Home Administrators, Board of Examiners for supports the following statewide outcome(s).

People in Minnesota are safe.

Administrative Services Unit supports the following statewide outcome:

Efficient and accountable government services

Context:

Nursing Home Administrators, Board of Examiners for (BENHA) strategies and values include:

Currently, Minnesota has 856 licensed administrators which oversee the care provided to nearly 40,000 Minnesotans. Resident safety is the primary focus working with all stakeholders. Research is very active at this time as it relates to leadership of residential based care and the positive effect of customer satisfaction. The board is nationally engaged in reviewing best practices to assure resident safety in all Minnesota senior care environments.

BENHA completed the four year strategic plan in 2012 and met in July, 2012, to initiate new goals and objectives for the next four years. Among the discussion points are performance measurements as only one state in the nation tracks state board measurements at this time. The board receives an annual statistical review in October of each year. From the data, we review new initiatives or focus areas of concern dependent on the tracking of the data. The board is engaged in many stakeholder groups to assure administrative involvement in problem resolution.

Administrative Services Unit

ASU addresses the important need that governmental business services be provided in as effective and cost-efficient a manner as possible, thus safeguarding the use of public funds. Priorities are providing expert business services to State Health-Related Licensing Boards; this ultimately provides better service to the State at large and to the general public that depends upon accountable and standard procedures. ASU is funded through shared services agreements with the Boards; the Boards are supported by license fees paid by licensees, and are not funded through the state general fund.

Strategies:

Nursing Home Administrators, Board of Examiners for

-
- The quarterly board meetings are attended by eleven board members with other stakeholders in attendance. The agenda reflects quality improvement activities with key statistics tracked and shared with the attendees. Each October an extensive key statistics review is completed. Board discussion leads to action steps and directives to staff which are listed in the minutes of each board meeting. Those minutes are posted on the website.
 - The Executive Committee of the board is comprised of licensed administrators who assure the business aspects of the licensure process are efficient, and public members, who assure public involvement and that board actions are meant for public safety. The board has provider associations who regularly participate. Key issues are identified, investigated and resolved within the public board structure. This is a board that seeks a return on investment and does not collect data that will be improperly utilized, however believes that a future best practice will encourage other states to participate in a comparable dashboard or similar model for comparison purposes.

The Board regulates its profession by:

- Setting and enforcing educational requirements and examination standards for licensure and administering a continuing education program to update and improve the knowledge and competency of licensed administrators; and
- Investigating complaints of substandard care or other alleged violations of statutes and rules and providing information and consultation and/or mandating compliance with regulations, holding educational and disciplinary conferences and taking legal action to suspend or revoke the licenses of administrators who fail to meet standards.
- Ensuring that educational standards for prospective licensees and continuing education for licensees are maintained.
- Licensing qualified individuals so that Minnesotans seeking to use their services will be able to identify those working in the field with skills necessary to provide services in compliance with Minnesota Statutes and Rules.
- Implementing disciplinary and compliance actions when licensees do not perform at a contemporary standard of practice.
- Educating the public on health-related professions, practitioners, and standards

Administrative Services Unit

ASU maximizes its effectiveness through providing excellent service in each of its business areas, and through experienced, highly-trained staff. ASU works closely with staff of all the Boards, maintains openness in its activities, and accrues credibility through accurately handling its areas of responsibility. Statewide, it offers an example of a collaborative initiative that can maximize limited budgets. Key partners are the Boards, and other State agencies, including Minnesota Management and Budget (MMB), Department of Health, and the Department of Administration.

Results:

Nursing Home Administrators, Board of Examiners for

The regular review of the four year Strategic Plan assures the thoughtful progress of moving the board forward with contemporary practices. The board is also very involved at a national level in leadership positions that are promoting a national model to review performance trends. The Strategic Plan offers directives to the four committees of the board to pursue working plan tasks and objectives. The board has completed large scale surveys of licensees and other stakeholders in the past. The boards' most recent self-review indicated a high level of active engagement, directed decision making and overall determination to be a highly effective board.

Performance Measures	Previous	Current	Trend
Average days an applicant has submitted all required information to the date the initial license is granted	10 days	10 days	Stable
Average days that a complaint remains open	180 days	180 days	Stable

Performance Measures Notes:

The board will review other performance measures as the national board(s) investigates comparable data. If state directives are received, data and focus will be included in the board agenda.

Board quantitative and qualitative performance outcomes are identified in great detail in the following recent Board of Examiners for Nursing Home Administrators reports and documents, available at the Board's website <http://www.benha.state.mn.us> and 2008 - 2010 Biennial Report at

<http://www.asu.state.mn.us/Portals/0/Biennial%20Report%202008-2010.pdf>.

Initial license data: previous is 2010, current is 2012.

Complaint data: previous is 2010, current is 2012.

Source is Small Boards Licensing Database.

Administrative Services Unit

ASU ensures that staff follows appropriate State processes, which are subject to State audit. Its existence permits maximum security of sensitive business data and operations. It provides services to all boards at a substantial cost saving that allows the Boards to not hire redundant staff and keeps the cost and need to hire additional staff at the Boards lower than it would otherwise be. Through consolidated services, expertise on financial, budgetary, purchasing, contracting, and human resources matters is housed in a central location.

ASU is designed and functions as a "main business office" for the Boards, resulting in standardization of procedures and compliance with State procedures.

Additionally, other state agencies can have a single point of contact in regards to distribution of information, reporting, or data requests, a benefit which contributes to the improving the efficiency of other state agencies. At the same time, ASU staff - through staff development, training, and receiving updates from other State entities - are able to stay current with requirements, and longevity leads to increased proficiency, quality, and quantity of production.

Nursing Home Administrators, Board of Examiners
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$10	\$4,746		\$4,756
Current Law Expenditures (FY 2014-15)	\$20	\$3,136		\$3,156
Governor's Recommended Expenditures (FY2014-15)	\$20	\$3,136		\$3,156
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		0%

Nursing Home Administrators, Board of Examiners**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$865		\$865
REVENUE		\$402		\$402
APPROPRIATION	\$20	\$2,469		\$2,489
SOURCES OF FUNDS	\$20	\$3,736		\$3,756
BALANCE FORWARD OUT		\$600		\$600
EXPENDITURES	\$20	\$3,136		\$3,156
PAYROLL EXPENSE	\$2	\$1,077		\$1,079
OPERATING EXPENSES	\$18	\$2,059		\$2,077
USES OF FUNDS	\$20	\$3,736		\$3,756

**Nursing Home Administrators, Board of Examiners
All Funds FTE by Program**

Program	Current FY 2013	Forecast Base FY 2015	Governor's Recommendation FY 2015
Program: Nursing Home Admin, Board Of	8.9	6.7	6.7
Nursing Home Administrators, Board of Examiners	8.9	6.7	6.7

Nursing Home Administrators, Board of Examiners

Revenue Summary

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	DEPARTMENTAL EARNINGS		391		391
	ALL OTHER		0		0
	Subtotal		391		391
Dedicated	DEPARTMENTAL EARNINGS		2		2
	ALL OTHER		400		400
	Subtotal		402		402
	Total		793		793

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Mission:

Protect the public’s health and safety by providing reasonable assurance that the people who practice nursing are competent, ethical practitioners with the necessary knowledge and skills appropriate to their title and role.

Statewide Outcome(s):

Nursing, Board of supports the following statewide outcome(s).
 People in Minnesota are safe.

Context:

Nursing regulation exists to protect the health, safety and welfare of the public in their receipt of nursing services. The Board of Nursing holds nurses accountable for conduct based on legal, ethical and professional standards and achieves its mandate of public protection by outlining these standards and issuing a license to practice nursing. Once a license is issued, the Board’s job continues by monitoring licensees’ compliance to state laws and taking action against the licenses of those nurses who have exhibited unsafe nursing practice and present a risk of harm to the public. Primary customers are members of the public, employers, applicants, licensees, nursing education programs, and agencies of local, state, and federal government. The Board is funded by fees and receives no general fund dollars. Minnesota Statutes (M.S.) section 214.06, subd. 1(a) compels the Board to collect fees in the amount sufficient to cover expenditures.

Strategies:

The Board provides for public safety and contributes to the above statewide outcomes by:

- Assuring an ethical and competent nursing workforce through comprehensive credentials review
- Establishing and conducting a complaint investigation process that is expedient and just
- Upholding standards for nursing education approval through consultation and survey
- Exchanging data with state, national and federal agencies and information systems
- Collaborating in statewide initiatives on nursing practice, education and patient safety
- Maximizing technology for services and paperless meetings
- Collaborating with other licensing boards to operate an inter-board monitoring program for health professionals whose practice is impaired due to illness and a voluntary cooperative administrative services unit to perform common accounting, purchasing, human resources and technology functions

The Board engages with other state agencies to assure congruence on issues involving health care delivery, patient safety issues, and coalitions of health care providers and enforcement agencies to identify best practices for addressing violations of the law such as drug diversion and patient abuse.

Results:

The Board is committed to performance measurement and quality improvement and participates in a two-year cycle collection and analysis of data related to nursing regulation through the National Council of State Boards of Nursing Commitment to Ongoing Regulatory Excellence program (CORE). The 2011 report ranked the Board above average in 25 areas and at the national level in all others. The Board uses the data to analyze self-performance and compare to other like boards of nursing to determine areas for improvement.

Performance Measures	Previous	Current	Trend
Licenses issued within 24 hours of meeting all requirements	99.9%	99.9%	Stable
Public availability of data on nursing licensure and authority to practice			
Online renewal display to public in real-time	100%	100%	Stable
All other licensure services display within 24 hours	100%	100%	Stable
On-line verifications of license	267,428	335,118	Improving
Use of all on-line licensure services	87%	91%	Improving
Complaint resolution cycle			
Average time to resolve complaint	220 day	194 days	Improving
Number of cases older than 180 days	74%	62%	Improving
Automatic verification service use	17,000 licenses	25,000 licenses	Improving

Performance Measures Notes:

Data source is 2009 (previous) and 2011 (current) CORE report as submitted by the Board of Nursing, as well as the Board of Nursing's Licensure Database.

Nursing, Board of
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$7,242		\$7,242
Current Law Expenditures (FY 2014-15)		\$7,344		\$7,344
Governor's Recommended Expenditures (FY2014-15)		\$7,344		\$7,344
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

**Nursing, Board of
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION		\$7,344		\$7,344
SOURCES OF FUNDS		\$7,344		\$7,344
EXPENDITURES		\$7,344		\$7,344
PAYROLL EXPENSE		\$5,377		\$5,377
OPERATING EXPENSES		\$1,967		\$1,967
USES OF FUNDS		\$7,344		\$7,344

**Nursing, Board of
All Funds FTE by Program**

Program	Current FY 2013	Forecast Base FY 2015	Governor's Recommendation FY 2015
Program: Nursing, Board Of	35.5	33.5	33.5
Nursing, Board of	35.5	33.5	33.5

Nursing, Board of
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	DEPARTMENTAL EARNINGS		9,901		9,901
	ALL OTHER		2		2
	Subtotal		9,903		9,903
	Total		9,903		9,903

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Mission:

We provide high quality, secure and cost effective information technology that meets the business needs of government, fosters innovation, and improves outcomes for the people of Minnesota.

Statewide Outcome(s):

MN.IT Services supports the following statewide outcome(s).

Efficient and accountable government services.

In addition, MN.IT Services supports all of the remaining statewide outcomes such as health, public safety, employment, education, and natural resources, by providing IT computing and telecommunications resources to support agency business goals, and by managing the applications that run agency programs.

Context:

MN.IT Services seeks to:

- Improve service management
- Focus the state portfolio
- Implement organizational consistency
- Foster leadership and encourage high performance and innovation
- Practice financial management and accountability

Strategies:

- Mn.IT Services (formerly OET) provides all information technology (IT) services for the executive branch, having consolidated all IT under the State CIO (Chief Information Officer) as prescribed by 2011 law. Services, for which separate budget activity narratives have been prepared, are as follows:
 - Standard IT Services: The basic, shared infrastructure, software and end user services provided to state agencies for business operations, ranging from data center management, hosting and network, to email, phones and collaboration tools.
 - Applications: The ongoing management of applications unique to individual lines of business.
 - Projects and Initiatives: Activity related to the development of new technologies and applications and/or the decommissioning of old technologies, and other finite initiatives to improve service management and operations.
 - IT Leadership: All functions related to MN.IT's oversight responsibilities (IT policies and standards, risk management, security compliance and portfolio management) as well as organizational management activity (HR, Finance, etc.).
- MN.IT also provides optional services to, and collaborates with cities, counties and educational institutions.
- Services are managed through comprehensive Service Level Agreements (SLAs) with agency customers. Centrally provided services are primarily funded through an enterprise technology fund (chargeback to established agency IT budgets), with lesser amounts coming from general fund appropriations for oversight and security activities, and federal and special revenue funds for specific IT-related projects and activities.

Measuring Success:

MN.IT is currently establishing measureable service metrics that will pertain to the newly consolidated organization. They will measure specific service effectiveness, overall customer satisfaction and progress toward the goals outlined in the State's Master Plan, i.e., the degree to which information technology enables state agencies to better accomplish their business goals and to more efficiently and effectively deliver services to the citizens of Minnesota (http://mn.gov/oet/images/Master_Plan_2012.pdf).

MN.IT Services**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$11,924	\$225,575	\$327	\$237,827
Current Law Expenditures (FY 2014-15)	\$11,928	\$890,209	\$8	\$902,145
Governor's Recommended Expenditures (FY2014-15)	\$4,832	\$986,667	\$8	\$991,507
\$ Change from FY 2014-15 Current Law to Governor's Rec	(7,096)	\$96,458	\$0	\$89,362
% Change from FY 2014-15 Current Law to Governor's Rec	(59%)	11%	0%	10%

MN.IT Services
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$16,352		\$16,352
REVENUE		\$970,316	\$8	\$970,324
APPROPRIATION	\$4,862	\$0	\$0	\$4,862
SOURCES OF FUNDS	\$4,862	\$986,668	\$8	\$991,538
BALANCE FORWARD OUT				
TRANSFERS OUT	\$30			\$30
EXPENDITURES	\$4,832	\$986,667	\$8	\$991,507
PAYROLL EXPENSE	\$3,389	\$348,583	\$1	\$351,973
OPERATING EXPENSES	\$1,285	\$581,916	\$7	\$583,207
OTHER FINANCIAL TRANSACTIONS	\$158	\$34,066		\$34,224
GRANTS, AIDS AND SUBSIDIES		\$1,304		\$1,304
CAPITAL OUTLAY-REAL PROPERTY		\$20,799		\$20,799
USES OF FUNDS	\$4,862	\$986,667	\$8	\$991,537

MN.IT Services

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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E-Government and Innovation Partnership

The Governor recommends authorizing MN.IT to enter into a public-private partnership agreement for the development of new e-government services and a citizen-centric state web portal, in order to facilitate increased online citizen engagement and government service reform. A vendor, selected through state procurement procedures, would invest in the development of new e-services for business customers of the state. Costs would be recovered through fees applied to electronic business-government transactions facilitated through the partnership. Based on the experience of other states, about \$4 million annually in fee revenue could be generated beginning in FY 2015. The revenue would be used to support the development of e-government services, both fee-based and free e-services for citizens, as well as management of a revamped state web portal.

Performance Measures:

The performance of this partnership will be measured by Minnesota's ranking in the Digital States Survey conducted by the Center for Digital Government

Other Funds	Expenditure	0	4,000	4,000	4,000	4,000	8,000
Other Funds	Revenue	0	4,000	4,000	4,000	4,000	8,000
	Net Change	0	0	0	0	0	0

IT Security Leadership

The Governor recommends a biennial reduction of \$396,000 in funding for leadership activities related to IT security. This reduction will be accomplished through efficiencies resulting from consolidation, and MN.IT will continue to develop effective security policies and standards, assist agencies with threat management, assist with continuity of operations planning, and provide security incident responses.

Performance Measures:

Minnesota state government will continue to have secure IT systems at a lower cost.

General Fund	Expenditure	(198)	(198)	(396)	(198)	(198)	(396)
	Net Change	(198)	(198)	(396)	(198)	(198)	(396)

General Reduction Related to Consolidation Efforts

The Governor recommends reducing the MN.IT general fund appropriation by \$6.7 million over the biennium. Services currently funded by this appropriation will be accomplished through reorienting IT security to a central service approach, leveraging security investments of individual agencies for the benefit of the enterprise, and other efficiencies. Through centralization efforts and efficiencies, MN.IT will continue to maintain a sound and reliable security profile with a reduced appropriation.

Performance Measures:

Through centralization efforts and efficiencies, MN.IT will continue to maintain a sound and reliable security profile with a reduced appropriation.

General Fund	Expenditure	(3,350)	(3,350)	(6,700)	(3,350)	(3,350)	(6,700)
	Net Change	(3,350)	(3,350)	(6,700)	(3,350)	(3,350)	(6,700)

MN.IT Services

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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New IT Projects--Other Agencies

This item reflects the aggregated amount of MN.IT funding and expenditures for projects requested by other agencies and recommended by the Governor. MN.IT has reviewed all of the Governor's recommendations with major IT components and determined that those projects represent significant business needs, with a relatively high likelihood of successful completion within the budget presented. For projects approved by the Governor and the legislature, the services to be provided by MN.IT and the amounts MN.IT will receive for those services will be set out in service level agreements (SLAs) between MN.IT and its customer agencies.

Performance Measures:

The performance measures for IT projects requested by other agencies will be reflected with the budget requests of those agencies

Other Funds	Expenditure	46,229	46,229	92,458	0	0	0
Other Funds	Revenue	46,229	46,229	92,458	0	0	0
	Net Change	0	0	0	0	0	0
Net All Change Items	General Fund	(3,548)	(3,548)	(7,096)	(3,548)	(3,548)	(7,096)
	Other Funds	0	0	0	0	0	0
	Net Change	(3,548)	(3,548)	(7,096)	(3,548)	(3,548)	(7,096)

MN.IT Services
All Funds FTE by Activity

	Current	Forecast Base	Governor's Recommendation
Activity	FY 2013	FY 2015	FY 2015
Budget Activity: Enterprise Technology Fund	0.4	0.4	0.4
Budget Activity: Enterprise IT Security	16.8	16.8	16.8
Budget Activity: Info/Telecom Technology Acct	0.1	0.1	0.1
Budget Activity: IT Standard Services	93.4	611.1	611.1
Budget Activity: Application Developmnt/Support	103.7	912.8	912.8
Budget Activity: Projects/Initiatives	30.5	246.2	320.2
Budget Activity: Leadership	167.4	298.8	298.8
MN.IT Services	412.2	2,086.2	2,160.2

MN.IT Services**Revenue Summary**

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Dedicated	FEDERAL GRANTS		580	8	588
	DEPARTMENTAL EARNINGS		4,520		4,520
	INVESTMENT INCOME		50		50
	ALL OTHER		965,166		965,166
	Subtotal		970,316	8	970,324
	Total		970,316	8	970,324

MN.IT Services

Standard IT Services

<http://mn.gov/mnit/>

Statewide Outcome(s):

Standard IT Services supports the following statewide outcome(s).

Efficient and accountable government services.

Sustainable options to safely move people, goods, services and information.

This activity also supports all of the remaining state outcomes including health, education, employment, public safety, stable families, and natural resources by providing IT computing and telecommunications resources to support agency business goals, and by managing the applications that run agency programs.

Context:

The key issue that this program addresses is the need for an effective, secure and reliable IT infrastructure capable of providing the wide range of IT services and business functionality required by agencies to meet program goals and objectives. The primary customers are state government entities and, by extension, the citizens of Minnesota. This activity seeks to:

- Maximize the use of web based processes to enable citizens to efficiently transact business with government.
- Facilitate the State's ability to uphold the law and carry out statutory obligations through effective and reliable tools.
- Make government more transparent through readily available data and results oriented measurements
- Provide technologies that enable collaboration among the government entities that serve the same clients and address the same issues.
- Foster and enable data driven decision making; be proactive in identifying opportunities for the state to improve knowledge sharing and integrated services between business lines and across boundaries.
- Enable the state workforce to conduct business "anytime anywhere" through effective technologies and policies.
- Provide appropriate training tools that assist the state's efforts to enhance and improve leadership skills in the state workforce.
- Provide technology solutions for back office and business process improvements that result in delivering government services to citizens faster and more effectively.
- Manage technology investments in a manner that minimizes costs and generates savings dollars for investments in the future.
- Provide tools and develop processes that speed up and reduce the cost and complexity of IT purchasing.
- Continue development of shared processes to minimize the frequency and impact of adverse security events.
- Minimize risk and maximize redundancy in major systems and facilities.

This program is funded through the enterprise technology fund (chargeback), general fund appropriation, special revenue funds and grants.

Strategies:

Strategies for IT Standard Services come from the FY12 Master Plan:

http://mn.gov/oet/images/Master_Plan_2012.pdf

- Standard IT Services encompass the basic, shared infrastructure, software and end user services provided to state agencies for business operations, ranging from data center management, hosting and network, to email, phones and collaboration tools.

- Standard IT Services are defined in the Agency Centralized Reference Model developed in March 2012 to define common services for all MN.IT services, whether they are provided centrally or from agency-based offices.
http://mn.gov/oet/images/031412_Agency_Central_IT_Reference_Model.pdf
- Standard IT Services also includes enabling services such as server support, storage, and network that are ingredients or building blocks for IT standard services.
- Due to the operational and cost effective advantage to the state, some of the services in this area are offered beyond the executive branch. For instance, MN.IT Services maintains MN.NET or the “information superhighway” which provides a safe, secure network backbone used by virtually all of state government.
- MN.IT’s Standard IT Services activity is managed through Service Level Agreements (SLAs) with each agency setting forth agreed upon expectations as to service levels and costs for all services.

The strategies outlined above support the statewide outcome of providing ‘efficient and accountable government services’ and ‘sustainable options to safely move...information.’”

The key partners in developing and implementing the strategies are the State Chief Information Officer (CIO), MN.IT Services leadership and staff, the Governor’s Office, the legislature, MN.IT governance bodies, including the Technology Advisory Committee (TAC), and agency business leadership.

Results:

IT strategies are working when IT enables state agencies to deliver services in an efficient and cost-effective manner and citizens are satisfied with the services they receive from the state in return for their tax dollar investment.

- MN.IT Services is actively working on service strategies that will take advantage of statewide consolidation to optimize the delivery of IT services and simplify the Standard Services environment.
- Several technological and economic factors are driving the potential for further business process improvements and cost reduction including: the evolution of cloud computing and virtualization, data center consolidation, social media, mobile devices, dramatic increases in bandwidth, business intelligence/analytics, and savings made possible through enterprise agreements.

Performance Measures	Previous	Current	Trend
No. of service desks	20	Not yet available	N.A.
Total combined data center space	74,781	Not yet available	N.A.
Customer Satisfaction Survey Results	N.A.	Not yet available	N.A.

Performance Measures Notes:

1. Number of service desks and data center space are from 2010 Enterprise Assessment report (Excipio) and will be updated as part of an enterprise data collection effort.
2. Customer satisfaction survey is a new performance measurement to be conducted annually at time of SLA renewal.

Budget Activity: IT Standard Services
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$75,803		\$75,803
Current Law Expenditures (FY 2014-15)		\$253,544		\$253,544
Governor's Recommended Expenditures (FY2014-15)		\$253,544		\$253,544
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

Budget Activity: IT Standard Services**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$10,494		\$10,494
REVENUE		\$243,051		\$243,051
SOURCES OF FUNDS		\$253,544		\$253,544
EXPENDITURES		\$253,544		\$253,544
PAYROLL EXPENSE		\$96,901		\$96,901
OPERATING EXPENSES		\$150,360		\$150,360
OTHER FINANCIAL TRANSACTIONS		\$5,539		\$5,539
GRANTS, AIDS AND SUBSIDIES		\$260		\$260
CAPITAL OUTLAY-REAL PROPERTY		\$485		\$485
USES OF FUNDS		\$253,544		\$253,544

MN.IT Services Applications

<http://mn.gov/mnit/>

Statewide Outcome(s):

Applications supports the following statewide outcome(s).

Efficient and accountable government services.

Sustainable options to safely move people, goods, services and information.

This program also supports all of the remaining state outcomes including health, education, employment, public safety, stable families, and natural resources by managing the applications that run agency programs.

Context:

This budget activity seeks to:

- Maximize the use of web based processes to allow citizens to efficiently transact business with government.
- Facilitate the State's ability to uphold the law and carry out statutory obligations.
- Make government more transparent through readily available data and results oriented measurements.
- Provide technologies that enable collaboration among the government entities that serve the same clients and address the same issues.
- Foster and enable data driven decision making; be proactive in identifying opportunities for the State to improve knowledge sharing and integrated services.
- Enable the state workforce to conduct business "anytime anywhere" through effective technologies and policies.
- Provide appropriate training tools that assist the State's efforts to enhance and improve leadership skills in the state workforce.
- Provide technology solutions for back office and business process improvements that result in delivering government services to citizens faster and more effectively.
- Manage technology investments in a manner that minimizes costs and generates savings dollars for investments in the future.
- Provide tools and develop processes that speed up and reduce the complexity of IT purchasing.
- Continue development of shared processes to minimize the risk and impact of adverse security events.

Application services are funded through chargeback, general appropriation, special revenue funds and grants.

Strategies:

The overall strategies and objectives for application development come from the 2012 Minnesota IT Master Plan http://mn.gov/oet/images/Master_Plan_2012.pdf. They include:

- MN.IT Services manages all back office and citizen facing applications and systems required by state agencies to meet their program objectives.
- Examples of application service categories are application development, application management, data management, database administration, and middleware administration.
- MN.IT's application services are managed through Service Level Agreements (SLAs) with each agency that set forth agreed upon business requirements and service levels. The state currently manages more than 2000 individual applications in the executive branch at the annual cost of \$159 million.
- The upcoming optimization phase of IT consolidation will review opportunities to share or design systems that can simplify the environment and reduce the number overall.
- Several technological and economic factors are driving the potential for further business process improvements and cost reduction including the evolution of cloud computing and virtualization, data center consolidation, social media, mobile devices, increases in bandwidth, business intelligence/analytics, and savings made possible through enterprise agreements.

The strategies outlined above support the statewide outcome of providing 'efficient and accountable government services' and 'sustainable options to safely move...information' and were developed with input from the State Chief Information Officer (CIO), MN.IT Services leadership and staff, the Governor's Office, the legislature, MN.IT governance bodies, including the Technology Advisory Committee (TAC), and agency business leadership. MN.IT develops and maintains individual applications based on the business needs and requirements of its agency customers, and in consultation with business leadership.

Results:

Applications are successful when they enable state agencies to deliver services in an efficient and cost effective manner and citizens are satisfied with the services they receive from the State in return for their tax dollar investment.

MN.IT Services measures its success through progress towards minimizing redundancy and complexity in its applications environment. Recent examples include: development of a shared e-licensing system for professional licenses; migration to a single, cloud based email and collaboration toolset for all 30,000 state employees; and advantageous enterprise licensing agreements such as Microsoft Select and BMC Remedy.

Performance Measures	Previous	Current	Trend
Digital State Survey by the Center for Digital Government, a review of all 50 states' electronic government capabilities	B+	A-	Improving
Number of applications shared by more than one agency	N/A	Not yet available	N/A
Number of enterprise-wide software licenses	1	4	Improving
% of applications adhering to state architecture standards	N/A	Not yet available	N/A

Performance Measures Notes:

1. The current Digital State Survey measure was issued in October 2012, and the previous measure represents the grade issued in 2010.
2. The number of applications shared by more than one agency is a new performance measurement. Data collection will commence during FY 2013, most likely as part of the Enterprise IT Portfolio Report, and is expected to be available for reporting during FY 2014.
3. The number of enterprise-wide software licenses is as follows: previous (one-2009); current (four-September 2012).
4. The percent of applications adhering to state architecture standards is a new performance measurement. Data collection will begin during FY 2013 and is expected to be available for reporting during FY 2014.

Budget Activity: Application Developmnt/Support
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$20	\$84,628	\$327	\$84,975
Current Law Expenditures (FY 2014-15)	\$20	\$379,213	\$8	\$379,241
Governor's Recommended Expenditures (FY2014-15)	\$20	\$379,213	\$8	\$379,241
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%	0%	0%

Budget Activity: Application Development/Support**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$5,559		\$5,559
REVENUE		\$373,655	\$8	\$373,663
APPROPRIATION	\$20	\$0	\$0	\$20
SOURCES OF FUNDS	\$20	\$379,214	\$8	\$379,242
BALANCE FORWARD OUT				
EXPENDITURES	\$20	\$379,213	\$8	\$379,241
PAYROLL EXPENSE	\$0	\$139,611	\$1	\$139,612
OPERATING EXPENSES	\$20	\$228,373	\$7	\$228,399
OTHER FINANCIAL TRANSACTIONS		\$10,192		\$10,192
GRANTS, AIDS AND SUBSIDIES		\$605		\$605
CAPITAL OUTLAY-REAL PROPERTY		\$432		\$432
USES OF FUNDS	\$20	\$379,213	\$8	\$379,241

MN.IT Services

Projects and Initiatives

<http://mn.gov/mnit/>

Statewide Outcome(s):

Projects and Initiatives supports the following statewide outcome(s).

Efficient and accountable government services.

Sustainable options to safely move people, goods, services and information.

This activity also supports all of the remaining state outcomes including health, education, employment, public safety, stable families, and natural resources by initiating projects and improvements in IT computing and telecommunications systems that support agency business goals and improve agency outcomes.

Context:

The Projects and Initiatives goals originate from the agency's strategic plan:

- Focus the State portfolio
 - Reassess and revitalize key enterprise initiatives that take into account the newly consolidated environment and meet the goals of the IT Master Plan.
 - Assess and improve statewide project and portfolio management.

The key issue that this activity addresses is the need to provide IT staffing and project management that ensures that IT systems and operational improvements are managed in an efficient and effective manner. The primary customers are state government entities and, by extension, the citizens of Minnesota. This program is funded through an Enterprise Technology Fund (chargeback), general fund appropriations, special revenue funds and grants.

Strategies:

MN.IT Services' Projects and Initiatives budget activity includes all activity related to the development of new technologies and applications and/or the decommissioning of old technologies, and other finite initiatives to improve service management and operations. This includes IT portfolio and project management to ensure timely and on-budget delivery of IT projects and systems and reporting, business and process analysis, and program management.

The portfolio of projects includes both large, public facing system development such as the health care exchange being implemented by the departments of Commerce, Human Services, and Health; the Department of Public Safety's MnLars system, enterprise e-licensing implementation, and Revenue's Gentax system. It also includes smaller internal systems development, upgrades and operational improvements.

MN.IT's project and initiatives activity is managed through Service Level Agreements (SLAs) with each agency. SLAs outline agreed upon business requirements for current projects. These SLAs fluctuate as projects are started and completed, or as new projects are legislatively initiated.

Projects are managed according to state project management policies:

http://mn.gov/oet/images/PPM_PD_Project_Portfolio_Management_2006-02.pdf

The strategies outlined above support the statewide outcome of providing 'efficient and accountable government services' and 'sustainable options to safely move...information.'

Results:

Strategies are working when IT projects are delivered on schedule and within budget and are deemed to have positive impact to customers.

Several factors are driving the potential for continued improvement in project management and initiatives: advanced project management tools, increased collaboration and communication between agencies as a result of IT consolidation, and increased emphasis on innovation through the establishment of a group within MN.IT Services focusing on transformative change.

Performance Measures	Previous	Current	Trend
Percent Projects Completed on Schedule	N.A.	Not yet available	N/A
Percent Projects Completed within Budget	N.A.	Not yet available	N/A
Number of projects-completed	N.A.	293	N/A

Performance Measures Notes:

1. Project performance measurements are not currently available at an enterprise level. A data collection methodology and system will need to be developed.

Budget Activity: Projects/Initiatives
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$15,682		\$15,682
Current Law Expenditures (FY 2014-15)		\$113,716		\$113,716
Governor's Recommended Expenditures (FY2014-15)		\$210,174		\$210,174
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$96,458		\$96,458
% Change from FY 2014-15 Current Law to Governor's Rec		85%		85%

Budget Activity: Projects/Initiatives**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$299		\$299
REVENUE		\$209,875		\$209,875
SOURCES OF FUNDS		\$210,174		\$210,174
EXPENDITURES		\$210,174		\$210,174
PAYROLL EXPENSE		\$56,969		\$56,969
OPERATING EXPENSES		\$144,570		\$144,570
OTHER FINANCIAL TRANSACTIONS		\$8,044		\$8,044
GRANTS, AIDS AND SUBSIDIES		\$235		\$235
CAPITAL OUTLAY-REAL PROPERTY		\$356		\$356
USES OF FUNDS		\$210,174		\$210,174

MN.IT Services

IT Leadership

<http://mn.gov/mn.it/>

Statewide Outcome(s):

IT Leadership supports the following statewide outcome(s).

Sustainable options to safely move people, goods, services and information.

Efficient and accountable government services.

Context:

As outlined in the agency's 2012 operational strategic plan, this activity seeks to:

- Improve service management
- Focus the state portfolio
- Implement organizational consistency
- Foster leadership and encourage high performance and innovation
- Practice financial management and accountability

The key issues addressed by this activity are: clear accountability to stakeholders for IT direction and management; accountability to and participation by agency business customers in decision making and service management; clear leadership in operational management of the organization and strategic direction.

The key partners in IT Leadership are the Governor's Office, the legislature, agency business leadership and MN.IT Services management and staff. The primary funding sources are general fund appropriation and chargeback to agency IT budgets.

Strategies:

- This activity includes all functions related to MN.IT's leadership and oversight responsibilities as well as organizational management activity for all executive branch IT, as mandated by statute in 2011. It includes central leadership at the executive level as well as divisional and agency based office leadership activity.
- Oversight activity, mandated by statute, includes security policy and compliance; portfolio management policy, compliance and reporting; architecture; and Geographic Information Systems (GIS) oversight.
- Organizational management activity includes internal decision making and governance as outlined in the IT Governance Framework (<http://mn.gov/oet/governance/igov/gov-structure.jsp>), legislative affairs human resource management, financial oversight, procurement, communications, service level management and customer relations.
- Planning activity includes statewide and organizational strategic planning for state IT direction and systems as well as tactical operational plans and service strategy for executive branch IT delivery.

Results:

Strategies are working when the MN.IT Services is actively engaged with executive branch agencies to improve IT service delivery in order to help agencies meet their business objectives.

Several "early wins" in a consolidation optimization strategy have resulted in greater efficiency and savings to the organization, in particular, the development of comprehensive service level agreements between MN.IT Services and every state agency that, for the first time, equate an agency's IT budget directly with the services received. As the next optimization phase proceeds, opportunities for greater efficiencies and savings will be identified and implemented.

Performance Measures	Previous	Current	Trend
IT Spend percent of total state expenditures -Gartner Government (State/Local)	1.81 percent	1.82 percent 2.25 percent	Stable
Employee development (training) per IT staff	\$458	Not yet available	N/A
Audit compliance percentage	N/A	Not yet available	N/A
Annual customer satisfaction survey	N/A	Not yet available	N/A
Number of agencies adopting GIS technology	8	16	Improving
Percent service level agreements complete and up-to-date	N/A	100 percent	N/A

Performance Measures Notes:

1. IT spend percent for FY 2008/2009 biennium (previous) and FY 2010/2011 biennium (current) are per the Consolidated MN IT Report issued in January 2010 and January 2012, respectively, which includes large state expenditure items like education aid payments to public schools, human service payments to individuals and counties, and local government aid payments. Reported figures have been adjusted for 15 percent indirect cost factor. Gartner benchmark is for 2011 state/local entities with operating expenses of \$10B+.
2. Employee development per IT staff is per the Consolidated MN IT Report (March 2012) and will be updated as part of the FY 2014-15 biennial budget process.
3. Audit compliance percent is a new performance measurement. Data collection will be initiated during FY 2013 and reported during FY 2014.
4. Customer satisfaction survey is a new performance measurement that is anticipated to be conducted at the time of annual SLA updates (July 2013).

Budget Activity: Leadership**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$11,904	\$49,463		\$61,367
Current Law Expenditures (FY 2014-15)	\$11,908	\$143,735		\$155,643
Governor's Recommended Expenditures (FY2014-15)	\$4,812	\$143,735		\$148,547
\$ Change from FY 2014-15 Current Law to Governor's Rec	(7,096)	\$0		(7,096)
% Change from FY 2014-15 Current Law to Governor's Rec	(60%)	0%		(5%)

Budget Activity: Leadership**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
REVENUE		\$143,735		\$143,735
APPROPRIATION	\$4,842	\$0		\$4,842
SOURCES OF FUNDS	\$4,842	\$143,735		\$148,577
TRANSFERS OUT	\$30			\$30
EXPENDITURES	\$4,812	\$143,735		\$148,547
PAYROLL EXPENSE	\$3,389	\$55,102		\$58,491
OPERATING EXPENSES	\$1,265	\$58,613		\$59,878
OTHER FINANCIAL TRANSACTIONS	\$158	\$10,291		\$10,449
GRANTS, AIDS AND SUBSIDIES		\$204		\$204
CAPITAL OUTLAY-REAL PROPERTY		\$19,525		\$19,525
USES OF FUNDS	\$4,842	\$143,735		\$148,577

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Mission:

To advance the promise of higher education to all Minnesotans and provide the critical information that guides higher education decisions.

Statewide Outcome(s):

Higher Education, Office of supports the following statewide outcome(s).

Minnesotans have the education and skills needed to achieve their goals.

A thriving economy that encourages business growth and employment opportunities.

Context:

The Office of Higher Education (OHE) administers student financial aid programs for lower-income people (\$309.2 million during the 2011-12 biennium). Our policy and research activities support student and state interests in high quality, well-managed and financially accessible higher education opportunities by collecting data and reporting on higher education, state student financial aid programs and student financing issues. Consumer protection is provided through regulation and financial auditing of private institutions. OHE administers the state college savings plan, tuition reciprocity, and a \$3.1 million federal grant to promote college readiness.

Key issues and priorities: Through our advocacy and actions, we work to:

- Achieve student financial access to postsecondary education, especially for Minnesotans with low and moderate incomes
- Enable students to choose the postsecondary institutions that best meet their educational needs
- Protect and inform postsecondary education consumers
- Produce independent research, analysis and statewide information on postsecondary education
- Facilitate outreach and interaction among and collaborate with organizations that share responsibility for education at all levels in Minnesota

Primary customers and clientele: All Minnesotans are served, including students at all educational levels. The agency provides outreach to students and families from low and moderate incomes and from populations historically underrepresented in postsecondary education. The agency carries out its mission in close partnerships with legislators and other policy makers, postsecondary institutions, foundations, the federal government and other stakeholders across the state. Most of the statutory authority for the Minnesota Office of Higher Education resides in Chapter 136A.

General Fund and Other Funds: Sixty-three percent of the agency's operations are funded by the general fund, two percent by federal funds, 35 percent from loan capital funds and 0.2 percent from special revenue funds. Of the total funding sources for OHE mentioned above, 94 percent passes through to students in the form of financial aid or grants to postsecondary institutions and six percent of funding is spent on administrative costs. If considering general funds only: 98.6 percent goes to financial aid, 1.4 percent covers administrative costs.

Strategies:

Facilitate affordable higher education: Make higher education accessible to more Minnesotans by providing and promoting financial aid. Each year, the agency awards approximately \$220 million in grants, loans and scholarships to approximately 90,000 students.

Provide student/consumer protections: Regulate private institutions and conduct financial aid audits on more than 160 private institutions.

Perform data collection and policy analysis: Provide lawmakers, educators and other policy leaders with clear and objective information about higher education enrollment, finance, accountability and trends.

Make college choices accessible: Through the state's college savings plan, tuition reciprocity and support of programs to promote college readiness and success in K-12, the agency provides Minnesotans tools and information to make choices about education beyond high school.

Measuring Success:

OHE measures its success in the following ways:

- OHE assesses the price students and families pay for postsecondary education, including the price of attendance after subtracting all grants and scholarships.
- OHE evaluates how students and families pay for postsecondary education using savings, income and student loans.
- OHE examines employment outcomes and earnings for recent graduates.
- OHE measures whether the population of Minnesota includes people with the skills and education to achieve their goals by examining data on Minnesota adults from the U.S. Census.

**Higher Education, Office of
Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$384,222	\$201,716	\$10,696	\$596,634
Current Law Expenditures (FY 2014-15)	\$384,186	\$218,969	\$11,093	\$614,248
Governor's Recommended Expenditures (FY2014-15)	\$474,550	\$218,969	\$11,093	\$704,612
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$90,364	\$0	\$0	\$90,364
% Change from FY 2014-15 Current Law to Governor's Rec	24%	0%	0%	15%

**Higher Education, Office of
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN		\$88,090		\$88,090
REVENUE		\$218,859	\$11,093	\$229,952
TRANSFERS IN	\$3,074			\$3,074
APPROPRIATION	\$471,506	\$0	\$0	\$471,506
SOURCES OF FUNDS	\$474,580	\$306,949	\$11,093	\$792,622
BALANCE FORWARD OUT		\$87,960		\$87,960
TRANSFERS OUT	\$30	\$20		\$50
EXPENDITURES	\$474,550	\$218,969	\$11,093	\$704,612
PAYROLL EXPENSE	\$3,672	\$2,991	\$2,897	\$9,560
OPERATING EXPENSES	\$4,230	\$35,974	\$5,697	\$45,901
OTHER FINANCIAL TRANSACTIONS		\$180,004	\$20	\$180,024
GRANTS, AIDS AND SUBSIDIES	\$466,648		\$2,479	\$469,127
USES OF FUNDS	\$474,580	\$306,949	\$11,093	\$792,622

Higher Education, Office of

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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State Grant Program - Increase Grants for Access, Choice, and Debt Reduction

The Governor recommends increasing funding for State Grants in order to expand the number of individuals eligible, increase the amount of individual awards and reduce overall student debt burdens. The Governor recommends changing the tuition and fee maximums, the living and miscellaneous expense allowance and adjusting the amount students and families are expected to pay. The adjustment to tuition and fees will better reflect the resident tuition and fees charged at 2-year and 4-year institutions. The current failure to reflect actual market prices increases the burden on lower- and middle-income students, and limits student choice. The adjustment to living and miscellaneous expense allowances will better reflect the actual costs faced by students. Recognizing realistic expenses will maximize the ability of lower- and middle-income students to devote time to their studies and increase their ability to complete credentials and degrees on time. Finally, the Governor recommends adjusting the amount students and families are expected to pay. This change will directly help middle-income families and will expand the number of individuals eligible for State Grants.

Performance Measures:

This investment will reduce cumulative student debt for lower- and middle-income Minnesotans attending Minnesota postsecondary institutions and increase the ability of students to choose the institution that best meets their educational needs

General Fund	Expenditure	40,000	40,000	80,000	40,000	40,000	80,000
	Net Change	40,000	40,000	80,000	40,000	40,000	80,000

State Grants - Minnesota Students Granted Deferred Action

The Governor recommends that the State Grant program be open to Minnesota students granted deferred action status by the federal Department of Homeland Security. The Department of Homeland Security allows individuals brought to the United States as children to request deferred action status, allowing them to apply for work authorization and providing a two-year reprieve from deportation.

Performance Measures:

To measure progress toward reductions in education disparities based on income and race the Office of Higher Education will count the number of deferred action status recipients and their persistence in postsecondary education

General Fund	Expenditure	1,200	1,200	2,400	1,200	1,200	2,400
	Net Change	1,200	1,200	2,400	1,200	1,200	2,400

Higher Education, Office of

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Interstate Tuition Reciprocity

The Governor recommends fully funding Minnesota's tuition reciprocity agreement with North Dakota. Under tuition reciprocity, Minnesota is responsible for the difference between the number of Minnesota students enrolled in North Dakota and the number of North Dakota full-year equivalent students enrolled in Minnesota - called a gap number. Minnesota's tuition reciprocity obligation is equal to the marginal cost of educating that gap number minus the amount of tuition paid by those students. This increase in funding will allow Minnesota to fulfill its tuition reciprocity obligation to North Dakota.

Performance Measures:

Tuition reciprocity provides additional choice in education for Minnesota students. The Office of Higher Education will continue to report tuition reciprocity enrollment, tuition rates, payment obligations and negotiations in an annual report to the Legislature

General Fund	Expenditure	2,250	950	3,200	950	950	1,900
	Net Change	2,250	950	3,200	950	950	1,900

American Indian Scholarship

The Governor recommends fully funding the Minnesota Indian Scholarship, allowing all of the approximately 500 students on the current waiting list to receive a scholarship. The Minnesota Indian Scholarship program provides scholarships to Minnesota students who are of one-fourth or more American Indian ancestry, attend a Minnesota postsecondary institution, and who demonstrate financial need.

Performance Measures:

An increase in the number of students served by this program will increase the number of American Indian students who complete their postsecondary programs. The Office of Higher Education will measure: 1.) Graduation rates of American Indian College Students in MN. 2.) Persistence and graduation rates of American Indian Scholarship Program Recipients

General Fund	Expenditure	1,500	1,500	3,000	1,500	1,500	3,000
	Net Change	1,500	1,500	3,000	1,500	1,500	3,000

Statewide Longitudinal Education Data System (SLEDS)

The Governor recommends the maintenance and expansion of the Statewide Longitudinal Education Data System (SLEDS). SLEDS allows access to longitudinal data across state agencies and education institutions that can be transformed into information used to answer program and policy questions and to measure educational and workforce outcomes. A federal grant paid for the development of the basic infrastructure, and this proposal would maintain the system built by the federal grant. The proposal also enables SLEDS to acquire new data in order to inform educators, policymakers, and researchers as they work to design strategies and improve outcomes.

Performance Measures:

Postsecondary institutions, educators, and researchers will use SLEDS data to design targeted programming for Minnesota's future workforce, and policy makers will use SLEDS data to make data-driven public policy decisions. SLEDS data-driven policy will contribute to improved postsecondary readiness, participation and completion metrics.

General Fund	Expenditure	882	882	1,764	882	882	1,764
	Net Change	882	882	1,764	882	882	1,764

Higher Education, Office of

Governor's Changes

(Dollars in Thousands)

		FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
Net All Change Items	General Fund	45,832	44,532	90,364	44,532	44,532	89,064
	Net Change	45,832	44,532	90,364	44,532	44,532	89,064

**Higher Education, Office of
All Funds FTE by Program**

	Current	Forecast Base	Governor's Recommendation
Program	FY 2013	FY 2015	FY 2015
Program: Student Financial Aid	0.4	0.4	0.4
Program: State Supplemental Loans	0.1	0.1	0.1
Program: Research, Policy and Analysis	0.1	0.1	0.1
Program: Postsecondary Access and Outreach	31.5	31.5	31.5
Program: OHE Administration	40.4	35.4	35.4
Higher Education, Office of	72.4	67.4	67.4

Higher Education, Office of
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	ALL OTHER	13,240			13,240
	Subtotal	13,240			13,240
Dedicated	FEDERAL GRANTS			11,073	11,073
	DEPARTMENTAL EARNINGS		618		618
	INVESTMENT INCOME		2,610		2,610
	ALL OTHER		215,631	20	215,651
	Subtotal		218,859	11,093	229,952
Total		13,240	218,859	11,093	243,192

Higher Education, Office of Student Financial Aid Programs

<http://www.ohe.state.mn.us> and <http://www.getreadyforcollege.org>

Statewide Outcome(s):

Student Financial Aid supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Minnesotans have the education and skills needed to achieve their goals.

Context:

The Student Financial Aid program exists to support the ability of students to attend the postsecondary institution that best meets their educational needs, regardless of their financial circumstances, or the price of attendance at that institution. The program ensures:

- Financial access for Minnesotans by providing grants and scholarships to eligible students with low and moderate incomes and students from populations historically underrepresented in postsecondary education.
- Minnesotans are well-informed when making postsecondary education and financial aid decisions by disseminating information about student aid opportunities.

Ensuring financial access to postsecondary education provides both individual and statewide benefits including:

- Increased opportunity for all Minnesotans to maximize their human potential
- Minnesota's stock of human capital is expanded
- Lifetime employment and earning prospects are enhanced
- Higher state tax revenues and less spending on unemployment benefits and public assistance
- Civic engagement and volunteerism are increased
- Improved outcomes in health related to obesity, low-birth weight and health insurance coverage

The program serves Minnesota postsecondary students and their families and supports all Minnesotans. In addition, the program serves postsecondary institutions and other community partners involved in the administration and promotion of student financial aid.

Student Financial Aid is primarily funded through the general fund to provide financial assistance to eligible Minnesotans. The John R Justice Student Loan Repayment Program, funded through a grant from the United States Department of Justice, serves a limited number of eligible recipients geared towards supporting students who choose particular occupations.

Strategies:

To ensure postsecondary education is financially accessible and relevant postsecondary financial aid program information is available to Minnesotans, the Office of Higher Education:

- Provides financial assistance through need-based programs including:
 - **State Grant:** awards to low and moderate income students using a formula based on price of attendance
 - **State Work Study:** funds on and off campus employment opportunities for students and provides K12 schools, non-profit service agencies and others with no or low cost student assistance
- Provides financial assistance to students from populations historically underrepresented in higher education and those with specific needs including:
 - **Child Care Grant:** aid for low and moderate income students with children to pay for child care
 - **American Indian Scholarship:** awards eligible students who are ¼ or more American Indian
 - **Minnesota GI Bill:** benefits Minnesota veterans and the dependents of deceased or severely disabled veterans who served on or after 9/11/2001
 - **Safety Officer Survivors:** assists spouses and dependents of public safety officers killed in the line of duty

-
- Provides financial access to attend public institutions in Minnesota and the surrounding region through the **Interstate Tuition Reciprocity Program** to Minnesota residents and the residents of Wisconsin, North Dakota, South Dakota as well as the Canadian province of Manitoba and Iowa Lake Community College
 - Provides details on postsecondary financial aid programs by coordinating with partners to provide financial aid presentations and relevant materials so students and families are well-informed consumers

Student Financial Aid works with many partners including: postsecondary institutions and their campus financial aid and reciprocity administrators, Minnesota Association of Financial Aid Administrators, public and private community organizations, foundations, Minnesota State Colleges and Universities, University of Minnesota, Minnesota Private College Council, Minnesota Career College Association, K-12 counselors, Minnesota Indian Affairs Council, Minnesota Department of Veterans Affairs and other state agencies and other divisions within the agency.

Results:

Student Financial Aid evaluates the outcomes of its strategies by:

- Assessing the price students and families pay for postsecondary education
- Evaluating how students and families pay for postsecondary education (using current income or debt)
- Examining where students choose to attend
- Measuring the efficiency of staff responses to inquiries for information

The average net price of attendance for Minnesota Residents attending Minnesota postsecondary institutions increased between 2008 to 2010, thus it can be determined the impact of Student Financial Aid programs declined over this time same period. Additionally, the average cumulative student loan debt for bachelor's degree recipients from most public and non-profit 4-year institutions in Minnesota increased over the same time period, suggesting that the impact of Student Financial Aid programs declined.

Minnesota's undergraduate students attend private institutions at a higher rate than the national average despite the fact that Minnesota has a slightly lower proportion of private to public postsecondary institutions (62 percent) than the nation (64.4 percent). This indicates the financial access provided by programs like the State Grant, which takes into consideration the student's price of attendance and are available at all eligible public and private institutions, help reduce the financial barriers that may prevent students from enrolling in institutions that best meet their postsecondary educational needs.

The price students and families pay and how they pay for postsecondary education is impacted by many factors, including the state appropriations to public institutions, changes in federal financial aid policies and economic changes. In particular, borrowing limits for Federal student loans increased over this time period and those increases may have had more impact on cumulative student loan debt as many borrowers borrow the maximum each year. In addition, increased enrollment at private institutions could be a result of a limited enrollment capacity at public institutions.

Investment in grant and scholarship aid by the state of Minnesota and federal government has not kept pace with increases in the price of attendance. As a result, paying for postsecondary education is and will continue to increasingly be the responsibility of Minnesota students and their families through savings, current income and/or borrowing.

Additionally, providing timely responses to inquiries received by OHE ensures Minnesotans are well informed when making postsecondary education decisions, thus measuring the percentage of inquiries responded to the day of receipt is crucial. The response rate has remained at a high level for a number of years despite a reduction in staff.

Performance Measures	Previous	Current	Trend
1. Average net price of attendance for Minnesota Residents attending a Minnesota postsecondary institution	\$15,673	\$15,952	Worsening
2. Average cumulative student loan debt of bachelor's degree recipients at Minnesota public and non-profit 4-year institutions and percentage of students who borrow	\$25,558	\$29,058	Worsening
3. Percent of bachelor's degree recipients at Minnesota public and non-profit 4-year institutions who borrow	72%	71%	Decreasing
4. Enrollment of Minnesota undergraduate students at Minnesota private postsecondary institutions as compared to the national average	28.9% MN 24.5% US	30.3% MN 25.8% US	Improving
5. Percent of inquiries responded to the day of receipt	98%	98%	Stable

Performance Measures Notes:

1. *Previous Data: 2008 / Current Data: 2010.* The Average Net Price of Attendance for Minnesota Residents attending Minnesota institutions is defined as the average annual price of attendance after deducting the average amount of federal, state/local government, or institutional grant or scholarship weighted by the number of students at each postsecondary institution. The price of attendance is the sum of the weighted average of tuition and required fees, books and supplies, and a weighted average for room and board and other education related expenses. The student population used to determine this measure includes only Minnesota resident first-time, full-time degree seeking undergraduate students enrolled in the fall term who were awarded aid grant or scholarship aid from the federal government, state/local government, or the institution. The data used to calculate this measure is gathered from the Student Financial Aid (Net Price) Survey by the US Department of Education's Integrated Postsecondary Education Data System (IPEDS).

2. *Previous Data: 2008 / Current Data: 2010.* Source: Project on Student Debt (<http://www.projectonstudentdebt.org>).

The Project on Student Debt annually collects from institutions, on a voluntary basis, the average cumulative student loan debt of bachelor's degree recipients at 4-year public and non-profit institutions. The data reflects approximately half of all full-time undergraduate students enrolled in Minnesota and does not reflect the average cumulative student loan debt for students who do not graduate. In addition, the statewide average is determined using a weighted average of the averages provided by each participating institution.

3. *Previous Data: 2008 / Current Data: 2010.* Source: Project on Student Debt (<http://www.projectonstudentdebt.org>). The Project on Student Debt annually collects from institutions, on a voluntary basis, the average cumulative student loan debt of bachelor's degree recipients at four-year public and non-profit institutions. The data reflects approximately half of all full-time undergraduate students enrolled in Minnesota and does not reflect the average cumulative student loan debt for students who do not graduate.

4. *Previous Data: Fall 2008 / Current Data: Fall 2010.* This measure uses information available from the National Center for Education Statistics (NCES), Fall Enrollment at Postsecondary Institutions for 2008 and 2010. Additional data used to calculate this measure was compiled using the Office of Higher Education's enrollment database for Minnesota postsecondary institutions. For this measure, private postsecondary institutions included both non-profit and for-profit institutions. *Previous: Fall 2008 / Current: Fall 2010*

5. *Previous Data: 2009 / Current Data: 2011.* The Inquiry Response Rate is determined by gathering data from staff on a periodic basis during each year.

Program: Student Financial Aid
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$365,280		\$223	\$365,503
Current Law Expenditures (FY 2014-15)	\$365,598		\$146	\$365,744
Governor's Recommended Expenditures (FY2014-15)	\$454,198		\$146	\$454,344
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$88,600		\$0	\$88,600
% Change from FY 2014-15 Current Law to Governor's Rec	24%		0%	24%

Program: Student Financial Aid

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
REVENUE			\$146	\$146
TRANSFERS IN	\$2,874			\$2,874
APPROPRIATION	\$451,324		\$0	\$451,324
SOURCES OF FUNDS	\$454,198		\$146	\$454,344
EXPENDITURES	\$454,198		\$146	\$454,344
PAYROLL EXPENSE	\$50		\$24	\$74
OPERATING EXPENSES	\$100		\$2	\$102
OTHER FINANCIAL TRANSACTIONS			\$20	\$20
GRANTS, AIDS AND SUBSIDIES	\$454,048		\$100	\$454,148
USES OF FUNDS	\$454,198		\$146	\$454,344

Higher Education, Office of State Supplemental Loan Program

<http://www.selfloan.org>

Statewide Outcome(s):

State Supplemental Loans supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Minnesotans have the education and skills needed to achieve their goals.

Context:

The Minnesota Student Educational Loan Fund (SELF) is the state's long-term, low-interest educational loan, which supports the ability of students to finance and choose the postsecondary education that best meets their needs. Many students need assistance paying for their education beyond federal grant and loan aid and state grants and scholarships. SELF Loans, federal parent PLUS Loans and other private student loans are alternative sources of funds. The Agency's intent is to make students aware of the advantages of the SELF Loan and to utilize the SELF Loan instead of higher cost loan alternatives.

The primary customers are Minnesota residents attending participating SELF schools either in Minnesota or outside the state and non-residents attending participating Minnesota schools.

The SELF program is funded through an enterprise fund and receives no appropriation from the general fund. Funding is provided by tax-exempt and taxable bonds, payment of loan interest and investment earnings.

Strategies:

The SELF program strives to provide a low-cost funding source to students enabling them to attend postsecondary institutions, while ensuring long-term sustainability of the state's program. Strategies include:

- Maintain a strong financial condition
 - Continue financial growth of program resources
 - Ensure funding is available for a minimum of two years in the future
 - Utilize default collection efforts to minimize program losses
- Maintain a competitive low interest rate
 - Require borrowers to have a creditworthy cosigner
 - Provide a uniform interest rate for all students regardless of institution attended or credit score
 - Utilize automated processes to increase efficiency and minimize staffing needs
 - Minimize program expenses and bond costs
- Increase awareness of the SELF program
 - Implement marketing efforts to inform Minnesota students about the SELF Loan
 - Lead group of 15 states in efforts to exempt state loan programs that meet specified criteria from private loan preferred lender regulations

The SELF Loan works with many partners to carry out these strategies. Partners include campus financial aid administrators, bond financing entities, outside loan servicers, Minnesota Department of Revenue, collection agencies, other state loan programs and other divisions within the agency.

Results:

The success of the SELF Loan is measured by the ability of students to utilize the SELF Loan instead of other more costly alternatives to attend the school of their choice and successfully complete their educational program. Loan volume is an indicator of how many students benefit from the SELF Loan. The volume of SELF Loans has decreased since 2009 when the federal government implemented regulations that restricted schools from providing information to students on private loan programs, including the SELF Loan. Refer to <http://www.ohe.state.mn.us/mPg.cfm?pageID=843> for volume data. Within a five-year period, the number of SELF Loans was reduced by 50%--primarily the result of the federal regulations. Rather than decreasing overall debt, the lower cost SELF Loan may have been replaced by the higher interest rate PLUS Loan. From 2009 to 2011, a

\$42 million decrease in SELF volume coincided with a \$42 million increase in PLUS volume. Unlike restrictions on the SELF Loan, schools are able to advise students of the PLUS Loans without any constraints.

The ability to maintain a competitive interest rate is a key measure of the program's effectiveness. The SELF variable interest rate is lower than other private loans. The fixed rate is above the subsidized and unsubsidized federal Direct Loans but less than the PLUS Loan. While the SELF rate is comparable to private lenders' lowest rates given to a select few with excellent credit, the SELF rate is available to all borrowers, regardless of credit rating, as long as they have a creditworthy cosigner. In addition, most private lenders and the PLUS Loan charge fees, which the SELF program does not.

Finally, the programs' efficiency is also a measure of effectiveness. The Agency developed an online application which reduced staffing needs for the program and made the application process more efficient. In the next year, efforts will focus on further simplification of the application process. The Agency continues to meet the two-year funding goal despite problems in the student loan market which started in 2008 and ended some other states' loan programs.

While the net default rate shows a condition that is worsening, feedback from bond partners indicate the rate is low in comparison to other loan programs and in spite of problems in the economy. Over 97 percent of the loans disbursed are collected.

Performance Measures	Previous	Current	Trend
1. Number of Loans Made	28,302	14,124	Worsening
2. Competitive interest rate	7.0% variable	3.5% variable and 7.25% fixed	Improving
3. Applications processed within 2 business days of receipt	95%	100%	Improving
4. Net default rate	1.82%	2.18%	Worsening

Performance Measures Notes:

1. *Previous Data: 2007-08 / Current Data: 2011-12*
2. *Previous Data: July 2007 / Current Data: July 2012*
 - In July 2007, the SELF variable rate loan had an interest rate of seven percent, while the PLUS Loan had fixed interest rates of 7.9 percent and 8.5 percent
 - In July 2012, SELF had a variable rate 3.5 percent and the fixed rate is 7.25 percent, while PLUS Loan had a rate of 7.9 percent. Other private loan rates range from 3.25 percent to 13.74 percent depending upon the selection of fixed or variable rate and the credit score.
 - Since October 2010, Agency also offers fixed rate loans.
3. *Previous Data: 2007, prior to e-signature / Current Data: 2012*
4. *Previous Data: March 2007 / Current Data: February 2012*

Program: State Supplemental Loans
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$184,305		\$184,305
Current Law Expenditures (FY 2014-15)		\$200,020		\$200,020
Governor's Recommended Expenditures (FY2014-15)		\$200,020		\$200,020
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

Program: State Supplemental Loans

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$80,293		\$80,293
REVENUE		\$200,020		\$200,020
SOURCES OF FUNDS		\$280,313		\$280,313
BALANCE FORWARD OUT		\$80,293		\$80,293
EXPENDITURES		\$200,020		\$200,020
PAYROLL EXPENSE		\$13		\$13
OPERATING EXPENSES		\$20,003		\$20,003
OTHER FINANCIAL TRANSACTIONS		\$180,004		\$180,004
USES OF FUNDS		\$280,313		\$280,313

Higher Education, Office of Research, Policy and Analysis Program

<http://www.ohe.state.mn.us/research>

Statewide Outcome(s):

Research, Policy and Analysis supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Minnesotans have the education and skills needed to achieve their goals.

Context:

The Office of Higher Education's Research, Policy and Analysis department exists to provide the public, institutions and policy makers with robust information on postsecondary choice, access and affordability, financial aid, enrollment, and trends. There is a growing expectation on the part of stakeholders that OHE will be able to answer questions about postsecondary finance and performance. The questions are broad-reaching and responses need to be precise and understandable to a variety of stakeholders. Technology has driven an accountability standard that increases expectations to respond to complex questions within a tight timeframe. Specifically, the research department completes the modeling and price-point determination for the aid distribution formula.

Research, Policy and Analysis is funded through general fund agency appropriations, and to a lesser degree, federal or foundation grants.

Strategies:

- 1. Data collection, analysis and reporting of higher education.** OHE maintains databases for enrollment, degrees and other awards conferred by Minnesota institutions and databases on state and federal financial aid. The agency publishes both standard enrollment reports and special financial aid analyses. The agency continues to issue *Minnesota Measures* (<http://www.ohe.state.mn.us/mPg.cfm?pageID=1733>), an annual report on postsecondary indicators, which is available online at <http://www.ohe.state.mn.us/mPg.cfm?pageID=1733>. Federal and other sources of information are used to provide answers to questions about Minnesota higher education. Most information is posted on the agency web site (<http://www.ohe.state.mn.us>), which is a primary source of information for Minnesotans and policy makers. Topics include financial aid, student enrollment and student demographics. In 2013, the OHE website will be redesigned to reach more audiences, in a timely manner, more comprehensively.
- 2. Statewide Longitudinal Education Data System (SLEDS) – a tool to connect existing data from multiple state and federal agencies, institutions and other sources.** To respond to the increasing need for information, OHE is working in conjunction with the Minnesota Department of Education (MDE) and the Department of Employment and Economic Development (DEED) to develop the Statewide Longitudinal Education Data System (SLEDS). Its key purposes are: 1) Identifying the most viable pathways for individuals to achieve successful outcomes in education and work; 2) Informing decisions to support and improve education and workforce policy and practice; and 3) Assisting in creating a more seamless education and workforce system for all Minnesotans, SLEDS will enable educators and policymakers to answer a range of questions that can be used to gauge the effectiveness of programs and strategies and design targeted improvements.
 - **Data analysis.** SLEDS will enable the agency to connect data across systems to answer critical questions around performance and outcomes, and build a comprehensive body of information to inform future decision-making. MN.IT will serve as the data warehouse servicer and will provide the technical support needed to maintain the database. The primary customers are policymakers, state and local educators, postsecondary stakeholders and both internal and external researchers. Summary information will become available to the public.
 - **Analysis.** The analysis of information will be widely shared as OHE answers individual, media, and stakeholder requests for information.

3. Analysis of state student financial aid programs and other student financing issues

- **OHE analyzes preparation for and entry into postsecondary education**, including high school academic preparation, the percentage of students who enroll in college, tuition and fees, and financial aid application rates.
- **OHE provides information on student experiences during postsecondary education**, including enrollment trends, retention, transfer, undergraduate borrowing, grants and scholarships and student employment.
- **OHE researches student outcomes of postsecondary education**, including the percentage of Minnesotans with postsecondary degrees, graduation rates, types of degrees earned and student loan default rates.
- **OHE projects Minnesota State Grant costs** to guide program planning, administration and budget for state financial aid.
- **OHE analyzes tuition reciprocity** agreements between Minnesota and its neighboring states.

Key Partners: State policy makers; students and their families, public, and private postsecondary institutions; Minnesota Department of Education (MDE); Department of Economic and Educational Development (DEED); financial aid administrators; student advisory committees; MN.IT and Minnesota Management and Budget (MMB).

Results:

General Student Data Collection: Using educational attainment data on Minnesota adults aged 25 to 64 from the U.S. Census; the agency is able to measure the extent to which Minnesota includes people with the skills and education to achieve their goals. The agency uses several measures to evaluate the effectiveness of strategies utilized, including: 1) calculating the net price of attendance (the average price of attending a Minnesota public four-year institution after subtracting all grants and scholarships) 2) calculating the average cumulative educational debt of Bachelor's degree recipients from public four-year institutions, and 3) calculating the percentage of recent graduates who work full time and earn \$29,000 a year or more.

In addition, studies to examine the impact of data collection and analysis strategies have been implemented. In 2010, the agency contracted with consultants Ross and McCallum to examine public satisfaction with the Minnesota Measures document and the Gear Up program was evaluated by both internal staff and external third party consultants. The studies resulted in revisions to the document and program implementation.

The communication strategies used to distribute the collected data are vital to increasing public awareness. Reports were written and distributed on paper, placed on the OHE website, and verbally delivered at conferences and meetings.

SLEDS: The beta version of SLEDS is operating effectively. Seven priority data sources have been merged and tested. The SLEDS phase 1 planning and testing phase has been completed. Initial analysis is focused on transitions from high school to postsecondary education and from postsecondary education into the workforce. Once fully functional, SLEDS will provide matched student data from pre-kindergarten through completion of postsecondary and into the workforce. One immediate advantage of SLEDS is the capacity to measure how students fare after they graduate from high school and postsecondary institutions.

Financial Data: Financial aid data are collected and analyzed continuously to enable distribution of Minnesota state aid to as many students as possible, increasing postsecondary access and attainment to support a thriving economy.

Performance Measures	Previous	Current	Trend
1. Average net price of attendance for Minnesota residents attending a Minnesota postsecondary institution	\$15,673	\$15,952	Worsening
2. Average cumulative student loan debt of bachelor's degree recipients at Minnesota public and non-profit four-year institutions	\$25,558	\$29,058	Worsening
3. Percentage of bachelor's degree recipients at Minnesota public and non-profit four-year institutions who borrow	72%	71%	Decreasing

Performance Measures	Previous	Current	Trend
4. Percentage of recent graduates who work full time and are employed at the median wage rate of \$21.45 per hour	N/A	47%	N/A
5. State grant cost projections are predicted to be equal to appropriations within two percent each year	17%	0.4%	Improving
6. The percent of Minnesota resident undergraduates who complete the Federal Application for Student Aid (FAFSA)	71.5%	76.9%	Improving
7. Number of requests for SLEDS data	N/A	20	N/A

Performance Measures Notes:

1. *Previous Data: 2008 / Current Data: 2010.* Net price of attendance-The average net price of attendance for Minnesota residents attending Minnesota institutions is defined as the average annual price of attendance after deducting the average amount of federal, state/local government, or institutional grant or scholarship weighted by the number of students at each postsecondary institution. The price of attendance is the sum of the weighted average of tuition and required fees, books and supplies, and a weighted average for room and board and other education related expenses. The student population used to determine this measure includes only Minnesota resident first-time, full-time degree seeking undergraduate students enrolled in the fall term who were awarded aid grant or scholarship aid from the federal government, state/local government, or the institution. The data used to calculate this measure is gathered from the Student Financial Aid (Net Price) Survey by the US Department of Education's Integrated Postsecondary Education Data System (IPEDS).
2. *Previous Data: 2008 / Current Data: 2010.* Average cumulative student loan debt-The Project on Student Debt annually collects from institutions, on a voluntary basis, the average cumulative student loan debt of bachelor's degree recipients at four-year public and non-profit institutions. The data reflects approximately half of all full-time undergraduate students enrolled in Minnesota and does not reflect the average cumulative student loan debt for students who do not graduate. In addition, the statewide average is determined using a weighted average of the averages provided by each participating institution. Source: Project on Student Debt (<http://www.projectonstudentdebt.org>).
3. *Previous Data: 2008 / Current Data: 2010.* The data reflects approximately half of all full-time undergraduate students enrolled in Minnesota and does not reflect the average cumulative student loan debt for students who do not graduate. Source: Project on Student Debt (<http://www.projectonstudentdebt.org>).
4. *Previous Data: OHE has not previously calculated this measure / Current Data: 2012.* Percentage of recent graduates who work full time and their earnings - The percentage (under current) is for all graduates with a wage record. It is assumed that over time, this newly developed variable may need to be adjusted; thus the 'Trend' is listed as unknown.
5. *Previous Data: 2010 / Current Data: 2011.* For 2010, the state grant cost projection was 17 percent over the appropriation, due in part to a surge in enrollment. For 2011, the projection was 0.4 percent over the appropriation. The accuracy of the predictions is determined by calculating the ratio of spending to appropriations.
6. *Previous Data: 2009 / Current Data: 2010.*
7. *Previous Data: OHE has not previously calculated this measure because the SLEDS system is new / Current Data: 2012.*

Program: Research, Policy and Analysis
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$190	\$113		\$303
Current Law Expenditures (FY 2014-15)	\$190	\$62		\$252
Governor's Recommended Expenditures (FY2014-15)	\$1,954	\$62		\$2,016
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$1,764	\$0		\$1,764
% Change from FY 2014-15 Current Law to Governor's Rec	928%	0%		700%

Program: Research, Policy and Analysis

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$62		\$62
APPROPRIATION	\$1,954	\$0		\$1,954
SOURCES OF FUNDS	\$1,954	\$62		\$2,016
BALANCE FORWARD OUT				
EXPENDITURES	\$1,954	\$62		\$2,016
PAYROLL EXPENSE		\$22		\$22
OPERATING EXPENSES	\$1,954	\$40		\$1,994
USES OF FUNDS	\$1,954	\$62		\$2,016

Higher Education, Office of Postsecondary Access and Outreach Programs

<http://www.ohe.state.mn.us> and <http://www.getreadyforcollege.org>

Statewide Outcome(s):

Office of Access and Outreach Activities supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Minnesotans have the education and skills needed to achieve their goals.

Context:

By 2018, 70 percent of Minnesota jobs will require some postsecondary education attainment. Historically, the population groups rapidly growing in Minnesota have not participated in postsecondary education in great numbers. After the 2007 recession, job growth has been in jobs requiring some postsecondary attainment. High school graduates and dropouts will find themselves largely left behind in employment opportunities in the coming decade. The statutory responsibility of the Office of Higher Education (OHE) to provide experiences and planning information for postsecondary education is particularly critical at this time to ensure that Minnesota has an educated workforce prepared to fill the 902,000 new and vacant jobs predicted to occur between 2008-2018.

Strategies:

Program services contribute to statewide outcomes by providing Minnesotans with the necessary experiences, information and opportunity to learn skills essential for postsecondary success, career awareness and K-12 teacher effectiveness. Through the programs listed below, OHE works to help Minnesotans:

- Understand the academic requirements necessary to be successful in a postsecondary program
- Learn about sources of financial aid, postsecondary planning, financial literacy, and college savings
- Attend early college awareness and planning presentations
- Learn about various types of postsecondary options
- Complete career exploration activities, college field trips and summer academic programming
- Learn how to navigate the postsecondary application process

Intervention for College Attendance Program (ICAP): A state appropriation of \$621,000 each year of the current biennium provides matching grants for programs that increase the access and success of groups traditionally under-represented in higher education. Programs provide instructional and support services that strengthen academic preparation and aptitude for postsecondary success. Programs serve students in grades six through 12 and undergraduate students who met the student eligibility criteria as sixth through 12th graders.

Get Ready/GEAR UP: The Get Ready Program is an early intervention and college awareness program that works with low income students and those under-represented in postsecondary education to prepare them for educational opportunities beyond high school. The program serves over 4,700 students (5th through 12th grade) annually in 9 Title I Minneapolis, St. Paul and Brooklyn Center schools; and an additional 3,000 students throughout Minnesota. The program is funded primarily through a federal six-year (\$18M/\$3.1M annually) GEAR UP grant. An annual \$180,000 state appropriation helps leverage federal funds and fulfill the required federal match. <http://www2.ed.gov/programs/gearup/index.html>

Student and Parent Information: The agency provides information to students and citizens of Minnesota by developing and distributing publications, maintaining several websites, giving presentations related to postsecondary planning and financing, and participating in special events. Postsecondary participation is encouraged by providing information about college and how to pay for it. These efforts are funded through an annual state appropriation of \$122,000.

Midwest Higher Education Compact (MHEC): MHEC is one of four statutorily-created interstate compacts, serving Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South

Dakota and Wisconsin. MHEC core functions are: 1) cost savings and cost containment; 2) student access and success; and 3) policy research and analysis. The OHE receives an annual state appropriation of \$95,000 for payment of Minnesota's MHEC membership dues. <http://www.mhec.org>.

Minnesota Minority Education Partnership (MMEP), Inc.: MMEP is a non-profit collaborative founded in 1987 that seeks to increase the success of students of color and American Indian students in Minnesota schools, colleges and universities. The OHE receives an annual pass-through state appropriation of \$45,000 for MMEP to help fund its operation, services and activities. <http://www.mmep.org>.

College Access Challenge Grant Program: An annual federal matching award of \$1.5M fosters partnerships between federal and state government to increase the number of low-income students prepared for postsecondary success. Funding focuses on enhancing counseling so that more students receive clear and consistent advising; increasing the number of low-income students and families with a working knowledge of educational opportunities, planning for postsecondary education, financial literacy, and financial aid; and increasing participation of low-income third- through 11th grade students in summer academic enrichment activities to prepare for college success. www.ed.gov/programs/cacg

Improving Teacher Quality State Grant Program: This federal program helps states and school districts ensure that teachers have content knowledge and teaching skills to help all students achieve to high academic standards, regardless of individual learning styles or needs. Through formula funding, OHE receives approximately \$1 million annually for a grant program allowing institutions of higher education to conduct teacher professional development in core academic areas. www.ed.gov/programs/teacherqual

Minnesota College Savings Plan: is a tax-advantaged 529 college savings plan to help families save for higher education tuition and expenses. The Plan is administered by the Office of Higher Education and managed by TIAA-CREF Tuition Financing, Inc. There is no state appropriation.

Key partners include: Minnesota K-12 schools, postsecondary institutions and systems, community and professional organizations, the U.S. Department of Education, the Minnesota Department of Education, and the Minnesota Department of Employment and Economic Development.

Results:

- **Get Ready/GEAR UP:** For the period 2005-2011, Get Ready (GR) served 26,942 in 11 Minneapolis and St. Paul Title I schools. Key outcomes include: improved academic performance of Get Ready students; and increased high school graduation rates and postsecondary participation rates.
- **ICAP:** Since 2006, this program has fostered postsecondary attendance and success by increasing students participation, has served 3,000 students in grades six through 12 as well as 300 postsecondary students, and has increased high school graduation and postsecondary enrollment for program participants.
- **College Access Challenge Grant Program:** School counselors at 82 sites received professional development to increase their use of a web-based system to increase students' college and career readiness. Counselors from 267 districts increased their understanding, analysis and use of data to guide students to postsecondary readiness. Over 500 low-income students participated in academically rigorous summer courses to enhance college readiness. Junior and senior high school students learned about financial literacy.

Performance Measures	Previous	Current	Trend
1. Get Ready: Number of students completing Algebra by 9 th grade—a key predictor of postsecondary success	<80%	87%	Improving
2. Get Ready: Low income/underrepresented students enrolled in a postsecondary institution following high school graduation	N/A	59%	N/A
3. Number of postsecondary institutions, school districts and professional/community organizations that provide and receive outreach for teachers and students.	N/A	1,243	N/A
4. Number of students served through ICAP grants	2010: 2,018	2012: 3,289	Increasing

Performance Measures	Previous	Current	Trend
5. High school graduation and college enrollment for low income/under-represented students in ICAP	<5 Latino students	61 Latino students	Improving
6. Number of College Savings Plan account holders	29,537	31,819	Improving

Performance Measures Notes:

1. *Previous Data: 2007-08 / Current Data: 2010-11.*
2. *Previous Data: no data collected / Current Data: 2011.* In comparison, 79 percent of college freshmen at Minnesota postsecondary institutions are White/Caucasian and 21 percent are students from non-white racial/ethnic backgrounds, which would indicate that Get Ready provides important support for increasing the postsecondary enrollment rates of under-represented students. The Get Ready program did not have high school seniors served under the federal GEAR UP grant prior to 2011.
3. *Previous Data: data not tracked prior to FY 2011 / Current Data: 2010-11.*
4. *Previous Data: 2001-2004 / Current Data: 2006-2011.* Data is specific to one program receiving ICAP funding. In 2012, 18 programs received ICAP funding. Historical ICAP student graduation and postsecondary enrollment data is incomplete, however this type of data is currently being collected. The TORCH program in Northfield, Minnesota targets Latino students. The TORCH program served 80 students in 2006 and 275 students in 2012. In 2004, Northfield had a district-wide graduation rate of 90 percent; while Latino students in the district had a 36 percent graduation rate. In 2012, the district-wide graduation was 91 percent, while the Latino graduation rate was 90 percent.
5. *Previous Data: 2008 / Current Data: 2011.*

Program: Postsecondary Access and Outreach
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$2,387	\$194	\$10,473	\$13,054
Current Law Expenditures (FY 2014-15)	\$2,036	\$185	\$10,947	\$13,168
Governor's Recommended Expenditures (FY2014-15)	\$2,036	\$185	\$10,947	\$13,168
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%	0%	0%

Program: Postsecondary Access and Outreach**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$121		\$121
REVENUE		\$177	\$10,947	\$11,124
APPROPRIATION	\$2,036	\$0	\$0	\$2,036
SOURCES OF FUNDS	\$2,036	\$298	\$10,947	\$13,281
BALANCE FORWARD OUT		\$113		\$113
EXPENDITURES	\$2,036	\$185	\$10,947	\$13,168
PAYROLL EXPENSE	\$406	\$117	\$2,873	\$3,396
OPERATING EXPENSES	\$240	\$68	\$5,695	\$6,003
GRANTS, AIDS AND SUBSIDIES	\$1,390		\$2,379	\$3,769
USES OF FUNDS	\$2,036	\$298	\$10,947	\$13,281

Higher Education, Office of Technology and Libraries Programs

<http://www.minitex.umn.edu>

Statewide Outcome(s):

Technology and Libraries supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Minnesotans have the education and skills needed to achieve their goals.

Context:

The breadth of services provided by libraries today, including access to information technology for all citizens, are even more essential to people from diverse socio-economic and educational backgrounds than they have been in the past. Libraries provide a level playing field for those who would otherwise be at a distinct disadvantage in the ability to access information, resources and services provided by libraries throughout Minnesota. According to a 2010 report entitled, *Perceptions of Libraries*, a third of all Americans (31 percent), or 60 million Americans age 14 and over, see an increase in the value of the library for their communities. And, for Americans who have had a negative job impact, the increased value of the library is an even greater percentage (40 percent), or equal to 14 million economically impacted Americans. Even though library budgets are tightening, expectations for information by consumers will continue to expand.

Strategies:

Minitex and the **MnLINK Gateway** provide statewide support functions to assist academic, public, state government, school and special libraries and provide cost effective, efficient and timely library related services to all Minnesotans. Minitex enhances the effectiveness and efficiency of libraries and user access is expanded through the MnLINK Gateway.

Minitex. Through Minitex, Minnesotans are provided with efficient access to physical and electronic library materials and other information resources. Minitex is an information and resource sharing program of the Minnesota Office of Higher Education (OHE) and the University of Minnesota Twin Cities Libraries (UM). Minitex leverages the resources of all participating institutions, which provides direct benefits to students, educators, the general public and library staff. Minitex serves Minnesotans at no additional cost to the individual. Resources and services provided to libraries through Minitex include:

- Electronic Library for Minnesota (ELM)—a collection of research and information databases that Minnesotans can access, and schools and libraries can link to directly at no additional charge
- Provision of books, articles and other resources (both electronic and physical)
- Overnight courier delivery of physical materials and resource
- Group discounts for access to scholarly and other resources
- MnKnows is the portal through which Minnesotans can access on-line services (<http://www.MnKnows.org>)
- MnLINK Gateway for searching and requesting materials
- Instruction and training for library staff and public users

The OHE receives an annual appropriation of \$5.225 million for Minitex administration that is contractually forwarded to the University of Minnesota where Minitex is housed. Federal grants (LSTA) administered through State Library Services within the Minnesota Department of Education (MDE) help support resource sharing, delivery and instruction. Minitex receives funds from North Dakota and South Dakota to compensate for Minitex services provided to them. In addition, there is reciprocity of services with Wisconsin for resource sharing.

MnLINK Gateway. The MnLINK Gateway is a statewide virtual library that provides access to Minnesota library catalogs and electronic resources by drawing upon the combined collections of Minnesota libraries. Through the MnLINK Gateway, Minnesotans can search catalogs of the University of Minnesota campuses, Minnesota State Colleges and Universities' (MNSCU) libraries, other academic, state government, public and school libraries and request materials for delivery through the Minitex delivery system.

The OHE receives a separate annual appropriation of \$380,000 to support the program, and contracts with the University of Minnesota for the administration of the system. These funds, combined with LSTA grant funds from MDE referenced above, support the Minitex staff that process customer requests and the Minitex delivery system that delivers items borrowed through the MnLINK Gateway.

Library-related services contribute to statewide outcomes by providing access to information and resources Minnesotans need to achieve their educational and career goals and develop the ability to contribute towards a vibrant, competitive and growing economy.

Key partners include the University of Minnesota, MNSCU, other academic libraries, K-12 schools, government and public libraries, OHE, MDE's State Library Services, North Dakota and South Dakota libraries and Wisconsin libraries in resource sharing.

Results:

In FY 2012:

- Minitex Resource Sharing and Delivery staff continues to meet increasing demand by processing nearly 400,000 interlibrary loan requests for users; filling 270,636 incoming requests—a new record; filling over 140,000 from U of MN collections; delivering over 88,000 articles directly to requestors' desktops; and shipping more than one million items through the delivery system. If an item is available from the University of Minnesota collection, most articles are delivered to requestors' desktops on the same day the request is received.
- Over 23 million searches were conducted through ELM; staff responded to over 310 ELM support assistance questions submitted by users; ELM was used to help answer 31,329 questions asked through *AskMN*, a 24/7 virtual reference service; 2,500 students, educators, school and library staff, and others attended ELM instructional sessions; and ELM saved libraries an estimated \$73 million over what they would have spent if they had purchased the resource licenses individually.
- Through the MnLINK Gateway, over 387,000 requests were submitted, filled and delivered to customers; and staff responded to 730 help desk queries from Gateway users.
- Minitex, MnLINK Gateway and ELM services are available to 100% of the Minnesota population.
- Enhancements to the MnLINK Gateway has streamlined the workload of many library staff using the Gateway by 40 percent.

In addition, staff worked closely with the Online Computer Library Center (i.e., OCLC, a nonprofit cooperative that operates a computerized library network and assists MnLINK in the management of the MnLINK Gateway software and hardware) to enhance functionality for library staff and customers.

Performance Measures	Previous	Current	Trend
1. Requests filled by the Minitex office	246,632	270,636	Increasing
2. Usage of ELM resources	17,700,000+	23,000,000+	Increasing
3. Electronic delivery of articles to users' desktops	84,791	88,378	Increasing
4. Borrowing requests filled on the MnLINK Gateway	365,350	387,253	Increasing
5. Average turn-around-time to fill requests received and filled from the U of MN collection	26.5 hrs.	<24 hrs.	Improving

Performance Measures Notes:

1. *Previous Data: FY 2011 / Current Data: FY 2012.* Source: statistical data from systems used.
2. *Previous Data: FY 2010 / Current Data: FY 2011.* Source: vendors.
3. *Previous Data: FY 2011 / Current Data: FY 2012.* Source: internal database of electronic deliveries.
4. *Previous Data: FY 2011 / Current Data: FY 2012.* Source: data from Inter-Library Loan system.
5. *Previous Data: FY 2011 / Current Data: FY 2012.*

Program: Technology and Libraries

Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$11,210			\$11,210
Current Law Expenditures (FY 2014-15)	\$11,210			\$11,210
Governor's Recommended Expenditures (FY2014-15)	\$11,210			\$11,210
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Program: Technology and Libraries

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$11,210			\$11,210
SOURCES OF FUNDS	\$11,210			\$11,210
EXPENDITURES	\$11,210			\$11,210
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$11,210			\$11,210
USES OF FUNDS	\$11,210			\$11,210

Higher Education, Office of Office of Administration

<http://www.ohe.state.mn.us>

Statewide Outcome(s):

OHE Administration supports the following statewide outcome(s).

Minnesotans have the education and skills needed to achieve their goals.

Context:

The Minnesota Office of Higher Education (OHE) Administration provides overall management, leadership and administrative support for OHE. The mission of OHE is to "advance the promise of higher education to all Minnesotans and provide critical information to make higher education decisions". We support the operation of eight financial aid programs, the implementation of three federal grants, human resources services to all employees, the registration and licensure of postsecondary schools, and provide leadership, supervision, office space and equipment for 67 FTE staff. We provide policy leadership in higher education through the director's office and through information provided to lawmakers and citizens. Administration includes:

- Financial management and auditing
- Regulatory services for Private Institutional Registration (PIR) and Private Career Schools (PCS)
- Communications and outreach
- Legislative relations
- Human resources

Administrative activities are currently impacted by several factors. First, the number of schools that must either register or be licensed by the state has increased over the past three years due to a dramatic growth in online education across the country. Any school having Minnesota students enrolled, regardless of location, must be registered with the state of Minnesota. In addition, during 2008 - 2012, the number of postsecondary institutions needing review increased. Total audits and reviews completed remained stable during this time, which included the state government shutdown of 2011. This is due in large part to efficiencies realized by a move from manual to online applications for both registration and licensure.

Primary customers include students, postsecondary institutions (in-state and out-of-state), the Governor's office and the legislature, Minnesota Management and Budget, legislators, agency staff and programs, contracted vendors and media.

OHE Administrative services are funded by dedicated revenue, general fund appropriations, indirect cost revenue and the SELF Loan Capital Fund.

Strategies:

OHE Administration contributes to statewide outcomes by providing continuous improvement for effective and efficient organizational operations that support key programming. All programs work to comply with state statute, rule and the policies and procedures set forth by MMB, as well as specific initiatives of the Governor's office such as Better Government for a Better Minnesota.

The Director serves as a member of the Governor's cabinet and advises the Governor on higher education policy and works closely with the legislature to develop postsecondary education policies. The Deputy Director is responsible for internal operations of the agency and for continuous quality improvement of agency services, and policies and procedures.

Financial Management and Auditing implements accounting, auditing, budgeting, fiscal oversight for agency contracts, financial analysis and reporting, purchasing, travel management, disbursement, receipt of funds and repayment processes for programs. Financial services meets generally accepted accounting principles and conducts audits for postsecondary institutions with students receiving financial aid. An independent CPA firm audits OHE financial statements and provides a report annually. The internal audit function includes review and

testing of the internal control environment, conducting risk assessments, and assisting with the documentation and on-going review of control activities.

Regulatory Services provides for registration and licensure for degree-granting private institutions and private career colleges as required by Minnesota Statute, handles college transcript requests, and tracks closed schools, all to ensure consumer protection.

Human Resources provides for hiring, retention, termination, compensation, training, processes insurance and worker's compensation and ensures that we meet standards for laws such as the Americans with Disabilities Act and Affirmative Action.

Communications and Outreach identifies, develops, and distributes information, handles media inquiries on higher education policy issues and develops and maintains web and social media content for the agency.

Results:

Performance Measures	Previous	Current	Trend
1. Certified Audited Financial Statements for OHE – no material findings. Meet accounting standards	100%	100%	Stable
2. Total audits and reviews of postsecondary institutions	87	85	Stable
3. OHE HR practices comply with standards established by state law, the Governor's office, and MMB	100%	100%	Stable
4. Increased public outreach and messaging through traditional and new methods, including website, blog, Twitter account, e-newsletter, editorials, etc.	160,000 printed materials; website	160,000 printed materials plus social media	Increasing

Performance Measures Notes:

1. *Previous Data: 2011 / Current Data: 2012.* The purpose of an audit is to enhance the degree of confidence of intended users in the financial statements. The audit opinion is intended to provide reasonable assurance that the financial statements are presented fairly, and give a true and fair view in accordance with the financial reporting framework.
2. *Previous Data: 2008-11 / Current Data: 2012.* The purpose of these audits is to provide reasonable assurance that postsecondary institutions are using state financial aid awarded to students properly and in accordance with Minnesota Statute and Rule.
3. *Previous Data: Prior to 2012 / Current Data: 2012.* OHE has successfully resolved one grievance in 2012 and had no lawsuits since 2005; 100 percent compliance with cabinet level required reporting since 2004 when we became a cabinet-level agency; and the employee performance review program has sustained a 100 percent completion rate since 2009.
4. *Previous Data: 2008-11 / Current Data: 2012.* We are building on this and increasing external communication efforts and effectiveness.

Program: OHE Administration

Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$5,155	\$17,104		\$22,259
Current Law Expenditures (FY 2014-15)	\$5,152	\$18,702		\$23,854
Governor's Recommended Expenditures (FY2014-15)	\$5,152	\$18,702		\$23,854
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		0%

Program: OHE Administration

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$7,614		\$7,614
REVENUE		\$18,662		\$18,662
TRANSFERS IN	\$200			\$200
APPROPRIATION	\$4,982	\$0		\$4,982
SOURCES OF FUNDS	\$5,182	\$26,276		\$31,458
BALANCE FORWARD OUT		\$7,554		\$7,554
TRANSFERS OUT	\$30	\$20		\$50
EXPENDITURES	\$5,152	\$18,702		\$23,854
PAYROLL EXPENSE	\$3,216	\$2,839		\$6,055
OPERATING EXPENSES	\$1,936	\$15,863		\$17,799
USES OF FUNDS	\$5,182	\$26,276		\$31,458

Federal Funds Summary

Federal Award Name	New Grant	Purpose / People Served	2012 Actual	2013 Budget	2014 Base	2015 Base	Required State Match Yes / No	Required State MOE Yes /No	State-wide Outcome	Subject to 8% Sequestration Reduction
Federal Fund - Agency Total			5,151	5,546	5,546	5,546				
Program Total- Student Financial Aid			150	73	73	73				
Budget Activity Total- Student Financial Aid			9	10	10	10				
Budget Activity Total- State Grants			141	63	63	63				
Program Total- Postsecondary Access and Outreach			5,001	5,473	5,473	5,473				
GEAR UP			3,210	3,100	3,100	3,100				
College Access Challenge Grant			937	1,506	1,506	1,506				
Improving Teacher Quality State Grant Program			854	867	867	867				
GEAR UP	Ongoing	GEAR UP is an intervention program that works with low income students and those under-represented in postsecondary education to prepare them for education after high school. The program serves about 4,700 students (5th through 12th grade) annually. The program has a dollar for dollar matching requirement, in cash or in-kind.	3,210	3,100	3,100	3,100	YES	NO	Education	Yes
College Access Challenge Grant	Ongoing	College Access Challenge Grant Program: An annual award of \$1.5M fosters activities to increase the number of low-income students prepared for postsecondary success. The program has a maintenance of effort requirement allowing states to show their commitment to providing an affordable college education. In addition, the program requires that 1/3 of the federal award amount be matched	937	1,506	1,506	1,506	YES	YES	Education	Yes
Improving Teacher Quality State Grant Program	Ongoing	Improving Teacher Quality State Grant Program: An annual award for state administered grants allowing institutions of higher education to conduct K-12 teacher professional development in core academic areas. In FY2012 the award amount was reduced from \$1M to \$867,000 due to federal budget cuts. Continued funding is uncertain because this state level grant program is not included in drafts for reauthorization of the No Child Left Behind Act.	854	867	867	867	NO	NO	Education	Yes
John R Justice	Ongoing	John R. Justice Student Loan Repayment Grant Program provides awards to 32 public prosecutors and defenders each year. In FY2012, Minnesota received approximately \$140,000. The grant award was reduced to \$63,000 for FY2013 due to federal budget cuts.	141	63	63	63			Education	No
Paul Douglas Repayment	Ongoing	Paul Douglas Teacher Collection of Loan Repayment funds from 4 students each year that did not complete the teaching obligation under this program (which stopped taking new participants in FY 1996).	9	10	10	10	NO	NO	Education	No
			5,151	5,546	5,546	5,546				

The federal maintenance of effort language for the College Access Challenge Grants, requires states to maintain spending for higher education at least at the average amount spent over the past five years. A waiver may be sought as long as

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Ombudsman for Mental Health and Developmental Disabilities

<http://www.ombudmhdd.state.mn.us>

Small Agency Profile

Mission:

This independent agency was created in 1987 to promote the highest attainable standards for treatment, competence, efficiency, and justice for persons receiving care and treatment for mental illness, developmental disabilities, chemical dependency, and emotional disturbance (MI, DD, CD, and ED) from a Minnesota agency, facility, or program.

Statewide Outcome(s):

Ombudsman for Mental Health and Developmental Disabilities (OMHDD) supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The OMHDD focuses on holding state agencies and state funded services accountable for providing appropriate services for Minnesota citizens with MI, DD, CD, and ED consistent with Minnesota laws and rules in a manner that respects vulnerable citizens' rights and dignity. This work is important because holding care providers accountable contributes to increasing the quality of services and decreasing the cost of providing those services. What we learn from cases and reviews helps prevent negative occurrences system wide. The agency has adapted to the shift from residential state operated treatment centers to community based care of agency clientele. Agency funding is a 100 percent General Fund appropriation.

<https://www.revisor.mn.gov/statutes/?id=245.94>

Strategies:

To meet the charge given the agency, Regional Ombudsmen appropriately respond to contacts from clients, facility staff, family members, and others. The Regional Ombudsmen and Medical Review Coordinator also investigate and review all reported serious injuries. The Medical Review Unit (MRU) investigates and reviews all reported deaths. The Civil Commitment Training and Resource Center (CCTRC) and MRU Coordinators provide training to a wide variety of individuals involved with the provision of mental health services.

<http://www.ombudmhdd.state.mn.us/cctrc/default.htm>

To advance OMHDD's priorities, agency staff monitor client cases for systemic issues in all areas of the MI, DD, CD, and ED systems. MRU staff also provide timely and topical Medical Alerts, which focus on issues of potential impact to client safety, to licensed providers statewide. These Medical Alerts are distributed electronically, and serve to educate providers and improve care delivery. The OMHDD also provides treatment and provider staff training to share the latest in effective treatment provision.

<http://www.ombudmhdd.state.mn.us/mrs/default.htm>

To contribute to statewide outcomes, the OMHDD actively participates in systems change with stakeholders via workgroups and task forces.

Results:

There is no way to know how many holds, commitments, days of inpatient care, or outpatient care services were saved by the agency's work. Staff act as problem solvers to meet the service needs of the individual in the least restrictive and most appropriate placement. This reduces the costs of providing these services.

The agency also looks to continuously improve efficiency – for example, by distributing Medical Alerts electronically (versus via postal mail), the agency has reduced costs and increased the efficiency of this information distribution.

As an indicator of service provided, the agency tracks the number of client contacts received. The agency expects these service numbers to continue to increase.

The OMHDD also offers trainings and educational opportunities. These trainings have become more detailed and focused to meet staff requests for more targeted training.

Performance Measures	Previous	Current	Trend
Number of contacts received and entered into the agency data base	3,928	3,986	Improving
Training sessions on agency mission, services, and resources, civil commitment, and medical review	16 (including some partial day trainings)	9	Stable

Performance Measures Notes:

1. For contacts received, Previous is FY 2011 and Current is FY 2012. Source: OMHDD.
2. For training sessions provided, Previous is FY 2011 and Current is FY 2012. Source: OMHDD.

**Ombudsman for Mental Health and Developmental
Current, Base and Governor's Recommended Expenditures**
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$3,359			\$3,359
Current Law Expenditures (FY 2014-15)	\$3,478			\$3,478
Governor's Recommended Expenditures (FY2014-15)	\$3,478			\$3,478
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

**Ombudsman for Mental Health and Developmental
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN	\$170			\$170
APPROPRIATION	\$3,308			\$3,308
SOURCES OF FUNDS	\$3,478			\$3,478
EXPENDITURES	\$3,478			\$3,478
PAYROLL EXPENSE	\$2,718			\$2,718
OPERATING EXPENSES	\$750			\$750
OTHER FINANCIAL TRANSACTIONS	\$10			\$10
USES OF FUNDS	\$3,478			\$3,478

**Ombudsman for Mental Health and Developmental
All Funds FTE by Program**

Program	Current FY 2013	Forecast Base FY 2015	Governor's Recommendation FY 2015
Program: Ombudsman For Mh & Dd	17.0	16.0	16.0
Ombudsman for Mental Health and Developmental	17.0	16.0	16.0

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Mission:

The Office of Ombudsperson for Families' (OBFF) mission is to ensure that children and families are protected by law in all child placement proceedings conducted by public and private agencies. The OBFF seeks to reduce racial and ethnic disparities in out-of-home placements for children of color and American Indian children. To this end, the office assists communities of color and American Indian communities to resolve their differences with government and child welfare agencies by bringing a fair and neutral perspective to the proceedings.

OBFF Annual Report: <http://www.ombudsfamilies.state.mn.us/Reports/OBFF%20Report%202008-2009.pdf>

Statewide Outcome(s):

Ombudsperson for Families supports the following statewide outcome(s).

Strong and stable families and communities.

Context:

Each Ombudsperson shall monitor agency compliance with all laws governing child protection and placement, as they impact children of color. Minn. Stat. 257.0762, Subd 1 (a).

It has been demonstrated that fair and transparent processes, and increased cultural competency and sensitivity of child welfare workers and service providers has contributed to lowering disparities. The Ombudsperson assists counties and state agencies in reducing racial and ethnic disparities and improving outcomes for all Minnesota children. Minnesota Child Welfare Disparities Report: Figure 9, Page 21:

<https://edocs.dhs.state.mn.us/lfserver/Public/DHS-6056-ENG>

The Ombudsperson does not provide direct services or programs, nor does the Ombudsperson have enforcement authority over their recommendations.

Strategies:

- Monitors, reviews, and investigates inquiries and complaints of any family with a child in the child protection system who may be American Indian, Hispanic-Latino, Asian-Pacific, African or African-American descent in the state of Minnesota.
- Investigates, upon a complaint or upon personal initiative, any action of any agency that may be contrary to law, rule or policy, or that may be unfair, unclear or disregards the rights of a child.
- Assists in the development of policies and practices that help eliminate racial and ethnic disparities and disproportionality from intake to permanency.
- Develops policies to support and create culturally competent and bilingual social workers and Guardians ad Litem (GAL) in communities of color and American Indian communities throughout Minnesota.
- Works with state and local courts, policy makers, and service providers to promote integrated systems to ensure family reunification, stability, security, safety, permanency and well-being of Minnesota's families.
- Issues reports to highlight where systemic problems exist.

The OBFF is funded through a general fund appropriation and a special fund transfer from the Minnesota Department of Human Services.

The OBFF partners with court officials, child welfare agencies, the Minnesota Department of Human Services, policy makers, legislators and community service providers/organizations and legal service providers.

Results:

Through case investigations, the Ombudspersons make recommendations on cases that involve possible bias, discrimination, lack of cultural sensitivity, deficient linguistic and culturally appropriate services or non-compliance with state or federal law and policy.

Through public policy development, the Ombudsperson works to effect policy changes when those policies do not reflect current best practice.

For specific examples of committees, task forces and policy input the Ombudspersons contribute to please see the OBFF Annual Report. <http://www.ombudsfamilies.state.mn.us/Reports/OBFF%20Report%202008-2009.pdf>.

Performance Measures	Previous	Current	Trend
Numbers of contacts, inquiries and complaints received by the OBFF in 2005 and in 2009 * ^o	480	708	Worsening

Performance Measures Notes:

Previous data is 2005; current data is 2009. The 2005 data may be found at: [http://www.ombudsfamilies.state.mn.us/Reports/ANNUAL%20REPORT\[1\].FINAL.MODERN%20PRESS.pdf](http://www.ombudsfamilies.state.mn.us/Reports/ANNUAL%20REPORT[1].FINAL.MODERN%20PRESS.pdf). The 2009 data may be found at: <http://www.ombudsfamilies.state.mn.us/Reports/OBFF%20Report%202008-2009.pdf>

* Complaints include a person making a specific claim against a county child welfare agency, or its agent, a public or private child placing agency, or its agent, the courts, GAL program, and others. A person may call to complain about current laws, policies, and practices.

^o This data represents the number of telephone calls into the Office of Ombudsperson for Families for inquiries and education for families regarding how the child protection system works and how to navigate the system. It also represents inquiries and questions that were then turned into informal cases where conflict resolution methods of mitigating or mediating the case circumstances were utilized to come into compliance with state and federal laws and policies. To see specific examples of types of complaints received and resolved see page 5 of both the 2005 and 2009 Annual Reports. Links provided above.

There are many factors when considering child welfare implications (education, housing, economic, poverty, judicial considerations, jobs/opportunity, etc.). It is difficult to pinpoint just one cause of worsening data.

Ombudsperson for Families**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$530	\$212		\$742
Current Law Expenditures (FY 2014-15)	\$530	\$240		\$770
Governor's Recommended Expenditures (FY2014-15)	\$667	\$240		\$907
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$137	\$0		\$137
% Change from FY 2014-15 Current Law to Governor's Rec	26%	0%		18%

Ombudsperson for Families**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$63		\$63
TRANSFERS IN		\$184		\$184
APPROPRIATION	\$667	\$0		\$667
SOURCES OF FUNDS	\$667	\$247		\$914
BALANCE FORWARD OUT		\$6		\$6
EXPENDITURES	\$667	\$240		\$907
PAYROLL EXPENSE	\$655	\$108		\$763
OPERATING EXPENSES	\$12	\$132		\$144
USES OF FUNDS	\$667	\$246		\$913

Ombudsperson for Families

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Reinstatement of Office Manager Position

The Governor recommends reinstating an office manager position within the agency. This reinstatement will allow the four Ombudspersons to focus on their core mission of ensuring that children and families are protected by law in all child placement proceedings conducted by public and private agencies and organizations.

Performance Measures:

The outcomes the agency expects to achieve are a reduction in racial and ethnic disparities in the child welfare system and for each Ombudsperson to fully perform the duties and powers defined in statute.

General Fund	Expenditure	68	69	137	69	69	138
	Net Change	68	69	137	69	69	138
Net All Change Items	General Fund	68	69	137	69	69	138
	Net Change	68	69	137	69	69	138

Ombudsperson for Families
All Funds FTE by Program

Program	Current FY 2013	Forecast Base FY 2015	Governor's Recommendation FY 2015
Program: Ombudspersons For Families	4.4	4.0	5.0
Ombudsperson for Families	4.4	4.0	5.0

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Mission:

The board's mission is to protect the public through effective licensure and enforcement of the statutes and rules governing the practice of optometry to reasonably ensure a standard of competent and ethical practice.

Statewide Outcome(s):

Optometry, Board of supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

The Board serves the consumers of optometric services by licensing as optometrists only those persons the board has determined meet the established education, experiential and examination requirements. The board serves the optometric community by providing verification of credentials to other state and federal agencies.

The Board is committed to public protection and to responsible, efficient, and cost-effective services. The seven member Board of Optometry (five licensed optometrists, two public members) sets the direction for the Board and oversees the agency's activities.

The board's strategic plan is focused on electronic advancements for efficient, yet effective licensee/public transparency and ease of use.

The board has 1084 licensed Optometrists in the state of Minnesota and works collaboratively with continuing education and provider associations.

The board is 100 percent fee supported and no general fund tax revenue is used. They are responsible for collecting sufficient revenue to cover both direct and indirect expenditures. The board works directly with licensees to assure fees are used prudently. The Minnesota Board of Optometry fees were last increased in 1995. Board members are committed to operating efficiently.

Strategies:

The quarterly board meetings are attended by seven Governor-appointed board members with other stakeholders in attendance. The agenda reflects quality improvement activities with key statistics tracked and shared with the attendees. Board discussion leads to action steps and directives to staff which are listed in the minutes of each board meeting. Those minutes are posted on the website.

The Executive Committee of the board is comprised of licensed Optometrists, who assure the business aspects of the licensure process are efficient and public members, who assure public involvement and ensure that board actions are meant for public safety. The board has provider associations' reports as part of the standing agenda while assuring key issues are identified, investigated and resolved within the public board structure. This is a board that seeks compromise and works toward problem resolution in an open environment. The board works to achieve a fluid relationship with the public, licensees and key stakeholders.

The Board of Optometry regulates the profession by:

- Setting educational standards for initial licensure.
- Reviewing applicant's education and training to determine compliance with the board's licensure requirements.
- Reasonably ensuring that only applicants who meet licensure requirements are granted a license.
- Issuing initial and renew licensure for qualified professionals.
- Setting continuing education requirements for maintenance of licensure.
- Setting standards of practice and taking disciplinary or corrective action against misconduct for licensees.
- Responding to public and agency inquiries, complaints, and reports regarding licensure and conduct of applicants and licensees.

-
- Providing information about licensure requirements and standards of practice to citizens and other interested persons or agencies.

Results:

The board believes that additional specific measurements should be embraced. The national tracking of measurable outcomes does not exist. The board values information to continuously improve, however, no other state tracks information necessary to make state comparisons on such key topics as days of applicant to successful licensure, or days in complaint resolution cycle. The Federation of Associations of Regulatory Boards is reviewing this focus from a national perspective.

The board does engage in survey processes to measure expected outcomes. It does not employ a metric or dashboard of data as the board has not determined what to track or the value added to the board's mission.

Performance Measures	Previous	Current	Trend
Average days when an applicant is granted their initial license	90 Days	5 Days	Improving
Average days that a complaint remains open	180	180	Stable

Performance Measures Notes:

The board will review other performance measures as the national board(s) investigates comparable data.

Initial license data: previous is 2010, current is 2012.

Complaint data: previous is 2010, current is 2012.

Source is the Small Boards Licensing Database.

Optometry, Board of
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$226		\$226
Current Law Expenditures (FY 2014-15)		\$220		\$220
Governor's Recommended Expenditures (FY2014-15)		\$220		\$220
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

**Optometry, Board of
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION		\$219		\$219
SOURCES OF FUNDS		\$219		\$219
EXPENDITURES		\$220		\$220
PAYROLL EXPENSE		\$143		\$143
OPERATING EXPENSES		\$77		\$77
USES OF FUNDS		\$220		\$220

**Optometry, Board of
All Funds FTE by Program**

Program	Current FY 2013	Forecast Base FY 2015	Governor's Recommendation FY 2015
Program: Optometry, Board Of	0.9	0.9	0.9
Optometry, Board of	0.9	0.9	0.9

Optometry, Board of
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	DEPARTMENTAL EARNINGS		240		240
	ALL OTHER		0		0
	Subtotal		240		240
	Total		240		240

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Mission:

The mission of the POST Board is to regulate and enhance the profession of law enforcement in MN through the selection, education and licensing standards of peace officers.

Statewide Outcome(s):

Peace Officers Standards and Training, Board of supports the following statewide outcome(s).

Minnesotans have the education and skills needed to achieve their goals.

People in Minnesota are safe.

Efficient and accountable government services.

Context:

The POST Board:

- licenses and regulates over 10,400 peace officers and 250 part-time peace officers who are employed by MN's 452 state, county and local law enforcement agencies,
- certifies 25 two-year, four-year, public and private colleges and universities in Minnesota that provide the "Professional Peace Officer Education" degree program, and
- implements policies and procedures enacted by the legislature.

POST Board customers and stakeholders include:

- police chiefs, sheriffs, line officers,
- college students, faculty and administrators,
- legislators and the Governor's Office
- the courts,
- local elected officials,
- other state agencies,
- special interest groups, individual citizens and the media.

The POST Board is funded through a special revenue account from a surcharge on certain criminal and traffic convictions.

Strategies:

The POST Board's mission is implemented through the following functions and measures that incorporate the prescribed "Statewide Outcomes":

People in Minnesota are safe:

- administer license exams (peace officer, part-time peace officer, interstate reciprocity and military reciprocity),
- license peace officers and part-time peace officers,
- renew and restore peace officer and part-time peace officer licenses,
- monitor compliance with standards of conduct
- monitor compliance with in-service continuing education requirements,
- conduct annual on-site compliance reviews at ten percent of the state's 452 law enforcement agencies,
- monitor allegations of misconduct and impartial policing complaints,

Minnesotans have the education and skills needed to achieve their goals:

- establish and maintain pre-service education curricula,

- manage a training reimbursement fund for law enforcement agencies,

Efficient and accountable government services:

- examine technology alternatives to increase efficiency in administering exams and overall data collection, processing and storage,
- manage the in-house e-licensing system,
- perform other duties and services as mandated by the legislature.

Results:

The POST Board and staff members pose this question internally on a regular basis as a matter of personal and professional self-reflection. Over the years POST used surveys, open-mic sessions at conferences, face-to-face meetings and responses received from legislative hearings to measure achievements. In the final analysis POST concluded the most accurate assessment of POST’s performance was based on phone calls and emails received from stakeholders.

While Board and staff members are comfortable and competent in the role of the State’s regulatory agency for law enforcement, since 1998 POST has emphasized the parallel role of a resource to law enforcement officers, police chiefs, sheriffs and state agency directors.

Performance Measures	Previous	Current	Trend
Awarded new peace officer licenses.	766	751	stable
Administered peace officer exams.	1,677	1,685	stable
Processed allegations of misconduct and impartial policing complaints	302	291	stable
Conducted on-site law enforcement agency compliance reviews	59	134	improving

Performance Measures Notes:

Peace Officer Standards and Training, Board o
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$8,241		\$8,241
Current Law Expenditures (FY 2014-15)		\$8,240		\$8,240
Governor's Recommended Expenditures (FY2014-15)		\$8,240		\$8,240
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

**Peace Officer Standards and Training, Board of
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN		\$265		\$265
REVENUE		\$4		\$4
TRANSFERS IN		\$18,494		\$18,494
SOURCES OF FUNDS	\$0	\$18,763		\$18,763
BALANCE FORWARD OUT		\$267		\$267
TRANSFERS OUT		\$10,254		\$10,254
EXPENDITURES		\$8,240		\$8,240
PAYROLL EXPENSE		\$1,668		\$1,668
OPERATING EXPENSES		\$604		\$604
GRANTS, AIDS AND SUBSIDIES		\$5,968		\$5,968
USES OF FUNDS		\$18,761		\$18,761

**Peace Officer Standards and Training, Board o
All Funds FTE by Program**

Program	Current FY 2013	Forecast Base FY 2015	Governor's Recommendation FY 2015
Program: Peace Officers Standards & Training	11.0	10.0	10.0
Peace Officer Standards and Training, Board o	11.0	10.0	10.0

Peace Officer Standards and Training, Board o

Revenue Summary

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	DEPARTMENTAL EARNINGS	1,016			1,016
	ALL OTHER	400			400
	Subtotal	1,416			1,416
Dedicated	ALL OTHER		4		4
	Subtotal		4		4
	Total	1,416	4		1,420

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Mission:

The Perpich Center for Arts Education (Perpich) provides all Minnesota students the opportunity to develop and integrate their artistic and academic abilities to their highest potential.

Statewide Outcome(s):

Perpich Center for Arts Education supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Minnesotans have the education and skills needed to achieve their goals.

Strong and stable families and communities.

Context:

The arts are a driving force in Minnesota's economy, quality of life and its national and international reputation. Perpich provides education, professional development and resources for the entire state that increase student performance, raise test scores and lead to a better-educated and innovative workforce to support the continued vitality of Minnesota.

Arts education aims to:

1. Embed 21st Century learning skills for future Minnesota workforce through statewide arts education
2. Attack systemic and cultural issues that affect student and teacher achievement
3. Assist students, families, schools and communities to understand and participate in the creative economy
4. Leverage taxpayer dollars for education through collaboration, accountability, performance and good stewardship

Strategies:

This mission is accomplished through three primary strategies: **professional development, outreach and research** that serves all Minnesota K-12 schools and educators; a **statewide residential public arts high school** for 11th- and 12th-grade students that operates as a living laboratory of creative endeavor; and a statewide **arts education library and learning resource center** with books, media and materials for teachers, artists, students and the general public.

Perpich is focusing on the following activities:

- Invent new paradigms, programs and curricula that can be replicated to improve student achievement throughout the state (such as integrated arts, ArtScience and STEM + A).
- Improve outreach to geographic centers that are underserved.
- Set measureable performance benchmarks that schools can adopt and localize.
- Continue to improve agency managerial practices, accountability and organizational structure.
- Achieve annual 100 percent graduation rate from the arts high school.
- Influence the economic and cultural vitality in the state through programs that produce innovative thinkers, artists and entrepreneurs.
- Continue to establish and maintain a network of people and organizations in arts education to collaborate, share resources and coordinate the state's (and nation's) arts education efforts.
- Participate in cultural and global initiatives to help equip educators and students to address changes in the state's demographics, marginalized groups and the international marketplace.
- Review, update and increase the number of arts education and resources in the Perpich Arts Library.

Through these strategies Perpich reaches:

- 825,000 K-12 students throughout Minnesota.
- 480 public school districts or charter schools and their administrators and educators.
- Up to 310 Arts High School students and their families from around the state each year.
- Arts organizations and individual teaching artists.
- Higher educational institutions for placement of students and training of future teachers.

Results:

Statewide Study on the Status of Arts Education in Minnesota – The 2012 Perpich Arts Education Research Project (with Legacy funding) provides a benchmark assessment of the state of arts education in Minnesota. Results show that Perpich has been successful in creating and communicating arts based standards with 87 percent of schools reporting that have aligned their curricula with the standards. The report shows areas of strength and weakness in our schools and provides a framework for recommendations to strengthen arts education in Minnesota.

Assessment of Statewide Perpich Arts Integration Project – One set of recent assessments with the initial years of the Legacy-funded Perpich project for arts integration, a project utilizing Perpich-developed classroom strategies, curriculum development, collaborative models, standards alignment and assessment/evaluation processes shows that both students (81 percent) and teachers (54 percent) find that arts and academic integration activities increased learning capacity in the classroom. Students and teachers also reported significant increases in student motivation and engagement, factors that research shows increase grades and standardized test scores.

Performance Measures	Previous	Current	Trend
Professional Development and Research (PDR)	413 direct contacts; 13,000 indirect	572 direct contacts; 18,000 indirect	Improving
Perpich Arts High School graduation rate	99%	100%	Stable
Library and Learning Resource Center (service interactions)	3,194	4,246	Improving
Perpich Arts Integration Network Project	9 school sites; 41 teachers	13 school sites; 51 teachers	Improving

Performance Measures Notes:

Previous year is FY 2010, Current year is FY 2011.

Perpich Center for Arts Education
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$13,461	\$3,409		\$16,870
Current Law Expenditures (FY 2014-15)	\$13,456	\$1,460		\$14,916
Governor's Recommended Expenditures (FY2014-15)	\$14,656	\$1,460		\$16,116
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$1,200	\$0		\$1,200
% Change from FY 2014-15 Current Law to Governor's Rec	9%	0%		8%

Perpich Center for Arts Education**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN		\$230		\$230
REVENUE		\$1,398		\$1,398
APPROPRIATION	\$14,656	\$0		\$14,656
SOURCES OF FUNDS	\$14,656	\$1,628		\$16,284
BALANCE FORWARD OUT		\$166		\$166
EXPENDITURES	\$14,656	\$1,460		\$16,116
PAYROLL EXPENSE	\$11,755	\$600		\$12,356
OPERATING EXPENSES	\$2,194	\$860		\$3,054
OTHER FINANCIAL TRANSACTIONS	\$5			\$5
GRANTS, AIDS AND SUBSIDIES	\$701			\$701
USES OF FUNDS	\$14,656	\$1,626		\$16,282

Perpich Center for Arts Education

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Technology Investment

The Governor recommends upgrading the Perpich Center's information technology infrastructure from an Apple to Windows network to facilitate the transition to centralized Mn.IT.

Performance Measures:

Replacing the outdated Apple servers and computers with Microsoft products will align the Perpich Center with other state agencies and assist in the centralization of IT services through Mn.IT. The centralization of IT services is meant to create savings to the state through the coordination of procurement on a statewide basis, elimination of redundancies, and other efficiency initiatives.

General Fund	Expenditure	1,200	0	1,200	0	0	0
	Net Change	1,200	0	1,200	0	0	0
Net All Change Items	General Fund	1,200	0	1,200	0	0	0
	Net Change	1,200	0	1,200	0	0	0

Perpich Center for Arts Education
All Funds FTE by Program

Program	Current	Forecast Base	Governor's Recommendation
	FY 2013	FY 2015	FY 2015
Program: Arts Education	69.3	64.2	64.2
Perpich Center for Arts Education	69.3	64.2	64.2

Perpich Center for Arts Education

Revenue Summary

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Dedicated	FEDERAL GRANTS		70		70
	DEPARTMENTAL EARNINGS		45		45
	INVESTMENT INCOME		1		1
	ALL OTHER		1,281		1,281
	Subtotal		1,398		1,398
	Total		1,398		1,398

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Mission:

The Minnesota Board of Pharmacy exists to protect the public from adulterated, misbranded, and illicit drugs, and from incompetent, unethical, illegal or unprofessional conduct on the part of pharmacists or other licensees and registrants.

Statewide Outcome(s):

Pharmacy, Board of supports the following statewide outcome(s).

Minnesotans are healthy.

Context:

The Minnesota Board of Pharmacy addresses the following key issues: the safe distribution and use of human and veterinary prescription drugs; abuse of prescription and illicit drugs; and pharmaceutical waste. The priorities of the Minnesota Board of Pharmacy are: preventing morbidity and mortality associated with the improper use of human prescription drugs; preventing improper use of veterinary prescription drugs so as to minimize the risk that citizens will be exposed to such drugs in the foods that they eat; preventing abuse of both prescription and illicit drugs; and helping to reduce the production and improper disposal of hazardous pharmaceutical waste.

The primary individuals served by the Minnesota Board of Pharmacy are the citizens and residents of the State of Minnesota. The customers to whom the Board provides *specific* services include: licensees and registrants; other state government agencies to which the Board provides consultation or services; and federal agencies with which the Board works.

The Board is primarily funded through licensing and registration fees. One of the Board's programs, the Minnesota Prescription Monitoring Program, is currently funded through a combination of: a portion of the licensing and registration fees collected by the Board, a portion of the licensing fees collected by other boards that license prescribers, a federal grant, and a grant from the National Association of State Controlled Substances Authorities.

Strategies:

The Board addresses the key issues identified above by: issuing licenses and registrations to individuals and businesses; inspecting facilities located within the state that are licensed or registered by the Board; investigating complaints and taking disciplinary action against licensees and registrants; providing education and consultation concerning the distribution of drugs and the provision of pharmacy services; operating the Minnesota Prescription Monitoring Program; working with the Legislature, the Bureau of Criminal Apprehension and law enforcement officials to place dangerous, illicit drugs into the appropriate state controlled substances schedule; and working with the Minnesota Pollution Control Agency and others to try to minimize the production of pharmaceutical waste and to ensure that such waste is properly disposed of.

The Board of Pharmacy contributes to statewide outcomes by engaging in the activities listed in the previous paragraph. Some activities listed keep Minnesotans healthy by helping to prevent problems associated with improper use of prescription drugs. Some activities keep Minnesotans healthy by helping to reduce prescription and illicit drug abuse. Reducing drug abuse keeps Minnesotans safe by helping to decrease accidents caused by drug-impaired individuals. The final activity listed above contributes to a clean, healthy environment by reducing the amount of pharmaceuticals that end up in the waste stream.

Results:

The Board believes that the activities mentioned above help to reduce the number of medication errors that adversely impact the health of Minnesotans. However, many factors are involved when analyzing the specific impact that pharmaceuticals have on the health of citizens. The Board has an influence on only some of those factors. Consequently, it is difficult to determine the precise impact that the Board has on the health of citizens.

However, the Board has promulgated rules that require its licensees and registrants to follow standards recommended by several other organizations involved in health care standard setting. The Board helps to ensure that the standards are followed by conducting routine, unannounced inspections of the in-state facilities that it licenses and by investigating the complaints that it receives from the public. Thus, while the precise impact of the Board is difficult to assess, it is a reasonable to assume that, by actively promoting the above-mentioned standards, the Board is having a positive impact on the public health.

The Minnesota Prescription Monitoring Program helps to prevent drug abuse by reducing doctor-shopping behaviors. (Doctor shopping occurs when an individual receives prescriptions from multiple prescribers and has them filled at multiple pharmacies in a short period of time).

Performance Measures	Previous	Current	Trend
Percentage of complaints investigated and resolved within 12 months ¹	84.3%	89.4%	Improving
Percentage of in-state facility inspections completed annually ^{2 *}	24.2%	27.7%	Improving
Number of individuals who receive prescriptions from five or more prescribers and have them filled at five or more pharmacies within a six month period of time ³	2,492	2,881	Stable [~]

Performance Measures Notes:

1. Previous data is FY 2009. Current data is FY 2011. Source: Board's Disciplinary, Regulatory and Licensing Information Management System database.
2. Previous data is FY 2010. Current data is FY 2012. Source: Board's Disciplinary, Regulatory and Licensing Information Management System database. *Does not include opening inspections of new facilities.
3. Previous data is the first half of FY 2010. Current data is the first half of FY 2012. Source: Board's Prescription Monitoring Program database. ~When adjusted for the number of individuals receiving controlled substance prescriptions (which increased from 2010 to 2012), the difference is less than 0.03 percent.

Pharmacy, Board of
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$4,736	\$372	\$5,107
Current Law Expenditures (FY 2014-15)		\$4,809	\$267	\$5,076
Governor's Recommended Expenditures (FY2014-15)		\$4,809	\$267	\$5,076
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%	0%	0%

**Pharmacy, Board of
Sources and Uses**

(Dollars in Thousands)

Biennium FY14-FY15				
	General Funds	Other State Funds	Federal Funds	Total Funds
REVENUE		\$2	\$267	\$269
APPROPRIATION		\$4,808	\$0	\$4,808
SOURCES OF FUNDS		\$4,810	\$267	\$5,077
EXPENDITURES		\$4,809	\$267	\$5,076
PAYROLL EXPENSE		\$3,401		\$3,401
OPERATING EXPENSES		\$1,408	\$267	\$1,675
USES OF FUNDS		\$4,809	\$267	\$5,076

**Pharmacy, Board of
All Funds FTE by Program**

Program	Current FY 2013	Forecast Base FY 2015	Governor's Recommendation FY 2015
Program: Pharmacy, Board Of	14.0	14.0	14.0
Pharmacy, Board of	14.0	14.0	14.0

Pharmacy, Board of
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	DEPARTMENTAL EARNINGS		4,354		4,354
	ALL OTHER		0		0
	Subtotal		4,354		4,354
Dedicated	FEDERAL GRANTS			267	267
	ALL OTHER		2		2
	Subtotal		2	267	269
Total			4,356	267	4,623

Federal Funds Summary

Federal Award Name	New Grant	Purpose / People Served	2012 Actual	2013 Budget	2014 Base	2015 Base	Required State Match	Required State MOE	State-wide Outcome
							Yes / No	Yes / No	
Federal Fund - Agency Total	ongoing	grant related prescription monitoring program - controlled substances	30,591	340,849	134,000	134,000	No	No	MN is healthy
Program Total	ongoing	grant related prescription monitoring program - controlled substances	30,591	340,849	134,000	134,000	No	No	MN is healthy
Budget Activity Total	ongoing	grant related prescription monitoring program - controlled substances	30,591	340,849	134,000	134,000	No	No	MN is healthy

Narrative

MN Board of Pharmacy – Enhancements to the MN Prescription Monitoring Program

The purpose of the Prescription Monitoring Program (PMP) is to promote public health, safety and welfare by detecting the diversion, abuse, and misuse of prescription medications classified as controlled substances under Minnesota statutes and rules. The PMP collects information concerning almost all controlled substance prescriptions dispensed for people residing in Minnesota. Prescribers, pharmacists and certain Medicaid program staff can access this data through a secure online system. The PMP is a tool that these authorized users can employ in order to detect possible "doctor-shopping behavior". (i.e. – obtaining prescriptions from multiple prescribers and having them filled by multiple pharmacies). The Board encourages prescribers and pharmacists who do identify individuals who appear to be engaged in "doctor-shopping" to refer them for appropriate care – either chemical dependency treatment or pain management. Law enforcement officials can obtain data from the system as well, but only after obtaining a court-issued search warrant and serving it on the Board.

The maintenance of effort levels for the Enhancements to the MN Prescription Monitoring grant program are supported only by federal funds. No state appropriations are used to support this grant. Currently the board is unaware of any changes to funding levels for this grant. This grant is a two year grant. In the future, the board would need to reapply for future funding. If the board is not awarded future funds enhancements for the program would be affected.

Currently the board does not receive state funding to enhance the Prescription Monitoring Program.

The potential impact of sequestration would be to reduce program enhancements. The Board does not yet have enough data to demonstrate the impact that the PMP might be having in this area related to results in a decrease of "doctor-shopping" in that state.

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Mission:

To ensure that Minnesota citizens receive appropriate physical therapy services from competent physical therapists (PTs) and physical therapist assistants (PTAs).

Statewide Outcome(s):

Physical Therapy, Board of supports the following statewide outcome(s).
People in Minnesota are safe.

Context:

Public protection is the key issue for the Board. Board priorities of licensure, regulation, and enforcement operate solely for the purpose of public protection. Members of the public, applicants (460/year), licensees (6,040 PTs and PTAs), and employers are the primary customers and clientele of the Board. All Board operations are funded by fees, without any general fund appropriations.

Strategies:

The Board addresses the key issue of public protection and contributes to the outcome of “People in Minnesota are Safe” by:

- Assuring qualified individuals are licensed and licensees meet continuing competency standards.
- Supporting work force availability of PTs and PTAs through efficient licensure and annual renewals.
- Assuring that licensees practice with skill and safety through investigation and enforcement of standards of practice and ethical conduct.
- Providing comprehensive and easily assessable information and education to consumers of health care services, members of the public, applicants and licensees.
- Enhancing efficiency with an integrated regulatory management and web services, and collaboration with other licensing boards for accounting, purchasing, human resources, and information technology services through the administrative services unit.

The key partners include the eleven volunteer members of the Board, who provide public input and professional expertise (three public members, one medical doctor, five physical therapists, and two physical therapist assistants); PT and PTA educational programs; other state agencies; and the Minnesota Chapter of the American Physical Therapy Association (professional association of PTs and PTAs)

Results:

The Board continuously strives to improve operations in order to provide public protection in an efficient and effective manner with meaningful outcomes. The Board is working to develop additional capacity to address the increasing complexity of investigations and growing number of cases.

Performance Measures	Previous	Current	Trend
Use of online annual license renewals.	44%	90%	Improving
Renew licenses the same day as receipt of complete application	98%	98%	Stable
Complaint cases are open less than one year	22%	84%	Improving

Performance Measures Notes:

Online renewal data: previous FY 2005-2006, current is FY 2009-2010, source is Sunset Report, page 17:

http://www.commissions.leg.state.mn.us/sunset/reports/BoardofPhysicalTherapy_2011.pdf

Renewal data: previous is 2007, current is 2012, source is the Board’s regulatory management database.

Complaint case data: previous FY 2005-2006, current is FY 2009-2010, source is FY 2009-2010 Biennial Report, page 95-96: <http://www.asu.state.mn.us/Portals/0/Biennial%20Report%202008-2010.pdf>

Physical Therapy, Board of
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$748		\$748
Current Law Expenditures (FY 2014-15)		\$710		\$710
Governor's Recommended Expenditures (FY2014-15)		\$710		\$710
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

**Physical Therapy, Board of
Sources and Uses**

(Dollars in Thousands)

Biennium FY14-FY15				
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION		\$710		\$710
SOURCES OF FUNDS		\$710		\$710
EXPENDITURES		\$710		\$710
PAYROLL EXPENSE		\$481		\$481
OPERATING EXPENSES		\$229		\$229
USES OF FUNDS		\$710		\$710

**Physical Therapy, Board of
All Funds FTE by Program**

Program	Current	Forecast Base	Governor's Recommendation
	FY 2013	FY 2015	FY 2015
Program: Physical Therapy Bd	3.0	3.0	3.0
Physical Therapy, Board of	3.0	3.0	3.0

Physical Therapy, Board of
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	DEPARTMENTAL EARNINGS		983		983
	ALL OTHER		0		0
	Subtotal		983		983
	Total		983		983

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Mission:

The mission of the Board of Podiatric Medicine is to protect the public by extending the privilege to practice to qualified applicants and to investigate complaints relating to the competency or behavior of individual licensees or registrants.

Statewide Outcome(s):

Podiatric Medicine, Board of supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

The Board exists to protect the health, safety and welfare of the public by regulating set standards of practice for doctors of podiatric medicine (DPM) regarding licensure, disciplinary actions and setting educational requirements and examinations for licensure. Licensure requirements must be met to be granted a Minnesota license to practice. Prohibited conduct by a licensee is investigated for disciplinary action. Primary customers are members of the public, applicants, licensees, credentialing organizations and other government agencies. The Board is 100 percent fee funded and is responsible for collecting sufficient revenue to cover expenditures.

Strategies:

The Board provides for public safety and contributes to the above statewide outcomes by:

- Responding to public and agency inquiries, complaints and reports regarding licensure and conduct on applicants, permit holders, licensees and unlicensed practitioners;
- Reviewing complaints of alleged violations of statutes and rules, holding disciplinary conferences with licensees and taking legal action to suspend or revoke the licenses of DPM who fail to meet standards;
- Setting and administering educational requirements and examination standards for DPM licensure;
- Providing information and education about licensure requirements and standards of practice to the public and other interested audiences.
- Provide license verifications to credentialing organizations.

The Board is comprised of seven members appointed by the Governor, five DPM and two public members that are committed to continual performance measurement and quality improvement. The full Board meets quarterly and reviews goals, objectives and guiding principles focusing on licensure requirements, scope of practice, continuing medical education credit approvals, disciplinary actions and financial oversight.

Results:

The Board is committed to issuing licenses within 48 hours after the applicant has met all requirements, issuing license renewals within 48 hours upon receipt of a completed application, issuing license verifications within 48 hours upon receipt from the credentialing agency and resolving complaints within 180 days, obviously depending on the complexity of the case. The Board believes it is meeting most of these targets currently, but is in the process of developing defined outcome measurements and determining how to formally track results. Results of the board activities are:

- responsibility for public safety being fulfilled with respect for due process and adherence to laws and rules;
- customer services delivered in a respectful, responsive, timely, communicative, and nondiscriminatory manner;
- government services accessible, purposeful, responsible, and secure; and
- business functions delivered with efficiency, accountability and a willingness to collaborate.

Performance Measures	Previous	Current	Trend
Licensed Podiatrists	185	231	Stable
Complaints Received	14	11	Stable
New Licensees	5	11	Stable
License Verifications Online	299	839	Increasing

Previous is FY 2006 for all Performance Measure.

Current is FY 2010 for Complaints Received and New Licensees

Source: 2008-10 Biennial Report: <http://www.asu.state.mn.us/Portals/0/Biennial%20Report%202008-2010.pdf>

Current is FY 2012 for License Verifications Online

Source: SBLM Database

Current is FY 2013 for Licensed Podiatrists

Source: SBLM Database

Additional information on the Board of Podiatric Medicine:

Links to Board website: <http://www.podiatry.state.mn.us>

Sunset Report: http://www.commissions.leg.state.mn.us/sunset/reports/BoardofPodiatricMedicine_2011.pdf

Podiatric Medicine, Board of
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$164		\$164
Current Law Expenditures (FY 2014-15)		\$164		\$164
Governor's Recommended Expenditures (FY2014-15)		\$164		\$164
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

**Podiatric Medicine, Board of
Sources and Uses**

(Dollars in Thousands)

Biennium FY14-FY15				
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION		\$163		\$163
SOURCES OF FUNDS		\$163		\$163
EXPENDITURES		\$164		\$164
PAYROLL EXPENSE		\$98		\$98
OPERATING EXPENSES		\$66		\$66
USES OF FUNDS		\$164		\$164

**Podiatric Medicine, Board of
All Funds FTE by Program**

Program	Current FY 2013	Forecast Base FY 2015	Governor's Recommendation FY 2015
Program: Podiatry, Board Of	0.5	0.5	0.5
Podiatric Medicine, Board of	0.5	0.5	0.5

Podiatric Medicine, Board of
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	DEPARTMENTAL EARNINGS		188		188
	ALL OTHER		0		0
	Subtotal		188		188
	Total		188		188

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Mission:

Working with Minnesotans to protect, conserve and improve our environment and enhance our quality of life.

Statewide Outcome(s):

Pollution Control supports the following statewide outcome(s).

A clean, healthy environment with sustainable uses of natural resources.

Context:

The Minnesota Pollution Control Agency (MPCA) is an environmental agency. To understand the condition of Minnesota's environment and determine what prevention and control measures are needed, the MPCA regularly samples air, water and soil at hundreds of sites across the state. The MPCA works to prevent, limit and remediate pollution caused by businesses, organizations and individuals to protect human health and the environment. The MPCA upholds environmental standards, develops environmental regulations, and provides outreach, education and technical assistance and regulations when necessary to help entities and individuals protect the environment. The Agency also takes enforcement action, when necessary, to ensure compliance with state and federal environmental regulations.

The MPCA works with many partners - citizens, communities, businesses, governments, environmental groups - to prevent pollution and conserve resources. These partnerships allow the agency to:

- Foster greater commitment and personal responsibility for our environment;
- Protect, restore, and preserve the quality of Minnesota's waters;
- Measure emissions and Minnesota's air quality against increasingly strict federal air quality standards;
- Manage petroleum products, solid and hazardous waste, and clean up contaminated sites;
- Develop solutions to Minnesota's environmental and economic challenges; and
- Support sustainable economic growth and jobs through efficient regulatory services

Read more at About the Minnesota Pollution Control Agency (<http://www.pca.state.mn.us/wfhy3d1>) and How the MPCA Controls Pollution (<http://www.pca.state.mn.us/bkzq3d8>).

The MPCA Citizens' Board makes decisions on varied and complex pollution problems that affect the state. The MPCA commissioner, under delegated authority by the Board, directs the day-to-day work of the agency.

The MPCA monitors environmental conditions of the air, land, surface and ground water at more than 1,000 sites across the state to systematically collect indicators on the health of the environment. The MPCA issues air, water and land permits to over 15,000 Minnesota businesses, citizens and governmental units. Agency staff inspects and issues licenses for more than 40,000 sites for hazardous waste generators, feedlots and storage tanks. Each year the Agency handles about 600 compliance and enforcement actions; directs clean-up work at 250 contaminated sites and oversees work at more than 1,000 additional sites; trains and certifies 2,500 wastewater operators, landfill inspectors, tank operators and household hazardous waste facility staff.

The MPCA's Strategic Plan (<http://www.pca.state.mn.us/tchy3da>) charts the agency's direction for the next several years. It contains a balance of goals and objectives reflecting the agency's core work - monitoring, prevention, permitting, inspections, compliance, enforcement, assistance - as well as aligning results with the agency mission.

Within the last two years the MPCA has crafted its first ever business plan, meant to fill the gap between the agency's strategic plan and individual work plans. In the 2011-2013 business plan the MPCA has identified three focus areas - agency level priorities - to be addressed in the short term. These focus areas cross programs and are issues the agency believes need immediate attention to facilitate progress toward our strategic goals. Two focus areas are directed at environmental issues, and one at an operational issue.

- Implement the watershed approach internally to advance meeting the goals of the Clean Water Act;
- Build strategies to address continuing federal air regulatory changes and improve ambient air quality; and

-
- Improve the agency's integrated business systems while advancing e-commerce for the MPCA's main lines of business.
 - The MPCA's authorized budget for fiscal years 2012 and 2013 is funded from the sources listed below.
 - General Fund (three percent of total)
 - Environmental Fund (37 percent of total)
 - Remediation Fund (18 percent of total)
 - Federal Funds (15 percent of total)
 - Clean Water Fund (13 percent of total)
 - Other / Special Revenue Fund (14 percent of total)

A significant portion of the MPCA's authorized budget is spent as grants and contracts with the entities previously noted as Agency partners. Examples include the SCORE grants to county governments to support local recycling programs; feedlot grants and household hazardous waste grants to help county governments fund and implement these programs; contracts to businesses, universities and local governments to conduct water quality studies and develop protection strategies; surface-water monitoring grants to local governments to collect key information about the health of Minnesota's water resources; and federal grant funding passed to local governments for water quality improvement projects.

See more about the Agency's fiscal resources at Financial Transparency at the MPCA.
(<http://www.pca.state.mn.us/aj0r3d5>)

Strategies:

To accomplish its mission the MPCA uses the following strategies:

- Focus on priorities and manage for environmental results;
- Actively partner to leverage knowledge, ideas and resources;
- Rely on data for decision-making;
- Integrate environmental, economic and social sciences when developing environmental policy; and
- Strive for excellence and innovation in service delivery.

The MPCA's business plan provides the framework for agency management to align the work, budget, workforce and outcomes, and to adapt to change along the way. The business plan identifies the agency's critical focus areas for the next two to three years, and builds a budget plan that supports not only the focus areas but other important program work. An agency workforce plan, a component of the business plan, helps managers recruit and develop the human resources needed to accomplish its work.

The business plan also directs each program manager to develop an annual program plan. The program plan, appended to the business plan, describes the total body of work to be accomplished, which in many cases is not specifically related to one of the three focus areas. The plan also describes the strategies, goals and measures to address focus area work as well as all other approved work and assignments. Each plan must discuss the expected outcomes, where a program will continue implementing successful strategies, and where a program will reduce or eliminate certain work efforts.

The MPCA's work - in its entirety - directly supports the statewide outcome of a healthy environment and sustainable uses of Minnesota's natural resources.

Measuring Success:

The MPCA has identified numerous environmental and operational measures that gauge the success of meeting the goals and objectives outlined in its strategic plan. The following set of dashboards (<http://www.pca.state.mn.us/gp0r10bb>) illustrates the range of data the MPCA has gathered to measure progress of its efforts over the longer time horizons associated with environmental monitoring, protection and restoration. These dashboards will show measures from permit timeliness to the quality of our lakes and air. Environmental results may take years to be reflected in monitoring systems, so it is important that the agency also monitor indicators such as waste generated, permits issued, and impacts from prevention and technical assistance. Because land, air and water quality have been impacted by societal activities, understanding efforts made to clean up these resources is essential and thus, measures about land being converted from contaminated, unusable property to clean and developed parcels are important in reflecting on program successes.

Pollution Control**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$9,867	\$303,758	\$50,343	\$363,969
Current Law Expenditures (FY 2014-15)	\$9,895	\$253,954	\$44,335	\$308,185
Governor's Recommended Expenditures (FY2014-15)	\$10,519	\$322,478	\$44,335	\$377,333
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$624	\$68,524	\$0	\$69,148
% Change from FY 2014-15 Current Law to Governor's Rec	6%	27%	0%	22%

**Pollution Control
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$15,698		\$15,698
REVENUE		\$56,735	\$44,336	\$101,071
TRANSFERS IN	\$0	\$17,369		\$17,369
APPROPRIATION	\$10,520	\$251,520	\$0	\$262,040
SOURCES OF FUNDS	\$10,520	\$341,322	\$44,336	\$396,178
BALANCE FORWARD OUT		\$16,516		\$16,516
TRANSFERS OUT		\$2,326		\$2,326
EXPENDITURES	\$10,519	\$322,478	\$44,335	\$377,333
PAYROLL EXPENSE	\$5,148	\$113,809	\$25,018	\$143,975
OPERATING EXPENSES	\$4,571	\$164,213	\$13,476	\$182,261
OTHER FINANCIAL TRANSACTIONS		\$8,419	\$0	\$8,419
GRANTS, AIDS AND SUBSIDIES	\$800	\$35,739	\$5,809	\$42,348
CAPITAL OUTLAY-REAL PROPERTY		\$298	\$31	\$329
USES OF FUNDS	\$10,519	\$341,321	\$44,335	\$396,175

Pollution Control

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Clean Water Legacy - Multiple Activities

The Governor recommends funding that enables the agency to make systematic progress in assessing lakes, rivers and streams, and act to protect and restore watersheds. Funding ensures continued assessment, monitoring and protection of the state's waters, and addresses nonpoint sources of pollution. Funding includes the development of a portal to make information on multi-agency water management projects accessible, and an agency watershed database for improved project management. This request supports work with local partners, continues restoration efforts of impaired watersheds, and sets strategies to protect unimpaired watersheds.

Performance Measures:

The programs continues the agency's progress on the assessment of all the state's watersheds in a ten year cycle, and complete total maximum daily load (TMDL) studies, which measure the maximum amount of a pollutant a water body can receive and still meet water quality standards.

Other Funds	Expenditure	29,454	29,454	58,908	0	0	0
	Net Change	29,454	29,454	58,908	0	0	0

Air Emission Fees

The Governor recommends an increase in agency spending equal to the annual increase in emission fees, which are indexed in statute to cover the increased inflationary costs of administering the air program.

Performance Measures:

This program continues the state's compliance with federal air quality standards.

Other Funds	Expenditure	165	335	500	335	335	670
	Net Change	165	335	500	335	335	670

Air Program Appropriation Increase

The Governor recommends the agency spend the previously increased fees to achieve full-cost recovery of the air permit application process.

Performance Measures:

This program continues the state's compliance with federal air quality standards and will fully fund all operating costs associated with air permit applications.

Other Funds	Expenditure	1,500	1,500	3,000	1,500	1,500	3,000
	Net Change	1,500	1,500	3,000	1,500	1,500	3,000

Pollution Control

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Water Program Appropriation Increase

The Governor recommends the agency spend the previously increased fees to achieve full-cost recovery of the water permit application process.

Performance Measures:

This program continues the state's compliance with federal water quality standards and will fully fund all operating costs associated with water permit applications.

Other Funds	Expenditure	1,500	1,500	3,000	1,500	1,500	3,000
	Net Change	1,500	1,500	3,000	1,500	1,500	3,000

Improving Air Quality

The Governor recommends the agency advance its mission to improve ambient air quality to maintain compliance with higher environmental protection agency (EPA) air quality standards. This investment will target efforts to provide assistance to small businesses for emission reductions and to reduce emissions from on-road and off-road mobile sources.

Performance Measures:

This investment enables the state to maintain compliance with tighter federal air quality standards and set reduction goals for specific pollutants.

Other Funds	Expenditure	900	900	1,800	900	900	1,800
	Net Change	900	900	1,800	900	900	1,800

Environmental Health Risk

The Governor recommends a collaboration between the pollution control agency (MPCA) and the department of health (MDH) to investigate asthma incidence rates in the metro area and mercury levels detected in children.

Performance Measures:

The agencies will use investigative tools to better understand asthma incidences and their relationship to air quality, and mercury levels found in children. The ultimate goal is to reduce environmental exposure and engage in preventative steps.

Other Funds	Expenditure	200	200	400	200	200	400
Other Funds	Transfers Out	400	400	800	400	400	800
	Net Change	600	600	1,200	600	600	1,200

Pollution Control

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Product Stewardship

The Governor recommends the establishment of product stewardship plans by manufacturers of paint, carpet, and primary batteries to properly handle the disposal of their products and reimburse the pollution control agency (MPCA) for its costs to oversee the programs.

Performance Measures:

This approach addresses the challenges of these products entering the solid waste stream and aims to reduce the cost to local governments and individuals to recycle or dispose of products.

Other Funds	Expenditure	165	165	330	165	165	330
Other Funds	Revenue	165	165	330	165	165	330
	Net Change	0	0	0	0	0	0
Net All Change Items	General Fund	463	463	926	463	463	926
	Other Funds	34,307	34,477	68,783	5,023	5,023	10,045
	Net Change	34,770	34,940	69,709	5,486	5,486	10,971

Pollution Control
All Funds FTE by Program

	Current	Forecast Base	Governor's Recommendation
Program	FY 2013	FY 2015	FY 2015
Program: Water	322.1	211.4	319.0
Program: Air	115.3	113.8	113.8
Program: Land	188.7	182.8	182.8
Program: Environmental Asst Crossmedia	205.6	192.6	197.1
Program: Administrative Support	126.7	67.8	67.8
Pollution Control	958.3	768.3	880.4

Pollution Control
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	DEPARTMENTAL EARNINGS	14	50,535		50,549
	INVESTMENT INCOME		217		217
	ALL OTHER	0	7,049		7,049
	Subtotal	14	57,801		57,815
Dedicated	TAXES		6,247		6,247
	FEDERAL GRANTS		746	44,336	45,082
	DEPARTMENTAL EARNINGS		2,355		2,355
	INVESTMENT INCOME		111		111
	ALL OTHER		47,276		47,276
	Subtotal		56,735	44,336	101,071
Total		14	114,536	44,336	158,886

Pollution Control Water Program

<http://www.pca.state.mn.us/bkzqd7c>

Statewide Outcome(s):

Water program supports the following statewide outcome(s).

A clean, healthy environment with sustainable uses of natural resources

Context:

The MPCA Water Program protects and improves Minnesota's rivers, lakes, wetlands, and groundwater so they support human health, rich and diverse populations of aquatic life, and ample recreational opportunities. The program evaluates the condition of the state's water resources and uses that information to develop strategies to restore impaired waters and to protect waters that are not impaired. The program's activities provide benefits to all citizens, although it works most closely with entities it regulates and with whom it partners in cooperative efforts to restore and protect the state's water resources. The MPCA has been delegated authority by the U.S. Environmental Protection Agency to enforce federal environmental laws in Minnesota and acts as its representative in that capacity.

Funding for MPCA's Water Program comes from the following funds: Clean Water (42 percent), Environmental (34 percent), Federal (then percent), Clean Water Revolving (seven percent), and General (seven percent). See MPCA Spending by Program (<http://www.pca.state.mn.us/jsri3d6>).

Strategies:

The MPCA Water Program develops water quality standards, monitors surface water and groundwater quality, restricts discharges of pollutants into the state's waters through the issuance of various permits, develops restoration and protection plans for the state's major watersheds, and provides grants to partners well-positioned to improve water quality. Collectively, these activities constitute a comprehensive approach through which the MPCA Water Program ensures that the state's water resources are clean, healthy, and sustainable.

To meet its responsibility to develop plans to restore impaired waters and protect waters from becoming impaired, the MPCA implements, "The Watershed Approach", a holistic strategy through which the state's 81 major watersheds are monitored and water quality studies are developed on a repeating, ten-year schedule. The Watershed Approach provides for better coordination between federal and state government and local partners, including watershed districts, consultants, non-profit groups, and citizens, by using the element of common interest – the health of the watershed – as its focal point. More information on The Watershed Approach may be found in the report submitted to the U.S. Environmental Protection Agency entitled, Minnesota's Water Quality Strategy (<http://www.pca.state.mn.us/index.php/view-document.html?gid=10228>).

Results:

The MPCA's Water Program can be confident its strategies are working if the quality of the state's waters improves. In many cases, such improvement will take time to achieve and measure, so interim measures of program success are an important component of reporting on results.

Clearly, the Water Program's historical emphasis on the regulation of point sources of water pollution has been a very successful strategy. In the Water Program, 93 percent of the permits are current, and 99 percent of the construction (priority) permits are issued within 150 days. The clearest evidence of the results is that the Mississippi River is no longer the open sewer it was in the decades prior to the creation of the MPCA in 1967.

Notwithstanding this success, less obvious pollution of the state's waters remains a major problem, and evaluating the Water Program's progress in continuing to improve the quality of the state's waters is proving to be difficult. A fundamental problem is that a statewide, watershed-based network of baseline monitoring against which to evaluate progress has only recently been established. To date, only 52 percent of that baseline monitoring has been completed and 42 percent of the results evaluated. It will take an additional eight years to complete this baseline statewide water quality evaluation, and another decade thereafter before the Program can

truly begin to determine statewide water quality trends. This assumes adequate funding will continue to be provided to the Program through the Clean Water Fund.

Point sources of water pollution, such as wastewater discharges, feedlots, stormwater, fall clearly under the regulatory authority of the MPCA. History has shown that these facility types are substantially under control, although responding to emerging issues is becoming an important part of managing these sources. However, nonpoint pollution sources remain largely outside the MPCA's regulatory authority, so these less obvious sources of pollutants are addressed on a voluntary basis. Population growth and the infrastructure needed to feed, house, and transport the state's increasing population are the major contributors to the nonpoint pollution that continuously and relentlessly applies increasing pressure on the state's water resources.

Nevertheless, progress has been steady in addressing state water quality impairments, with 15 water bodies formerly defined as impaired having been restored to date. In order to improve water quality, long-term regulatory and financial efforts featuring enhanced intergovernmental cooperation and stakeholder involvement targeting nonpoint sources of pollution on the watershed scale will be required if the Program's past history of success is to continue.

Performance Measures	Previous	Current	Trend
% Compliance Among Water Permit Holders	88%	99.4%	Stable
% of Major Watersheds Assessed	43%	52%	Improving
% of Major Watersheds Assessed Having Restoration/Protection Strategies	36%	42%	Improving

Performance Measures Notes:

1. Measure 1 is associated with Water Quality Permitting and Compliance from years 2010 to 2012 and are part of the MPCA Dashboard: Environment and performance measures (<http://www.pca.state.mn.us/gp0r10bb>). The measure shows compliance is improving among all permit holders between these two years. It requires continue review of annual and trend lines to understand what focused compliance efforts are needed in any particular biennium.
2. Measure 2 reflects the Monitoring and Assessment activities performed by the MPCA and its partners (contractors and local government staff). The MPCA is responsible for the development of comprehensive assessments of the state's 81 major watersheds on a ten-year cycle. The assessments will identify impaired waters and those waters needing protection to prevent future impairments. The Assessment Report is the major deliverable for this measure.
3. Measure 3 reflects the development Restoration and Protection Strategies for the assessed watersheds. Based on information provided by the Assessment Report, the MPCA identifies sources of contamination and develops strategies to reduce contamination from those sources, such as TMDLs for impaired waters. These restoration and protection strategies are provided in a comprehensive Watershed Report, which is the major deliverable for this measure. The development of these strategies is often lead by local government units active in the watershed as they will ultimately be leading water quality improvement and protection projects. Maps showing progress in assessing, developing strategies for, and restoring state's waters may be found at <http://www.pca.state.mn.us/irypabf> .

Program: Water

Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$7,474	\$96,812	\$11,939	\$116,225
Current Law Expenditures (FY 2014-15)	\$7,473	\$49,135	\$8,661	\$65,270
Governor's Recommended Expenditures (FY2014-15)	\$7,473	\$111,253	\$8,661	\$127,388
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$62,118	\$0	\$62,118
% Change from FY 2014-15 Current Law to Governor's Rec	0%	126%	0%	95%

Program: Water
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$5,047		\$5,047
REVENUE		\$7,299	\$8,661	\$15,961
TRANSFERS IN		\$2,636		\$2,636
APPROPRIATION	\$7,474	\$100,618	\$0	\$108,092
SOURCES OF FUNDS	\$7,474	\$115,600	\$8,661	\$131,736
BALANCE FORWARD OUT		\$4,347		\$4,347
EXPENDITURES	\$7,473	\$111,253	\$8,661	\$127,388
PAYROLL EXPENSE	\$2,546	\$46,253	\$1,917	\$50,716
OPERATING EXPENSES	\$4,127	\$57,194	\$1,276	\$62,597
OTHER FINANCIAL TRANSACTIONS		\$7,700	\$0	\$7,700
GRANTS, AIDS AND SUBSIDIES	\$800	\$106	\$5,469	\$6,375
USES OF FUNDS	\$7,473	\$115,600	\$8,661	\$131,735

Pollution Control Air Program

<http://www.pca.state.mn.us/mvri41e>

Statewide Outcome(s):

Air Program supports the following statewide outcome(s).

A clean, healthy environment with sustainable uses of natural resources.

Context:

The Minnesota Pollution Control Agency's (MPCA) strategic goals for the Air Program are:

- Air quality meets federal standards established to protect the environment and human health.
- Air quality meets human health benchmarks for toxics air pollutants.
- Minnesota reduces its contribution to regional, national and global air pollution.
- MPCA minimizes its environmental footprint and assists other public entities to do the same.

Clean and clear air is essential for Minnesota's environmental, social, and economic well-being. Pollution from transportation, energy production, manufacturing, and other activities affects the state's air quality. Federal and state law contains clean and clear air standards with which Minnesota must comply.

The federal Clean Air Act (CAA) is the foundation of Minnesota's air quality regulatory program. The CAA provides a variety of standards from the levels of pollution in the air to performance standards for the operation of industries, utilities, and transportation systems. The MPCA updates its Air Program in response to changes in the CAA at the national level. Program changes include the assessment of air emission fees, new permit and compliance requirements, meeting new air quality standards and activities to control emissions of hazardous air pollutants.

Citizens generate significant amounts of air pollution as a result of their daily activities. Mobile sources--automobiles, trucks, buses, recreational and lawn equipment--account for almost half of most air pollutants. The MPCA seeks preventative solutions to address these unregulated sources of pollution. The MPCA also applies for federal grants to partner with organizations and communities to address air pollution generated by mobile sources.

Authorized appropriations for the MPCA's Air Program in FY 2012-2013 is a mix of funding: 88 percent Environmental Fund, 11 percent federal and one percent other sources. See MPCA Spending by Program (<http://www.pca.state.mn.us/jsri3d6>).

Strategies:

The MPCA uses two levels of permits in its efforts to meet air quality standards. Smaller emitters may need "minor source" or registration permits from the state, while larger industries may need "major source" federal air permits, as defined by the federal program designed to standardize air quality permits and the permitting process for sources of emissions nationally. The MPCA issues joint federal and state permits to larger facilities, which must have their permits renewed on a five-year cycle. New facilities or those making significant changes in equipment or operations that would result in changed levels of emissions also need new permits. Currently the MPCA gives priority to issuing construction permits.

Many permits are more complex as a result of new rules and regulations. In the Air Program only 45 percent of the permits are current and 25 percent of the construction (priority) permits are issued within 150 days. The MPCA streamlined the air permitting process over the past five years using continuous improvement methodologies. Further, the public is more engaged over the sources of pollution and expresses concern over the impact of proposed projects in their community. Local land use decisions, such as concentrating industry in one area, can affect local air quality through cumulative impacts.

The MPCA seeks partners in areas with air quality problems to work on community-wide solutions that improve air quality and allow industrial development. The MPCA works with companies, non-profit and environmental

partners to reduce mercury emissions from a variety of sources, including new or expanding sources. In addition, amendments to the CAA created programs to focus on small sources and vehicles that contribute significantly to air problems, such as wood burners and diesel fleets.

The MPCA reports daily air quality readings for the Twin Cities, Duluth, Rochester, Marshall, Brainerd, Detroit Lakes, Ely and St. Cloud and issues an alert when air quality is expected to exceed health benchmarks. Citizens with sensitive health, such as asthma, pay close attention to the daily index. Daily readings are available on the MPCA website under the Air Quality Index (<http://www.pca.state.mn.us/r0pg4bd>).

Results:

Past efforts by the MPCA and its partners have resulted in emission reductions for many key pollutants and, by most measures, air quality is improving. The MPCA has recorded significant reductions in emissions from industrial sources. More assessment is needed on diffuse sources of pollution, particularly for area and mobile sources. Improving information on how air pollutants impact human health has led to tighter federal air quality standards for several pollutants. The result is that Minnesota air quality is occasionally classified as unhealthy due to elevated ozone (smog) and fine particulate matter. The air quality in the Twin Cities closely mirrors the federal daily standards for fine particulates and ozone. Read more in the MPCA’s 2011 Air Quality Report (<http://www.pca.state.mn.us/yhizb6a>).

Performance Measures	Previous	Current	Trend
Level of fine particles in the air	103%	97%	Stable
Level of ozone in the air	100%	87%	Stable
Unhealthy air quality days	10	14	Stable
Pounds of mercury emitted	3,329 lbs	2,241 lbs	Improving
Reduction in air pollutants from point sources	343,339 tons	190,371 tons	Improving

Performance Measures Notes:

1. Fine level particles (PM 2.5) are reflective of the percent as it relates to the 2001 and 2011 standards. In this case, the change in percent above and below the standard is considered to be stable as it is not a significant, statistical change. The annual average concentrations have remained relatively stable, however, there were several short episodes of elevated particles in both 2009 and 2010.
2. Ozone levels are reflective of the percent as it relates to 2001 and 2011 standards. The trend of the level of ozone being less than the standard is the right direction, meaning some improvement is occurring. However, with ozone levels in Minnesota so close to concentrations that have the potential to cause health concerns, MPCA will need to focus on reductions.
3. The MPCA has recorded ten unhealthy Air Quality Index days in 2006 and 14 days in 2011.
4. Mercury emissions from Minnesota sources measured 3,329 pounds in 2005 and 2,241 pounds in 2010. Projected mercury emissions are 789 pounds in 2025.
5. Reduction in air pollutants (NOx, SO2 and VOCs) compares the tons of emissions in 2002 to tons in 2010. The numbers reflect a 45 percent reduction in emissions.

Program: Air

Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$25,347	\$2,792	\$28,139
Current Law Expenditures (FY 2014-15)		\$25,571	\$3,143	\$28,714
Governor's Recommended Expenditures (FY2014-15)		\$30,871	\$3,143	\$34,014
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$5,300	\$0	\$5,300
% Change from FY 2014-15 Current Law to Governor's Rec		21%	0%	18%

Program: Air
Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$459		\$459
REVENUE		\$642	\$3,143	\$3,784
APPROPRIATION		\$30,232	\$0	\$30,232
SOURCES OF FUNDS		\$31,333	\$3,143	\$34,476
BALANCE FORWARD OUT		\$462		\$462
EXPENDITURES		\$30,871	\$3,143	\$34,014
PAYROLL EXPENSE		\$19,563	\$655	\$20,218
OPERATING EXPENSES		\$11,006	\$2,456	\$13,462
OTHER FINANCIAL TRANSACTIONS		\$303		\$303
CAPITAL OUTLAY-REAL PROPERTY			\$31	\$31
USES OF FUNDS		\$31,333	\$3,143	\$34,476

Pollution Control Land Program

<http://www.pca.state.mn.us/aj0r894>

Statewide Outcome(s):

Land Program supports the following statewide outcome(s).

A clean, healthy environment with sustainable uses of natural resources.

Context:

The MPCA's protects the environment, public health, and quality of life for its citizens through the proper management of solid and hazardous wastes and petroleum products. The agency encourages waste utilization through reduction, recycling, and reuse; and by effectively and efficiently managing risks at contaminated sites through site cleanup and restoring contaminated land to productive use. The MPCA's integrated system of activities ensures that solid and hazardous wastes and petroleum products are managed properly throughout the life-cycle of their creation, treatment, use, storage, management, transport, recovery, and disposal.

Working directly with a large and diverse array of public and private entities including counties, cities, businesses and consultants, the MPCA manages solid and hazardous wastes from a systemic approach. Additionally, the MPCA characterizes certain types of waste as a potential resource and helps businesses and local units of government understand how this approach benefits both their net earnings and management of the environment.

Authorized appropriations in FY 2012-2013 for the Land Program are from the following sources: 74 percent Remediation Fund, 15 percent Environmental Fund, nine percent federal and two percent other sources. See MPCA Spending by Program (<http://www.pca.state.mn.us/jsri3d6>).

Strategies:

The MPCA's vision is guided by our strategic plan, and includes three primary goals. To ensure solid waste is managed in a manner that conserves materials, resources and energy, the MPCA distributes grant funds and provides technical assistance to counties that operate recycling and waste reduction programs and manage programs for problem materials and household hazardous wastes.

The agency partners with counties, businesses, and industry to reduce waste generation, improve the cost effectiveness of recycling, composting and recovery systems, oversee disposal of debris from natural and manmade disasters, and build stronger regional waste management systems.

To minimize or reduce the release of contaminants to or from the land, the MPCA issues licenses to hazardous waste handlers and monitors management of hazardous waste via a computerized system developed in cooperation with the seven-county metropolitan counties. Regulatory and training programs provide the methods to prevent the release of petroleum, solid waste, and hazardous waste into Minnesota's soil, groundwater and surface water. The agency issues permits and inspects solid waste, hazardous waste, and large above ground storage tank facilities, and ensures compliance as necessary. Eighty percent (80%) of the permits are current and all of the construction (priority) permits are issued within 150 days. The MPCA assists industry and local fire and police to develop response action plans focused on preventing spills, supporting local fire and police when spills threaten public safety, overseeing cleanups done by spillers, and performing direct cleanup activities when necessary.

The MPCA restores land to productive use by managing risk from contaminated sites through use of a number of proven strategies. The agency oversees investigations and corrective actions conducted at contaminated sites by responsible parties; perform corrective and clean-up activities on behalf of the state using contractors when the responsible party does not exist or is unable or unwilling to do the work - recovering costs from the responsible party when possible, reasonable, and appropriate. The MPCA works with local units of government on the preparation of land use plans when communities seek information to ensure responsible development occurs near contaminated sites, including closed landfills. The agency identifies emerging opportunities for developing productive uses of closed landfill sites, including renewable energy production. Also, the MPCA assists

developers in returning contaminated sites to productive use through its brownfields program, and maintains/manages post-closure care at closed landfill sites.

Finally, the agency assists in preventing or reducing the degradation and depletion of groundwater, reduces Minnesota's contribution to regional air pollution and utilizes and demonstrates green remediation.

Results:

Performance Measures	Previous	Current	Trend
% Restored - Superfund and Closed Landfill Sites	49%	76%	Improving
Recycling - % of Municipal Solid Waste (Statewide)	42%	45%	Stable
# Households Burning Solid Waste	246,000	225,000	Improving
Hazardous Waste Generation	220 million lbs	75 million lbs	Improving

Performance Measures Notes:

1. The MPCA works to make land available for redevelopment by investigating and cleaning up contaminated sites. The number of sites and total land area of contaminated sites continues to diminish as sites are restored. The data for this measure represents 2000 and 2010 information.
2. While 70 percent of solid waste is recyclable, statewide recycling rates have remained fairly static over the years. The program is developing strategies to increase recycling in multiple sectors as shown that the recycling rate is stable from 2000 to 2010.
3. Household burning of solid wastes are harmful to human health and contaminates Minnesota air, water, and soil. Burning waste is against the law in Minnesota. While the number of households that burn their garbage is decreasing (2007 to 2010 figures), the program is working to end this practice.
4. The number of entities that generate hazardous waste and the total amount of hazardous waste generated continue to decrease. The amount of waste decreasing reflects a decade of tracking, 2000 to 2010.

Program: Land

Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$77,156	\$8,732	\$85,889
Current Law Expenditures (FY 2014-15)		\$83,651	\$8,311	\$91,962
Governor's Recommended Expenditures (FY2014-15)		\$83,651	\$8,311	\$91,962
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%	0%	0%

Program: Land
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$7,340		\$7,340
REVENUE		\$3,844	\$8,312	\$12,156
TRANSFERS IN		\$14,000		\$14,000
APPROPRIATION	\$0	\$67,924	\$0	\$67,924
SOURCES OF FUNDS	\$0	\$93,108	\$8,312	\$101,420
BALANCE FORWARD OUT		\$8,952		\$8,952
TRANSFERS OUT		\$504		\$504
EXPENDITURES		\$83,651	\$8,311	\$91,962
PAYROLL EXPENSE		\$23,904	\$5,292	\$29,196
OPERATING EXPENSES		\$58,848	\$3,019	\$61,867
GRANTS, AIDS AND SUBSIDIES		\$601		\$601
CAPITAL OUTLAY-REAL PROPERTY		\$298		\$298
USES OF FUNDS		\$93,107	\$8,311	\$101,418

Pollution Control Environmental Assistance and Cross-Media Program

<http://www.pca.state.mn.us/>

Statewide Outcome(s):

Environmental Assistance and Cross-Media program supports the following statewide outcome(s).

A clean, healthy environment with sustainable uses of natural resources.

Context:

The MPCA's Environmental Assistance and Cross-media (EACM) Program measures and analyzes pollutants' effects on the environment and public health to provide information for agency and other decision makers; and provides assistance, resources and opportunities for businesses and individuals to comply with the regulatory system and implement pollution prevention activities. The primary customers of the EACM Program are citizens interested in specific projects or the general condition of Minnesota's environment, businesses, and local governments. Additionally, the state benefits from waste and pollution prevention, and toxicity reduction activities.

Governor Mark Dayton issued Executive Order 11-32 (<http://mn.gov/governor/images/EO-11-32.pdf>) to address recommendations for improving permitting and environmental review. The Order moved support for the Environmental Quality Board (EQB) to the MPCA from the Department of Administration. The MPCA's now provides administrative support for the EQB and funding for EQB activities will be reflected in the MPCA's approved operating budget. The EQB takes a leadership role in coordinating the state's environmental review system and serves to assist in the development of long-range strategies to enhance Minnesota's environment. In 2012 the EQB will hold an Environmental Congress to seek input on a number of environmental issues facing Minnesota. For a more complete description of the EQB, refer to the Department of Administration narrative. More information is available at Minnesota Environmental Quality Board (<http://www.eqb.state.mn.us/program.html?id=18107>).

In addition to the strategic goals supported in the specific programs of water, land and air, EACM's strategic goals are:

- Minnesotans act on their environmental knowledge to support healthy ecosystems.
- Minnesotans buy green products and services.
- Minnesota businesses produce green products and provide green services by reducing or eliminating the use of environmentally harmful substances.
- MPCA leads the way to minimize its environmental footprint and assist other public entities to do the same.

Authorized appropriations in FY 2012-2013 are from the following sources: 62 percent Environmental Fund, 34 percent federal, two percent General Fund, and two percent other sources.

Strategies:

Assessing Minnesota's environmental conditions allows the agency to use environmental data to set priorities and develop solutions. Program staff assesses the impacts of pollutants on all media (water, air, and land) rather than one media in isolation. Program staff collect data on environmental conditions and present the data in a form useful to the MPCA Citizens' Board and MPCA management, policymakers, and the public. This data enables the MPCA to make the informed decisions necessary to protect natural resources, regulate pollution sources and effectively clean up contaminated sites. Additionally, program staff provide direct technical assistance to other MPCA programs and assist in setting environmental priorities and achieving environmental outcomes.

Agency staff focus their efforts on trends and emerging environmental issues. Solutions involve the development of partnerships with businesses, communities, local units of government, citizens and other public and private interests. These partnerships include in-depth technical expertise and financial incentives for the implementation of activities, system ideas, approaches and technologies to conserve resources, prevent pollution and protect the environment. The partnerships also include voluntary assessment of Minnesota's air and water resources. With these approaches and resultant data, the program promotes environmentally-sound business development, community development, waste-as-a-resource, clean energy and provides educational and technical support to

MPCA staff and its direct customers. Key partnerships include: businesses, local governments, schools, community organizations, and individuals through financial and technical assistance.

The MPCA:

- Provides cross-media environmental assessment and review information to citizens and decision makers at all levels of government, ensuring access to environmental data in areas that include air quality modeling reviews, ecological risk assessments and fish kill investigations.
- Creates environmentally beneficial partnerships with businesses, local governments, schools, community organizations, and individuals through financial and technical assistance.
- Trains regulated parties on state and federal requirements, enabling them to comply with existing regulations and improve operations, and become active participants in protecting and improving the environment.
- Provides results of environmental review activities to public permitting agencies in support of better governmental decision-making.

Results:

The MPCA has made significant progress in environmental protection since the 1960s and continues to maintain ongoing regulatory activities. Minnesotans now need to address the next generation of environmental challenges – the cumulative effects of everyday human activities that present significant environmental problems. Addressing these issues requires new approaches to solving and preventing problems. Staff provide data and information to support environmental permitting and cleanup decisions and develop intervention, reduction, and prevention strategies as issues arise. A cross-media approach, particularly in monitoring key indicators, is critical to a comprehensive approach to minimizing the impacts of human activities.

The MPCA maintains a dashboard on its website to reflect the many areas of its programs: MPCA: Environment and Performance Measures (<http://www.pca.state.mn.us/gp0r10bb>).

Performance Measures	Previous	Current	Trend
Reduce waste generated by businesses (in pounds)	6.2 Million	5.68 Million	Stable

Performance Measures Notes:

1. The volume of waste reduced compares 2010 to 2011 as reported by the Minnesota Technical Assistance Program (MnTAP). The MPCA partners with the University of Minnesota in the operation of MnTAP, a technical assistance program. Since 2000, MnTAP staff and interns worked with Minnesota business to reduce over 122 million pounds of waste, conserve over 266 million gallons of water and enable state businesses to save over \$24 million in operating costs.

Performance measures in this program are under development due to the interaction with the other environmental programs and the measures represented under those efforts.

Program: Environmental Asst Crossmedia
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$1,648	\$58,544	\$26,879	\$87,071
Current Law Expenditures (FY 2014-15)	\$1,680	\$57,074	\$24,220	\$82,974
Governor's Recommended Expenditures (FY2014-15)	\$2,304	\$58,180	\$24,220	\$84,704
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$624	\$1,106	\$0	\$1,730
% Change from FY 2014-15 Current Law to Governor's Rec	37%	2%	0%	2%

Program: Environmental Asst Crossmedia**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$2,833		\$2,833
REVENUE		\$7,606	\$24,220	\$31,826
TRANSFERS IN	\$0	\$704		\$704
APPROPRIATION	\$2,304	\$51,546	\$0	\$53,850
SOURCES OF FUNDS	\$2,304	\$62,689	\$24,220	\$89,213
BALANCE FORWARD OUT		\$2,737		\$2,737
TRANSFERS OUT		\$1,772		\$1,772
EXPENDITURES	\$2,304	\$58,180	\$24,220	\$84,704
PAYROLL EXPENSE	\$1,860	\$12,733	\$17,154	\$31,747
OPERATING EXPENSES	\$444	\$10,114	\$6,726	\$17,284
OTHER FINANCIAL TRANSACTIONS		\$300		\$300
GRANTS, AIDS AND SUBSIDIES		\$35,033	\$340	\$35,373
USES OF FUNDS	\$2,304	\$62,689	\$24,220	\$89,213

Pollution Control Administrative Support Program

<http://www.pca.state.mn.us/iryp18>

Statewide Outcome(s):

Administrative Support program supports the following statewide outcome(s).

A clean, healthy environment with sustainable uses of natural resources.

Context:

Administrative Support provides management, financial and business support services for the MPCA's environmental program delivery from its St. Paul and seven regional offices. Administrative Support includes the Commissioner's Office, legislative relations, accounting and financial management, human resources, communication, building management, fleet services, and business systems. The MPCA Citizens' Board expenses are also funded through this budget program.

The Administrative Support structure for the MPCA has changed over time from a decentralized system housed separately in divisions to one of thoughtful centralization of key functions. Examples of centralized services include contracts, information services, records and document management, fleet management and supply purchasing. From an efficiency perspective combining these functions has provided improved efficiencies in managing key services to the environmental programs.

Activities funded under this program directly support accomplishment of the Excellence in Operations goals stated in the MPCA's Strategic Plan. See: MPCA Strategic Plan - Minnesota Pollution Control Agency (<http://www.pca.state.mn.us/tchy3da>). The Excellence goals include:

- Providing a safe and healthy workplace for all employees, volunteers and visitors.
- Managing agency operations to support the agency's environmental work and core operations in effective and efficient manner.
- Achieving excellence through application of appropriate tools and best practices.
- Providing a reliable information management system that supports the agency and its partners in effective and efficient environmental work.

Authorized appropriations for Administrative Support in FY 2012-2013 totaled 12 percent of the MPCA's authorized biennial budget. Funding sources: 96.30 percent Special Revenue, 0.02 percent General, and 3.68 percent other sources. See: MPCA Administrative Support Spending (<http://www.pca.state.mn.us/jsri3d6>).

Strategies:

Administrative Support directly serves the MPCA environmental programs and the general public by providing the underlying information and management systems necessary for effective and efficient program operations. The services primarily support internal agency staff; although, the impact is felt by external parties.

The MPCA's environmental programs require a broad range of services to be effective. By using continuous improvement techniques and smart planning, the MPCA has improved permit timeliness, improved data and information availability to the general public, improved contract and grant management, and general reduction of costs in managing buildings and fleet. For instance, engaging in regular process improvement efforts the number of contracts has increased over the past four years due to new funding sources to support new programs, at the state and federal levels, and yet, MPCA contract staff complement has remained stable. This staff in FY 2011 issued more than 1000 contracts for over \$100 million while supporting MPCA staff and contractors/grantees in meeting state and federal laws.

Access to MPCA Citizens' Board meetings and the ability to participate in public hearings or advisory teams, has been enhanced through the use of online tools such as webcasting meetings or using interactive tools like video meetings. The MPCA has partnered with counties, state agencies, and building owners to accomplish money saving initiatives such as shared space and reduction in energy use. The MPCA looks to continue these types of

initiatives in the forms of shared vehicles between governmental units, online services for public comments, and improved linkage to the public and regulated parties through an online permitting system.

Of particular importance to the MPCA is upgrading its legacy data systems, because many were designed over 17 years ago and are not easily maintained to current technology standards. The replacement of these systems offers new efficiency and data improvement opportunities by allowing online permitting, tracking permit progress, and developing an interactive portal to allow citizens and regulated parties to engage MPCA staff in a smarter and more efficient process. Additionally, the MPCA expects to provide its staff the ability to use mobile devices and eliminate data duplication and paper translations when working with individuals during monitoring, site investigations, inspections or permit review. Not only will this improve transaction times, it allows MPCA staff to focus on the interested parties concerns and solve problems.

The MPCA expects its system upgrades will also allow for a mobile and diverse workforce, which will not be tied to a specific building but are focused on the provided service. The recruitment and retention of staff requires that the MPCA stay current with its technology options.

Results:

Performance Measures	Previous	Current	Trend
OSHA incident rate	1.76	0.54	Improving
Use of online payments	5%	15%	Improving
Utilization rate of fleet	16	19	Stable

Performance Measures Notes:

Performance achievements are recognized in cost savings; for example, by saved workers compensation, increased productivity, reduced supply costs, and reduced lease rentals or fleet costs. Efficiency is often measure by return on investment – either improving production at lower costs or by reducing expenditures across all agency programs.

1. The OSHA incident rate is a measure of safety at a workplace. It represents the number of injuries serious enough to report to OSHA per 100 people working. The OSHA incident rate is tracked in the MPCA's Human Resources office. The Performance Measures are reflective of 2010 and 2011 actual data.
2. The online portal for use by regulated parties to pay certain fees was expanded in 2012. Previous to 2012, only certain application fees (construction and industrial stormwater permits, and pesticide permits) were paid online. Now all annual permit fees and all online permits may pay online. For annual fees, which includes fees related to permits and pollution prevention fees, were added in 2012, represent nearly about \$25 million in collections, and are the most fees collected by the MPCA. These fees represent about 80% of all revenues collected by the MPCA. The goal is to have all fee payers using the MPCA's online payment option by 2015.
3. The MPCA is working to improve its fleet utilization rate. The MPCA has a fleet of 138 vehicles and tracks mileage and usage rates. A usage rate equals the number of days of the available business days that all vehicles were in service. The efficient use of its fleet will allow maximum use at least cost. Calendar year 2010 represents the first year with data to track utilization. The current year is Calendar year 2011. In addition to improved usage, since 2009, the MPCA has decreased its fleet by 14 vehicles without service interruption; resulting in a savings of \$20,000 per month.

The MPCA has been actively moving to a paperless operation in order to support a flexible work environment and make public documents available to the public online. The appropriate measure for this effort is under development to ensure it reflects the move from a dispersed stored, hard copy system to an integrated electronic system.

Program: Administrative Support
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$746	\$45,899		\$46,645
Current Law Expenditures (FY 2014-15)	\$742	\$38,523		\$39,265
Governor's Recommended Expenditures (FY2014-15)	\$742	\$38,523		\$39,265
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		0%

Program: Administrative Support**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN		\$18		\$18
REVENUE		\$37,344		\$37,344
TRANSFERS IN		\$29		\$29
APPROPRIATION	\$742	\$1,200		\$1,942
SOURCES OF FUNDS	\$742	\$38,591		\$39,333
BALANCE FORWARD OUT		\$18		\$18
TRANSFERS OUT		\$50		\$50
EXPENDITURES	\$742	\$38,523		\$39,265
PAYROLL EXPENSE	\$742	\$11,356		\$12,098
OPERATING EXPENSES		\$27,051		\$27,051
OTHER FINANCIAL TRANSACTIONS		\$116		\$116
USES OF FUNDS	\$742	\$38,591		\$39,333

Federal Funds Summary

Federal Award Name	New Grant	Purpose / People Served	2012	2013	2014 Base	2015 Base	Required	Required	State-wide
			Actual	Budget			State	State MOE	
							Match Yes / No	Yes / No	Outcome
American Reinvestment and Recovery Act Water Quality Management Planning (CFDA 66.464)		Water quality planning activities at the state and local level.	114	-	-	-	No	No	Environment
Water Quality Management Planning (CFDA 66.464)		Measures for the prevention and control of surface and ground water pollution, includes monitoring coordination, water assessments and data management.	309	277	262	262	No	No	Environment
Nonpoint Source Implementation Grants - 319 (CFDA 66.460)		Multi-year grants fund local watershed studies and implementation projects to reduce or eliminate sources of water quality pollution from diffuse sources.	3,607	3,421	2,566	2,041	Yes	No	Environment
Water Pollution Control Program Support (CFDA 66.419)		Grants supporting surface water monitoring activities in streams, wetlands and lakes.	219	485	474	344	No	No	Environment
Great Lakes Program (CFDA 66.469) Lake Area Management and Remedial Action Plan Capacity Grant		To restore capacity and protect water quality in the Lake Superior Basin through coordinative efforts to reduce impairments and toxic chemicals.	569	873	873	873	No	No	Environment
Great Lakes Program (CFDA 66.469) St. Louis Area of Concern Remediation to Restoration Support Projects	New Grant	Supports Remedial Action Plan implementation activities in the St. Louis Area of Concern.	-	310	100	-	No	No	Environment
Great Lakes Program Competitive Grants (CFDA 66.469) Amity Creek Restoration Flute Reed River St. Louis Area of Concern Multi-state Reduction of Polycyclic Aromatic Hydrocarbons		Watershed restoration and assessment activities such as sediment source, toxins and nutrient loading reduction and promotion of long-term environmental sustainability in the Lake Superior Basin.	456	961	821	72	No	No	Environment
Gulf of Mexico Program Competitive Grant (CFDA 66.475) MN State-Level Nutrient Reduction Strategy Phase II		To develop and implement multi-state strategy for reducing excessive nutrient discharges in the Mississippi River Basin.	-	338	20	-	No	No	Environment
Program - WATER Total			5,274	6,665	5,116	3,592			
Air Pollution Control Research (CFDA 66.034) Particulate Monitoring (PM) 2.5 Monitoring		Supports air quality fine particle monitoring.	334	404	404	404	No	No	Environment
Air Pollution Control Research (CFDA 66.034) Section 103 Near Roadway Monitoring Site Establishment		Establishes a nitrogen dioxide monitoring site near a roadway receiving a high volume of traffic.	8	192	-	-	No	No	Environment
Air Pollution Control Research Competitive Grant (CFDA 66.034) Polycyclic Aromatic Hydrocarbons in Urban Air		Study of concentrations and health risks of polycyclic aromatic hydrocarbons in selected communities.	0	102	193	260	Yes	No	Environment
Biowatch Program (CFDA 97.091)		Twin Cities metropolitan area air monitoring network activities.	816	936	940	940	No	No	Environment
Program - AIR Total			1,158	1,634	1,537	1,604			
Superfund State Programs (CFDA 66.802) 5-year Review CORE grant Site Assessment St. Regis & Reilly Tar		Multiple grants for the administration of the Superfund hazardous waste cleanup program and investigation and remediation activities at specific Superfund hazardous waste sites.	361	408	526	526	Yes	No	Environment
Underground Storage Tanks Program (CFDA 66.804)		Permitting and compliance activities for regulated underground storage tanks, including detection and identification of releases.	1,122	1,340	1,107	1,107	Yes	No	Environment
Leaking Underground Storage Tank Trust Fund (CFDA 66.805)		Administrative activities to clean up properties contaminated with petroleum from underground storage tanks.	2,110	1,415	1,458	1,458	Yes	No	Environment
Reimbursement of Technical Services (CFDA 12.113) Dept. of Defense Memorandum of Agreement (DSMOA)		Environmental cleanup and site restoration on various federal Department of Defense installations.	207	323	519	519	No	No	Environment

Federal Award Name	New Grant	Purpose / People Served	2012 Actual	2013 Budget	2014 Base	2015 Base	Required	Required	State-wide Outcome
							State Match Yes / No	State MOE Yes /No	
Brownfields Response Program (CFDA 66.817)		Development and enhancement of the Voluntary Investigation and Cleanup and Petroleum Brownfields Programs.	832	615	615	615	No	No	Environment
Program - LAND Total			4,632	4,101	4,225	4,225			
Performance Partnership Grants (CFDA 66.605)		Multi-year funding for multiple ongoing environmental program areas, including air quality, water quality and hazardous waste.	13,904	11,947	11,900	11,900	Yes	Yes	Environment
MN Clean Diesel Program (CFDA 66.040)		Decreases diesel fuel emissions through grants and loans for emission reduction technologies	238	752	210	210	Yes	No	Environment
Sustainable Materials Management Competitive Grant (CFDA 66.808)		Reducing negative environmental impacts through changes to state and local procurement procedures.	3	36	-	-	No	No	Environment
Program - Environmental Asst. Cross-Media Total			14,145	12,735	12,110	12,110			
Federal Funds - Agency Total			25,209	25,135	22,988	21,531			

Narrative:

Federal funding provides the Minnesota Pollution Control Agency (MPCA) with financial resources to carry out activities that are essential to our mission to protect and improve the environment and enhance our quality of life. The majority of federal funding received by the MPCA is directly from the U.S. Environmental Protection Agency (EPA). In the FY2012-2013 biennium, the MPCA received \$50 million in the form of grants or cooperative agreements. Federal revenues account for approximately 13% of the MPCA's budget in the FY2012 -2013 biennium and are projected at 12% in the FY2014-2015 biennium.

Most federal funds are noncompetitive and received for program activities where the MPCA is delegated by EPA to perform work at the state level. Individual awards are received under program media areas including Air, Water, Land and Environmental Assistance/Cross-Media (EACM). New funding under the Great Lakes Program began in FY2011. The MPCA has also received competitive funding for several new projects. The amount of competitive funding is not a significant percentage of the federal total. Additional federal funding resources which are in alignment with goals and objectives in the Strategic Plan will continue to be pursued.

The MPCA's largest federal award is the Performance Partnership Grant (PPG). The PPG is located in the EACM program, but functionally combines under one "umbrella" award continuing environmental programs and some competitive grants that if received individually would appear in all four budget programs. Receiving awards by this method reduces federal administrative and reporting burdens and provides flexibility in managing resources to meet goals and objectives across the entire agency.

While in state FY2011 and 2012, some federal funds were rescinded after awards were made, future reduction amounts cannot be accurately predicted at this time. The EPA's federal FY2013 budget has not been finalized and the differences between recommendations of the President, House and Senate vary widely. In addition, the effects of sequestration on individual federal programs are not known. If sequestration does occur, the federal Office of Management and Budget (OMB) estimates its impact as an 8.2% overall reduction for federal programs. However, it is not known whether that reduction will be applied equally over all programs or if OMB and/or federal agencies will apply the funding cuts on a program-by-program basis.

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Private Detective and Protective Agent Services Board

<https://dps.mn.gov/entity/pdb>

Small Agency Profile

Mission:

The Private Detective and Protective Agent Services Board ensures licensed investigative and security service providers meet statutory qualifications and training requirements, and maintain the standards set in Minnesota Statutes (M.S.) 326.32.

Statewide Outcome(s):

The Private Detective and Protective Agent Services Board supports the following statewide outcome.

People in Minnesota are safe.

Context:

To effectively serve the public, private detectives and protective agents must demonstrate competency in the skills and training needed to perform at acceptable levels. The legislature created the board to set the standards and training requirements needed to be licensed in this occupation.

The Board is comprised of industry professionals, law enforcement, and the public. It is the regulatory authority dedicated to ensuring industry skill and competency in assisting law enforcement efforts. These activities contribute to the safety and protection of people and property.

The Board's primary customers include 300 licensed private investigators/protective agents, and 70 certified trainers that provide 1,052 certified training courses. In 2001, these license holders employed 6,000 to 7,000 people.

The Private Detective and Protective Agent Services Board is funded through a general fund appropriation.

Strategies:

To accomplish its mission, the board:

- examines, licenses, and regulates private detectives and protective agents
- critically reviews license candidates, licensed service providers, certified trainers, and courses
- responds to complaints
- administers penalties
- provides data in response to requests from law enforcement, license holders, and the general public
- educates the public, business, and law enforcement, on issues concerning licensing and practice

Work performed by licensed providers benefits law enforcement by responding to public safety concerns. They provide protection and prevention services that goes beyond individual clients, and directly impacts the safety of our communities. Reductions in public law enforcement services and personnel have escalated the need for private services.

The Board is currently conducting an analysis of agency operations to:

- Streamline the license application process.
- Increase the diversity of applicants and providers.
- Improve technology to increase the efficiency of applications, data collection, and processing.
- Develop teaching tools that improve the understanding and compliance of the licensing process, statutes, rules, and laws.
- Enhance the current website.

Results:

The Board will measure its success by setting the following goals:

1. New applications will be processed in 120 days or less
2. Re-issuances will be processed in 60 days or less
3. Re-issuances will have no more than one contingency
4. No contingency will take longer than 60 days to resolve
5. Customer satisfaction – survey license holders and certified trainers to quantify their satisfaction. The goal is to increase customer satisfaction by 75 percent over the next year.
6. Decrease the number of complaints by 50 percent
7. Increase the options for high quality, certified, training
8. Simplify and streamline the affidavit of training, while strengthening accountability

Performance Measures	Previous	Current	Trend
*These statistics are in the process of being obtained.			

Performance Measures Notes:

Private Detective Board

Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$240			\$240
Current Law Expenditures (FY 2014-15)	\$240			\$240
Governor's Recommended Expenditures (FY2014-15)	\$240			\$240
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Private Detective Board

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$240			\$240
SOURCES OF FUNDS	\$240			\$240
EXPENDITURES	\$240			\$240
PAYROLL EXPENSE	\$222			\$222
OPERATING EXPENSES	\$18			\$18
USES OF FUNDS	\$240			\$240

Private Detective Board
All Funds FTE by Program

Program	Current	Forecast Base	Governor's Recommendation
	FY 2013	FY 2015	FY 2015
Program: Priv Detect/protect Agents Bd	1.3	1.0	1.0
Private Detective Board	1.3	1.0	1.0

Private Detective Board

Revenue Summary

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	DEPARTMENTAL EARNINGS	282			282
	ALL OTHER	0			0
	Subtotal	282			282
	Total	282			282

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Mission:

The Minnesota Board of Psychology protects the public through licensure, regulation and education to promote access to safe, competent, and ethical psychological services.

Statewide Outcome(s):

Psychology, Board of supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

The Board is charged with regulating the practice of psychology in the State of Minnesota through licensure, complaint resolution, and education. Regulating the practice of psychology is important because it ensures that licensed psychologists have a minimum level of education, training and experience prior to providing critical mental health services. In addition, regulation of the practice of psychology provides the public with a forum for adjudicating complaints and holds licensed psychologists accountable for providing competent and ethical health services. The Board's priorities are found in its vision statement within its 2012 Strategic Plan which can be accessed at: <http://www.psychologyboard.state.mn.us/>.

The Board is funded by fees collected from applicants and licensees. The Board is responsible for collecting sufficient revenue to cover both direct and indirect expenditures. Revenues received are deposited as non-dedicated revenue into the state government special revenue fund. From this fund the Board receives a direct appropriation to pay for agency activities such as salaries, rent, costs for disciplinary/contested cases and operating expenditures. It also pays statewide indirect costs through an open appropriation.

Strategies:

The Board reviews applicants' educational credentials and training experiences for compliance with Board requirements for licensure. The goal of this review is to assure the public that individuals who practice psychology in Minnesota have the requisite education, competence, and ethical character to provide safe and effective psychological services.

A second way the Board achieves its mission and supports the above statewide objective is by investigating and resolving complaints against applicants and licensees alleged to have violated the Psychology Practice Act, including removing licensees from practice who are a risk to client safety and monitoring licensees whose practice requires remediation and oversight to assure public safety.

In accordance with the statewide objective that "people in Minnesota are safe," the Board provides public access to information regarding licensure, discipline status, and individual license history. The Board also provides information to the public regarding establishing, reviewing and approving mandatory continuing education for licensees, and educates the public on the requirements for licensure and the rules of conduct for ethical psychological practice.

Results:

The Board through its 2012 strategic planning teams is continually striving to find better ways to achieve its mission. In addition to its strategic planning work, the Board hosted the health-related licensing boards' first Kaizen event. Key results from the Kaizen event include automating the complaint resolution process, increasing customer accessibility, and reducing the time cycle of a high priority complaint from an average of 226 days to 155 days to resolution. Another key result was reducing the process time for matters outside of the power of the Board from 29 days to four hours of staff time to resolution.

The Board shortened the process time cycle for the use of disciplinary action in connection with a license. This is demonstrated in its ability to utilize suspensions of license as well as Stipulations to Cease practice along with the voluntary surrender of license options to meet its mission of public protection in the psychological field, in a faster, more efficient manner.

Performance Measures	Previous	Current	Trend
Licensed Psychologist (LP) licenses issued	198	209	Stable
Licensure Verifications processed	10,455	12,699	Improving
Jurisdictional complaints received	261	251	Stable
Orders for Disciplinary action issued	20	17	Stable
Agreements for Corrective Action (ACA) issued	5	7	Stable
Revocations of license	4	1	Stable
Stipulations to Cease Practice	--	2	Stable
Voluntary Surrender of license	--	2	Stable
Suspensions of license	--	6	Improving
Number of licensees under compliance (Board monitoring)	20	14	Improving

Performance Measures Notes:

Previous data is FY 2011. Current data is FY 2012. Source: MN Board of Psychology Licensing Database.

The results of the Board LEAN process are available at LEAN Online:

http://www.lean.state.mn.us/LEAN_pages/results.html

The Board's July 1, 2008 to June 30, 2010 Biennial Report is available at:

<http://archive.leg.state.mn.us/docs/2011/mandated/110400.pdf>

The Board recently underwent review by the Minnesota Sunset Commission as established under M.S. section 3D.06. A copy of the Board's report to that Commission is available at:

http://www.commissions.leg.state.mn.us/sunset/reports/BoardofPsychologyReport_2011.pdf

Psychology, Board of
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$1,732		\$1,732
Current Law Expenditures (FY 2014-15)		\$1,719		\$1,719
Governor's Recommended Expenditures (FY2014-15)		\$1,719		\$1,719
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

**Psychology, Board of
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION		\$1,718		\$1,718
SOURCES OF FUNDS		\$1,718		\$1,718
EXPENDITURES		\$1,719		\$1,719
PAYROLL EXPENSE		\$1,332		\$1,332
OPERATING EXPENSES		\$386		\$386
USES OF FUNDS		\$1,719		\$1,719

**Psychology, Board of
All Funds FTE by Program**

Program	Current FY 2013	Forecast Base FY 2015	Governor's Recommendation FY 2015
Program: Psychology, Board Of	10.2	9.4	9.4
Psychology, Board of	10.2	9.4	9.4

Psychology, Board of
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	DEPARTMENTAL EARNINGS		2,307		2,307
	ALL OTHER		0		0
	Subtotal		2,307		2,307
	Total		2,307		2,307

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Mission:

The Board of Public Defense is a Judicial Branch agency whose mission is to provide excellent criminal and juvenile legal defense services to indigent clients through an independent, responsible and efficient public defender system.

Statewide Outcome(s):

Public Defense, Board of supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

The Board supports the work of public defenders, whose duty is to provide quality representation and zealous advocacy for their clients, and serve as the "quality control" function for the criminal justice system. Ensuring a fair and impartial justice system contributes to the safety and security of the entire state. The Board works with its justice partners to improve and increase the effectiveness of the criminal justice system. This work includes participation in the Chief Justice's Criminal Justice Task Force, regular meetings with county attorneys, working with District Chief Public Defenders and county attorneys to develop a systematic approach to the use of electronic disclosure in criminal cases. These systemic contributions help maintain a capable and reliable justice system, reducing the possibility of wrongful convictions that would jeopardize the safety and security of people in Minnesota.

The Board of Public Defense provides legal services mandated by the Constitution and statute. The Board's attorneys and staff serve indigent people in felony, gross misdemeanor, misdemeanor, juvenile delinquency cases, and serve children over ten years of age in Children In Need of Protective Services (CHIPS) cases. It is also mandated to serve the following clients: indigent people in state prisons who appeal their criminal cases to the Minnesota Court of Appeals and Supreme Court; those who pursue post-conviction proceedings in the District Courts throughout the state; and defendants in supervised release/parole revocation proceedings.

The Board has established five goals to aid the agency to carry out its mission:

- client-centered representation,
- creative advocacy,
- continual training for all staff,
- recruitment and retention of excellent staff, and
- working as partners in the justice system.

Trial level public defenders provide representation in approximately 150,000 cases per year. It is estimated that public defenders represent about 85% of persons accused of felonies in Minnesota, and about 95 percent of juveniles accused of acts of delinquency, among their other cases. On the appellate level, defenders provide representation in over 2,000 cases per year.

The general fund provides approximately 97 percent of the Board's budget. The remaining three percent comes from a \$75 attorney registration fee that is levied by the Minnesota Supreme Court. This funding is scheduled to end June 30, 2013.

Strategies:

The Board has developed various tools to assist in its mission and goals and to support the idea of effective and efficient service delivery. These include:

- Development/implementation of quality representation guidelines on the trial and appellate levels
- Commitment to vertical representation
- Commitment to team defense
- Commitment to continual training of staff

-
- A cost effective model of representation that combines full and part time defenders
 - Strengthened internal controls
 - Development of an internal resource allocation policy to better target attorney resources

Measuring Success:

The criminal justice system is a core function of government driven largely by local decisions. The justice system is often pictured as a funnel. Public defense and in many cases the court itself have no control over who comes in at the top of the funnel. The control is exercised largely on the local level by police and prosecutors. A public defender may not reject a case, but must accept all the clients assigned to her or him (*Dziubak v. Mott*, 503 N.W.2nd 771 (Minn.1993.)). This means that the Board cannot control its caseload.

The practice of criminal law does not readily lend itself to measuring of “success”. This is especially true in the case of public defense where the client does not have a choice in who will represent him/her. A successful resolution of a case often involves a plea agreement. In these cases a successful outcome is often one where the client has felt that the public defender has had ample time to review their case listen to him/her, understand his/her story, and where the court took the time to listen to them. The Board has developed quality representation guidelines for individual cases. Many of the quality representation guidelines deal with communication between the attorney and the client. The quality guidelines are being incorporated into the individual attorney practice.

**Public Defense, Board of
Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$132,919	\$6,850	\$551	\$140,320
Current Law Expenditures (FY 2014-15)	\$132,722	\$30	\$0	\$132,752
Governor's Recommended Expenditures (FY2014-15)	\$141,317	\$30	\$0	\$141,347
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$8,595	\$0	\$0	\$8,595
% Change from FY 2014-15 Current Law to Governor's Rec	6%	0%	0%	6%

**Public Defense, Board of
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
TRANSFERS IN	\$770	\$30		\$800
APPROPRIATION	\$140,547	\$0	\$0	\$140,547
SOURCES OF FUNDS	\$141,317	\$30	\$0	\$141,347
EXPENDITURES	\$141,317	\$30	\$0	\$141,347
PAYROLL EXPENSE	\$105,215	\$0		\$105,215
OPERATING EXPENSES	\$10,440	\$26	\$0	\$10,466
OTHER FINANCIAL TRANSACTIONS	\$20	\$4		\$24
GRANTS, AIDS AND SUBSIDIES	\$25,642			\$25,642
USES OF FUNDS	\$141,317	\$30	\$0	\$141,347

Public Defense, Board of

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Public Defense- Workloads and Staffing

The Governor recommends funding to maintain existing staff providing public defense services, additional funding to start bringing attorney caseloads closer to nationwide standards, and a modest increase for public defense corporations, which provide indigent defense services, primarily to the state's minority communities. Funding to maintain staffing would include compensation increases and partial funding for anticipated increases in employee health insurance.

Performance Measures:

The agency will be able to retain existing staff to provide public defense services for qualifying low-income Minnesotans. It will also be able to add staff to begin reducing caseloads currently exceeding 150% of caseload standards recommended by the American Bar Association.

General Fund	Expenditure	2,822	5,773	8,595	5,773	5,773	11,546
	Net Change	2,822	5,773	8,595	5,773	5,773	11,546
Net All Change Items	General Fund	2,822	5,773	8,595	5,773	5,773	11,546
	Net Change	2,822	5,773	8,595	5,773	5,773	11,546

**Public Defense, Board of
All Funds FTE by Program**

	Current	Forecast Base	Governor's Recommendation
Program	FY 2013	FY 2015	FY 2015
Program: Appellate Office	40.4	40.4	40.4
Program: Administrative Services Office	9.3	9.3	9.3
Program: District Public Defense	523.6	523.6	523.6
Public Defense, Board of	573.3	573.3	573.3

Public Defense, Board of Appellate Office

<http://www.pubdef.state.mn.us>

Statewide Outcome(s):

The Appellate Office supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

By providing quality representation, the Appellate Office helps ensure that legislation and court decisions are based on sound constitutional principles thus protecting the rights of all of our citizens. The Appellate Office is dedicated to the principle that all clients are entitled to equal access to justice, and quality representation. The goals for the Appellate Office are to provide excellent client-centered representation to clients in criminal appeals, post-conviction proceedings in the District courts, and supervised release/parole revocations hearings.

Increased penalties and stronger enforcement have resulted in a significant increase in the population of the state's prisons and jails. The Minnesota Department of Corrections (DOC) records indicate that as of January 1, 2012 there were 9,345 inmates in the state's correctional facilities. This population is the majority of the client base for the Appellate Office.

The Appellate Office is funded completely by a general fund appropriation.

Strategies:

The five goals established by the Board of Public Defense to assist the program to carry out its mission are:

- client-centered representation,
- creative advocacy,
- continual training for all staff,
- recruitment and retention of excellent staff, and
- being partners in the justice system.

The Appellate Office has implemented quality representation guidelines, which are incorporated into attorney practice. A commitment to team defense includes the use of support staff, developing theories and arguments and developing oral arguments through mock hearings. The Office also sponsors an appellate practice workshop where attorneys bring actual cases they are working on and develop theories of the case.

The Appellate Office is also working with the Department of Corrections to achieve efficiencies in the conducting of supervised release revocation hearings without compromising the quality of representation.

Results:

The practice of criminal law does not readily lend itself to numerical results. However, the Appellate Office is in the process of incorporating quality representation guidelines into attorney practice. This will include data on oral arguments as well as client visits. The office is also in the process of conducting a client satisfaction survey.

Between 2011 and 2012 the office experienced;

- A 14 percent increase in oral arguments
- An 11 percent increase in tried cases where a brief was filed
- An increase of 500 DOC hearings.

Performance Measures	2008	2012	Trend
Appellate Files Opened	918	1,000	Increasing
Appeals with Brief Filed	464	456	Decreasing as a percent
Parole Revocation Hearings	3,481	3,954	Increasing

Performance Measures Notes:

Program: Appellate Office

Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$9,080			\$9,080
Current Law Expenditures (FY 2014-15)	\$9,000			\$9,000
Governor's Recommended Expenditures (FY2014-15)	\$9,674			\$9,674
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$674			\$674
% Change from FY 2014-15 Current Law to Governor's Rec	7%			7%

Program: Appellate Office

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$9,674		\$0	\$9,674
SOURCES OF FUNDS	\$9,674		\$0	\$9,674
EXPENDITURES	\$9,674			\$9,674
PAYROLL EXPENSE	\$7,933			\$7,933
OPERATING EXPENSES	\$1,741			\$1,741
USES OF FUNDS	\$9,674			\$9,674

Public Defense, Board of Administrative Services Office

<http://www.pubdef.state.mn.us>

Statewide Outcome(s):

The Administrative Services Office supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

The Administrative Services Office (ASO) provides district and appellate defenders with the resources they need to provide high quality legal assistance to indigent Minnesotans, and to do so in a cost effective manner.

The ASO implements Board of Public Defense policies and provides staff support and training for all public defense functions statewide. In addition, the ASO develops and manages agency systems in the areas of caseloads, budget, personnel, and agency assets. Over 500 people in the BOPD's 28 offices and our part-time lawyers' offices and Public Defense Corporation offices rely on ASO technology staff for hardware and software assistance and management of accounts used to access government-held records as well as nonpublic data. The office is funded by the general fund and runs on approximately three percent of the agency.

Strategies:

The Board through its Administrative Services Office has developed and implemented policies covering personnel, compensation, budgeting, training, conflict cases, internal controls, and management information systems. The Board has recently reviewed its caseload standards, quality representation guidelines, and an internal resource allocation policy to better target attorney resources.

The office works with its justice partners to improve and increase the effectiveness of the criminal justice system. This work includes participation in the Chief Justice's Criminal Justice Task Force, regular meetings with county attorneys, working with District Chief Public Defenders and county attorneys to develop a systematic approach to the use of electronic disclosure in criminal cases. These contributions help maintain a capable and reliable justice system. Ensuring a fair and impartial justice system contributes to the safety and security of the entire state.

Results:

- Recruitment and retention of diverse work force attorney staff 40 percent women and ten percent attorneys of color.
- Introduced improved internal control procedures.
- Streamlined accounts payable process.
- 750 trainees receive training at nine statewide events not including district specific training events.
- 241 technology requests for assistance per month with initial response times always within one business day.
- 99 percent up-time on internal systems.
- Maintenance of 96 servers, 325 desktop computers and 115 laptop computers.
- Implemented a model for immigration law support as required by United States Supreme Court.
- Streamlined entry of case opening data and shifted it away from attorney staff.
- Introduced a streamlined fixed asset management system.

Performance Measures	2010	2012	Trend
Uptime on internal systems	99%	99%	Stable
Recruitment and retention of diverse attorney staff	40% women 10% attorneys of color	40% women 10%attorneys of color	Stable

Performance Measures Notes:

Program: Administrative Services Office
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$3,740			\$3,740
Current Law Expenditures (FY 2014-15)	\$3,840			\$3,840
Governor's Recommended Expenditures (FY2014-15)	\$4,009			\$4,009
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$169			\$169
% Change from FY 2014-15 Current Law to Governor's Rec	4%			4%

Program: Administrative Services Office

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$4,009			\$4,009
SOURCES OF FUNDS	\$4,009			\$4,009
EXPENDITURES	\$4,009			\$4,009
PAYROLL EXPENSE	\$2,501			\$2,501
OPERATING EXPENSES	\$1,508			\$1,508
USES OF FUNDS	\$4,009			\$4,009

Public Defense, Board of District Public Defense

<http://www.pubdef.state.mn.us>

Statewide Outcome(s):

The District Public Defense program supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

The District Public Defense Program provides excellent client-centered representation to clients at the trial level.

The District Public Defense Program provides legal services required by the Constitution and statutes to indigent persons in felony, gross misdemeanor, misdemeanor, juvenile delinquency, and children over ten years of age in Children In Need of Protective Services (CHIPS) cases. This is accomplished through a system that relies on a mix of full-time and part-time attorneys (50 percent of the staff is part-time), as well as support staff. Trial level public defenders provide service in 150,000 cases per year (80-90 percent of all criminal cases). The program is funded by the general fund (98 percent) and funding from a \$75 attorney registration fee imposed by the Minnesota Supreme Court. This funding is scheduled to end June 30, 2013.

This program also includes part of the cost of four nonprofit public defense corporations. The corporations provide quality, independent criminal and juvenile defense services primarily to minority indigent defendants, who otherwise would need public defense services.

Strategies:

The District Chief Public Defenders have implemented various tools to assist in furthering the goal of excellent client-centered representation. These include:

- team defense;
- integrating quality representation guidelines into the individual practice of attorneys;
- committing to vertical representation which builds trust with clients;
- a commitment to staff training; and
- implementing a cost effective model of representation that combines full and part time defenders.

Results:

The Legislative Auditor's (OLA) summary of their first conclusion in the 2010 Evaluation Report of public defense is this: "High public defender workloads have created significant challenges for Minnesota's criminal justice system."

According to the OLA the most immediate cause of high public defender workloads, was the staffing cuts sustained in 2008/2009. However, the report described several other factors that make settlement of cases more difficult and time consuming. These include: legislation that has increased the severity of consequences for certain crimes; criminal charges or convictions that have civil consequences; additional hearings mandated by new legal requirements; language and cultural barriers; and more clients with mental illness and chemical dependency. Two other factors that also have served to increase the workload for public defenders are recent U.S. Supreme Court decisions and the needed review of scientific evidence.

The United States Supreme Court held in *Missouri v. Frye* and *Lafler v. Cooper*, that criminal defendants have a Sixth Amendment right to effective assistance of counsel during plea negotiations. The Court in *Padilla v. Kentucky* determined that the immigration consequences of a guilty plea are an integral part of the punishment that could result from a criminal conviction and thus are within the scope of the Sixth Amendment's right to counsel. These cases make it incumbent upon public defenders spend more time with clients and to document conversations more carefully.

Scientific evidence is more frequently being presented to trial courts, and from what was learned in the experience with the St. Paul Crime Lab, such evidence must be reviewed carefully. In 2009 the National Academy

of Sciences released a report explaining that the scientific basis of much of this “evidence” is questionable. The recent failures of St Paul’s Crime Lab came to light because of work by public defenders trained in forensic science and with access to expert witnesses.

Public defense has not been a fully functioning partner in the criminal justice system. In its report the OLA observed that due to time pressures public defenders often had about ten minutes to meet each client for the first time to evaluate the case, explain the client’s options and the consequences of a conviction or plea, to discuss a possible deal with the prosecuting attorney, and allow the client to make a decision on how to proceed. This jeopardizes the right to effective assistance of counsel as outlined by the United States Supreme Court in the cases referenced above. This does not serve to build a level of trust with clients. Client trust is essential in providing quality representation and ensuring efficient resolution of cases, especially in cases where there is a plea agreement, which is the vast majority (98 percent) of cases.

Performance Measures	2008	2012	Trend
Trial Rates for All Case Types	1.03%	0.72%	Decreasing
Cases Pled as Charged	5.67%	6.28%	Increasing
Attorney time necessary to effectively represent a client on a typical misdemeanor case vs. time spent as observed by the Office of the Legislative Auditor State.	4 hours - State/National Standards	10 minutes - OLA Observed	

Performance Measures Notes:

Office of the Legislative Auditor Program Evaluation Public Defender System February 2010.

Program: District Public Defense
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$120,099	\$6,850	\$551	\$127,500
Current Law Expenditures (FY 2014-15)	\$119,882	\$30	\$0	\$119,912
Governor's Recommended Expenditures (FY2014-15)	\$127,634	\$30	\$0	\$127,664
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$7,752	\$0	\$0	\$7,752
% Change from FY 2014-15 Current Law to Governor's Rec	6%	0%	0%	6%

Program: District Public Defense

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
TRANSFERS IN	\$770	\$30		\$800
APPROPRIATION	\$126,864	\$0	\$0	\$126,864
SOURCES OF FUNDS	\$127,634	\$30	\$0	\$127,664
EXPENDITURES	\$127,634	\$30	\$0	\$127,664
PAYROLL EXPENSE	\$94,781	\$0		\$94,781
OPERATING EXPENSES	\$7,191	\$26	\$0	\$7,217
OTHER FINANCIAL TRANSACTIONS	\$20	\$4		\$24
GRANTS, AIDS AND SUBSIDIES	\$25,642			\$25,642
USES OF FUNDS	\$127,634	\$30	\$0	\$127,664

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Mission:

Create opportunities for members to achieve a successful and secure retirement by providing the highest quality benefits and services that members will value and trust.

Statewide Outcome(s):

Public Employees Retirement Assn supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Strong and stable families and communities.

Efficient and accountable government services.

Context:

The Public Employees Retirement Association (PERA) of Minnesota administers five defined benefit retirement plans, one defined contribution retirement plan, and one agency fund in accordance with Minnesota Statute (M.S.) sections 353, 353A, 353D, 353E, 353G and 356. PERA's membership includes approximately 320,000 active and inactive employees and 90,000 benefit annuitants from over 2,100 separate governmental entities, including townships, cities, counties, schools and other miscellaneous local governments as defined in M.S. 353.01, subd. 6. PERA's overarching goal is to ensure that contributions collected from members and employers and the investment earnings on those contributions will be sufficient to provide promised benefits to benefit recipients, allowing public employees the opportunity to achieve a successful and secure retirement without needing to rely on the State for financial support. Investment income accounts for almost 64% of PERA's revenues. Member contributions account for another 16% and employer contributions from local governments make up the difference of 20%. The State of Minnesota contributes a maximum of \$24 million each year through the year 2031 (or until the Minneapolis Employees Retirement Fund (MERF) becomes fully funded, whichever occurs first) to help pay off the unfunded liability that existed when MERF was consolidated into PERA in 2010. PERA does not receive any other direct appropriations from the general fund.

Strategies:

PERA's core functions include collecting, recording and maintaining the accounting of retirement contributions; collecting and managing member information; issuing benefit and refund payments; and delivering education and training through counseling, workshops and publications. Benefit payments have a financial impact on the state's economy and provide benefit recipients and their families the opportunity to lead healthy, productive lives during their retirement years. Since 1980 when the State Board of Investment adjusted their asset allocation, investments have returned an annualized 9.9 percent, allowing contribution rates to remain relatively stable. PERA's administrative costs are also very low at 5.5 basis points or 5.5 hundredths of one percent of assets.

Results:

In 2008 the three statewide pension systems, MSRS, PERA and TRA were the focus of an economic impact study. The study noted that in fiscal year 2007, the pension systems had a positive economic impact of \$3.3 billion on Minnesota's economy and beneficiaries' spending led to 22,500 additional jobs statewide. Over 90 percent of PERA's retirees stay in Minnesota after they retire. State and local taxes paid by the beneficiaries and holders of the 22,500 new jobs exceeded the employers' contributions to the pension systems by \$80 million that year. The impact of benefits paid was larger than the gross state product attributable to several major economic sectors in Minnesota, including the mining sector; the crop and animal production sector; and the air, rail and water transportation sector (for more information regarding this study, please visit the PERA website <http://www.mnpera.org>).

The two most important measures of the health of a defined benefit retirement system are (1) the level of funding and (2) whether contribution rates are sufficient to earn enough assets to cover pension liabilities over the life time of the members. The following Performance Measures table shows the funded ratio, by plan, and the contribution

sufficiency/(deficiency) as a percent of payroll, along with the unfunded actuarial accrued liability as of 6/30/07 (just before the Great Recession) and as of 6/30/12 (the most recent data available as of the writing of this narrative) for the three defined benefit plans that existed in 2007.

Performance Measures	Previous	Current	Trend
PERA General Plan Funding Ratio	73.3%	73.5%	Improving
PERA General Plan Contribution Sufficiency	(1.06)%	(0.96)%	
PERA General Plan Unfunded Actuarial Liability	\$4.7 Billion	\$4.9 Billion	
PERA Police & Fire Plan Funding Ratio	91.7%	78.3%	Worsening
PERA Police & Fire Plan Contribution Sufficiency	(7.98)%	(7.94)%	
PERA Police & Fire Plan Unfunded Actuarial Liability	\$470 Million	\$1.6 Billion	
PERA Correctional Plan Funding Ratio	98.4%	89.3%	Worsening
PERA Correctional Plan Contribution Sufficiency	2.22%	0.13%	
PERA Correctional Plan Unfunded Actuarial Liability	\$2.6 Million	\$36.7 Million	

Performance Measures Notes:

Performance Measures compare valuation dates from 6/30/2007 (previous) to 6/30/2012 (current).

Benefit provision changes passed by the legislature in 2010 coupled with actuarial assumption changes reduced PERA's actuarial liability by \$3.3 billion. The General Plan has improved, but will likely need additional minor modifications in order for it to become fully funded within 20 years. Some significant modifications are needed in the benefits and revenue sources for the Police & Fire Plan to ensure a better funding position. PERA is working with various police and fire groups to develop a package that will be brought to the legislature in 2013 or 2014. Contributions in the Correctional Plan are still sufficient for that plan to become fully funded within 12 years.

Public Employees Retirement Association
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$3,421,272		\$3,421,272
Current Law Expenditures (FY 2014-15)		\$4,177,104		\$4,177,104
Governor's Recommended Expenditures (FY2014-15)		\$4,177,104		\$4,177,104
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

Public Employees Retirement Association

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
REVENUE		\$1,210		\$1,210
APPROPRIATION		\$4,175,894		\$4,175,894
SOURCES OF FUNDS		\$4,177,104		\$4,177,104
EXPENDITURES		\$4,177,104		\$4,177,104
PAYROLL EXPENSE		\$15,541		\$15,541
OPERATING EXPENSES		\$13,785		\$13,785
OTHER FINANCIAL TRANSACTIONS		\$4,147,778		\$4,147,778
USES OF FUNDS		\$4,177,104		\$4,177,104

**Public Employees Retirement Association
All Funds FTE by Program**

Program	Current	Forecast Base	Governor's Recommendation
	FY 2013	FY 2015	FY 2015
Program: Public Employee Retirement Asn	89.3	89.3	89.3
Public Employees Retirement Association	89.3	89.3	89.3

Public Employees Retirement Association

Revenue Summary

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	INVESTMENT INCOME		2,000,000		2,000,000
	ALL OTHER		1,681,000		1,681,000
	Subtotal		3,681,000		3,681,000
Dedicated	INVESTMENT INCOME		10		10
	ALL OTHER		1,200		1,200
	Subtotal		1,210		1,210
Total			3,682,210		3,682,210

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Mission:

The Minnesota Public Facilities Authority is a multi-agency authority that provides infrastructure financing programs and municipal financing expertise to enhance the environmental and economic vitality of the state.

Statewide Outcome(s):

Public Facilities Authority supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

A clean, healthy environment with sustainable uses of natural resources.

Context:

The Public Facilities Authority (PFA) addresses local governments' need for low cost financing to support infrastructure investment, particularly for water infrastructure. Strong and sustained infrastructure investment is essential to protect Minnesota's environment and public health and maintain the long term economic vitality of the state and its communities.

PFA's priorities are 1) managing capital assets (currently \$2.3 billion) to ensure that a stable source of low interest financing is available in perpetuity to help local governments timely meet their infrastructure needs; 2) provide infrastructure financing tools that support the water quality, public health and other priorities identified by PFA member agencies; and 3) help local governments maintain and improve the condition of their water infrastructure assets while keeping costs affordable for their residents. The PFA's primary customers are local units of government seeking funding for infrastructure projects through PFA programs jointly administered by PFA staff and staff of PFA member agencies.

The PFA receives no general fund appropriations. Funding for the PFA's revolving loan funds comes from federal capitalization grants and state matching funds appropriated from state general obligation bond proceeds. The PFA leverages these federal and state funds by selling its AAA-rated revenue bonds to generate additional loan funds. Project funding also comes from state bond appropriations for the Wastewater Infrastructure Funding (WIF) program and from dedicated Clean Water Legacy Funds appropriated for specific point source implementation programs. Administrative costs are paid primarily from service fees on loan repayments.

Strategies:

The PFA contributes to a thriving economy and a clean, healthy environment by providing financing to local governments for infrastructure projects that are essential to protect the environment and public health and also critical to the economic vitality of the state and its communities. PFA financing is provided through low interest loans and in some cases grants to keep project costs affordable for local governments and their residents.

The PFA manages three revolving loan funds and several other financing programs to help local governments build, improve, and rehabilitate wastewater, drinking water, and stormwater infrastructure, and to address transportation and other high-cost infrastructure needs. The PFA operates its clean water, drinking water, and transportation infrastructure financing programs in cooperation with the Pollution Control Agency, the Department of Health, and the Department of Transportation, respectively. The PFA partner agencies are responsible for determining project priorities, conducting technical and environmental reviews, and certifying approved projects to the PFA for funding.

PFA staff is responsible for reviewing the creditworthiness of the applicants, determining that full project financing is in place, and that the applicant has established dedicated revenues to pay debt service and operation and maintenance costs. When a financing application is approved, the project is certified and construction bids are received by the local government, the PFA executes the project financing agreement with the local government, disburses funds as eligible project costs are incurred, and collects loan repayments. During the planning and design stages of a project, the PFA works with other state and federal funding programs to leverage resources and coordinate funding activities to minimize duplication, administrative costs, and confusion for the applicant.

Annual project funding is a function of fund availability and demand from local governments. Local government demand for funding varies significantly from year to year, driven by economic factors, the need to replace aging infrastructure, growth and development pressures, and more stringent treatment limits. The PFA has developed capacity models for its revolving funds to inform decision making when preparing its annual project funding lists in order to maximize available funding based on current demand, establish a consistent and predictable fundable range from year to year based on MPCA and MDH project priority points, and maintain long term lending capacity to meet future needs.

The PFA's key partners are the departments and agencies whose commissioners serve on the PFA Board: the Department of Employment and Economic Development, Minnesota Management and Budget, the Pollution Control Agency, and the Departments of Employment and Economic Development, Health, Agriculture, and Transportation. PFA partners also include the US Environmental Protection Agency, USDA Rural Development, other federal and state infrastructure funding agencies and technical assistance providers.

Results:

Through these strategies the PFA:

- Provides a permanent source of stable and reliable financing for high priority infrastructure projects.
- Provides accessible and effective financing programs to help local governments implement infrastructure projects while keeping costs affordable and debt obligations manageable.
- Targets its financing to address infrastructure needs that contribute to the achievement of state environmental and public health priorities.
- Has leveraged available resources to make clean water and drinking water loans averaging \$219 million per year over the past five years while maintaining the AAA ratings of its revolving funds and without significantly diminishing future lending capacity.

The PFA's revolving loan funds are an efficient tool to provide low cost financing to local governments. From FY 1990 to 2012, PFA loans totaling \$3.3 billion have provided an estimated \$693 million in interest savings to local governments and their residents, with each \$1 of state funds generating \$15 in construction and \$3 in interest savings to the communities and their residents. In addition, PFA's upfront credit review and analysis of loan requests and systematic post loan award surveillance monitoring has helped borrowers achieve a record of no payment defaults on PFA loans.

Over the last several years, financial markets have sustained historically low over-all rates. This has resulted in lower borrowing costs for both the PFA and its borrowers, but this also puts a strain on the lending capacity of the revolving loan funds. The longer the low rates continue the more of a constraint that will put on the absolute dollar amount the funds can lend.

Performance Measures		Previous	Current	Trend
Grant Awards	Count/Amount (in millions)	58/\$48	294/\$213	Stable
Loan Awards	Count/Amount (in millions)	331/\$960	256/\$1,155	Stable
	Interest savings to borrowers (in millions)	\$188	\$228	Stable
SRF cumulative leveraging ratio at end of period		2.92:1	2.97:1	Stable
SRF bond ratings by the three major national rating firms		AAA	AAA	Stable

Performance Measures Notes:

Note 1: Measures are comparing the five year periods of state fiscal year 2003-2007 to 2008-2012.

Note 2: The leveraging ratio for the State Revolving Funds as reflected above is the total cumulative amount of project expenditures at the end of the period, divided by the cumulative available federal capitalization grants plus state match.

Note 3: The State Revolving Fund Revenue Bonds are rated "Triple-A" by Standard & Poor's (AAA), Moody's (Aaa), and Fitch (AAA).

Public Facilities Authority
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$755,904		\$755,904
Current Law Expenditures (FY 2014-15)		\$664,013		\$664,013
Governor's Recommended Expenditures (FY2014-15)		\$686,013		\$686,013
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$22,000		\$22,000
% Change from FY 2014-15 Current Law to Governor's Rec		3%		3%

Public Facilities Authority
Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$389,686		\$389,686
REVENUE		\$439,031		\$439,031
TRANSFERS IN		\$296,449		\$296,449
APPROPRIATION		\$22,000		\$22,000
SOURCES OF FUNDS		\$1,147,167		\$1,147,167
BALANCE FORWARD OUT		\$162,069		\$162,069
TRANSFERS OUT		\$299,085		\$299,085
EXPENDITURES		\$686,013		\$686,013
PAYROLL EXPENSE		\$1,750		\$1,750
OPERATING EXPENSES		\$1,535		\$1,535
OTHER FINANCIAL TRANSACTIONS		\$646,214		\$646,214
GRANTS, AIDS AND SUBSIDIES		\$36,514		\$36,514
USES OF FUNDS		\$1,147,167		\$1,147,167

Public Facilities Authority

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Clean Water Legacy - Total Maximum Daily Load Grant Program

The Total Maximum Daily Load program will assist municipalities to meet the required water quality based effluent limits set by the Pollution Control Agency to restore or protect specific water bodies.

Performance Measures:

This initiative will simplify and streamline the funding process and improve program effectiveness to help cities implement water quality restoration and protection projects.

Other Funds	Expenditure	9,000	9,000	18,000	0	0	0
	Net Change	9,000	9,000	18,000	0	0	0

Clean Water Legacy - Small Community Wastewater Treatment Program

The Small Community Wastewater Treatment program will provide technical assistance for small unsewered communities and fund construction projects to address serious environmental and public health problems from failing septic systems.

Performance Measures:

This initiative is expected to improve the program to more effectively address serious environmental and public health problems from failing septic systems.

Other Funds	Expenditure	2,000	2,000	4,000	0	0	0
	Net Change	2,000	2,000	4,000	0	0	0

Net All Change Items	Other Funds	11,000	11,000	22,000	0	0	0
	Net Change	11,000	11,000	22,000	0	0	0

Public Facilities Authority
All Funds FTE by Program

Program	Current	Forecast Base	Governor's Recommendation
	FY 2013	FY 2015	FY 2015
Program: Public Facilities Authority	9.0	9.0	9.0
Public Facilities Authority	9.0	9.0	9.0

Public Facilities Authority

Revenue Summary

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	ALL OTHER	1			1
	Subtotal	1			1
Dedicated	FEDERAL GRANTS		84,000		84,000
	DEPARTMENTAL EARNINGS		5,902		5,902
	INVESTMENT INCOME		7,798		7,798
	ALL OTHER		341,331		341,331
	Subtotal		439,031		439,031
	Total	1	439,031		439,033

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Mission:

The Department of Public Safety (DPS), through its divisions works in partnership with city, county, state, federal and not-for-profit agencies to improve safety for Minnesotans and those who visit our state.

Statewide Outcome(s):

Public Safety supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

DPS provides the administrative structure for nine diverse divisions focused on improving safety for Minnesotans. Additionally, the agency has four divisions that provide human resource, internal affairs, fiscal and communications support. The department supports the Governor in developing policy and programming to improve safety. The agency partners with law enforcement, traffic safety, driver and vehicle dealers and agents, emergency responders, crime prevention and crime victim professionals in advancing initiatives to improve safety and assist crime victims. Our customers include those previously noted, the legislature, the governor, other state and federal agencies, and Minnesota citizens. DPS is funded through federal, state general fund, special revenue, trunk highway and Highway User Tax Distribution dollars.

Strategies:

- Investigative, forensic laboratory, training and criminal justice data integration services to prevent and solve crimes.
- Services to prevent, prepare for, respond to and recover from nature and human-caused disaster.
- Training, funding and technical assistance to improve community safety and assist victims of crime.
- Training, investigation, inspection, regulatory, data collection and emergency response services to protect lives and property from fire and pipeline disintegration.
- Interpretation and enforcement of the state's liquor and gambling laws to protect the public from illegal alcohol sales and consumption and illegal gambling.
- Funding and technical assistance to prevent traffic deaths and serious injuries.
- Law enforcement services, education and assistance to ensure the safe and efficient movement of traffic on Minnesota roads, the protection of the driving public and the security of the capitol complex.
- Regulation of motor vehicles (including vehicle dealers) and licensed drivers ensures the proper collection of fees and taxes for driver and vehicle transactions and assists in ensuring that state and federal laws pertaining to the regulation of drivers and vehicles are implemented.
- Provision of funding and technical assistance to operate a state-of-the art 911 system and the implementation of a state-wide interoperable communication system for emergency responders.

Measuring Success:

Deaths per vehicle mile traveled.

- Percent of Minnesotans who voluntarily wear their seatbelts.
- Number of youth involved in prevention/intervention programming.
- Percent of predatory offenders in compliance with registration requirements.
- Number of days to issue driver licenses and vehicle titles.
- Number of counties that have joined the Allied Radio Matrix for Emergency Response (ARMER) system.
- Number of fire-related fatalities.

PublicSafety**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$215,503	\$478,188	\$346,188	\$1,039,879
Current Law Expenditures (FY 2014-15)	\$167,642	\$490,126	\$199,060	\$856,829
Governor's Recommended Expenditures (FY2014-15)	\$172,115	\$506,537	\$199,060	\$877,713
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$4,473	\$16,411	\$0	\$20,884
% Change from FY 2014-15 Current Law to Governor's Rec	3%	3%	0%	2%

PublicSafety
Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$90,700	\$2,067	\$92,767
REVENUE	\$0	\$360,834	\$198,531	\$559,365
TRANSFERS IN	\$84,182	\$136,066		\$220,248
APPROPRIATION	\$173,699	\$211,145	\$0	\$384,844
SOURCES OF FUNDS	\$257,881	\$798,745	\$200,598	\$1,257,223
BALANCE FORWARD OUT		\$58,628	\$1,542	\$60,170
TRANSFERS OUT	\$85,766	\$234,176		\$319,942
EXPENDITURES	\$172,115	\$506,537	\$199,060	\$877,713
PAYROLL EXPENSE	\$55,768	\$248,515	\$25,386	\$329,669
OPERATING EXPENSES	\$53,269	\$199,798	\$30,876	\$283,944
OTHER FINANCIAL TRANSACTIONS	\$1,580	\$11,916	\$1,928	\$15,424
GRANTS, AIDS AND SUBSIDIES	\$61,232	\$40,948	\$139,811	\$241,991
CAPITAL OUTLAY-REAL PROPERTY	\$266	\$5,360	\$1,059	\$6,685
USES OF FUNDS	\$257,881	\$799,341	\$200,602	\$1,257,824

Public Safety - Transportation

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Additional Driver and Vehicle Services Staff to Reduce Turnaround Time on Vehicle Titles

The Governor recommends hiring seven additional FTE to enhance customer service related to vehicle title issuance. Current average time to research and issue a title is 87 days. The department would like to reduce this to 30 days. Additionally, DPS has applied a process improvement study which has helped streamline the process.

Performance Measures:

Improved performance and turnaround time for vehicle titles will be reduced to 30 days.

Other Funds	Expenditure	650	650	1,300	650	650	1,300
	Net Change	650	650	1,300	650	650	1,300

Additional Driver and Vehicle Services Staff for Facial Recognition Implementation

The Governor recommends one FTE to coordinate fraud investigation activities across all agency programs. The acquisition of facial recognition software has allowed DPS to compare photos on 11 million driver's licenses for the purpose of detecting fraud. This position is needed to ensure consistent fraud detection policies and practices are in place.

Performance Measures:

Performance will be measured by a reduced number of individuals found to have fraudulently obtained multiple driver licenses or Minnesota identification cards.

Other Funds	Expenditure	0	71	71	71	71	142
	Net Change	0	71	71	71	71	142

Soft Body Armor

The Governor recommends an increase to the base budget for reimbursing state police officers for 50% of the cost of their body armor. The current budget is insufficient to cover all reimbursement requests. This proposal requests an annual increase to the general fund base, and also includes a request for a new ongoing appropriation from the trunk highway fund, for reimbursing the cost of vests for state troopers.

Performance Measures:

Performance can be measured by the percentage of reimbursement requests that are filled in the same fiscal year.

General Fund	Expenditure	92	92	184	92	92	184
Other Funds	Expenditure	100	100	200	100	100	200
	Net Change	192	192	384	192	192	384

Public Safety - Transportation

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Additional Funding for Minnesota State Patrol (MSP) Fuel Costs

The Governor recommends an increase to the state patrol's budget to offset the impact of rising gas prices. Based on actual FY 12 expenditures, the patrol will spend approximately \$7.4 million on gas in the coming biennium.

Performance Measures:

This investment will reduce the number of trooper vacancies held open in order to pay for rising costs of fuel

Other Funds	Expenditure	1,000	1,000	2,000	1,000	1,000	2,000
	Net Change	1,000	1,000	2,000	1,000	1,000	2,000

Driver and Vehicle Services Phone System

The Governor recommends replacing the Driver and Vehicle Services phone system. The current system can only handle 17% of incoming calls without rolling over to an operator. The request will fund a new system that has the capability to provide answers to many relatively simple questions, freeing up staff to address the more complicated calls.

Performance Measures:

Performance will be measured by the number of calls that are dropped, and the number of transactions completed via telephone.

Other Funds	Expenditure	0	150	150	400	250	650
	Net Change	0	150	150	400	250	650

Capitol Security

The Governor recommends \$500,000 each year as a placeholder to fund recommendations of the Capitol Security Taskforce. The report recommends increases in the number of security officers in the capitol complex.

Performance Measures:

This investment will increase the number of Capitol-area tenants and visitors who express a feeling of security in the Capitol complex, and a decrease in complaints related to the balancing of security and public access.

General Fund	Expenditure	500	500	1,000	500	500	1,000
	Net Change	500	500	1,000	500	500	1,000

Net All Change Items	General Fund	592	592	1,184	592	592	1,184
	Other Funds	1,750	1,971	3,721	2,221	2,071	4,292
	Net Change	2,342	2,563	4,905	2,813	2,663	5,476

Public Safety - Public Safety

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Replace State Criminal History System

The Governor recommends replacement of the 20 year old Criminal History System. This is a core system at the Bureau of Criminal Apprehension (BCA) that tracks the arrest records of thousands of felons and is used by police departments across the state. The technology underlying this system is obsolete, making it difficult and expensive to integrate with newer systems.

Performance Measures:

A new system will improve quality and comprehensiveness of data, security, and the readability of reports.

General Fund	Expenditure	80	80	160	2,400	417	2,817
Other Funds	Expenditure	4,000	4,000	8,000	0	0	0
	Net Change	4,080	4,080	8,160	2,400	417	2,817

Replace State's Crime Reporting System

The Governor recommends replacing the state's crime reporting system. The current reporting system is old and outdated. It cannot be integrated with other systems and is increasingly expensive to maintain. All states are required to report crime statistics to the FBI. The Bureau of Criminal Apprehension reports statistics reported by local police departments. Federal funding for crime-related grants is based on state crime statistics.

Performance Measures:

The new system will improve data quality, timeliness, and reduce the amount of time required to fulfill requests for data

General Fund	Expenditure	360	360	720	1,360	380	1,740
Other Funds	Expenditure	1,000	1,000	2,000	0	0	0
	Net Change	1,360	1,360	2,720	1,360	380	1,740

Forensic Laboratory Equipment Replacement

The Governor recommends increasing the Bureau of Criminal Apprehension (BCA) lab equipment budget to provide for the replacement of worn and outdated equipment. The current budget is \$125,000 per year. Most of the BCA's lab equipment is 11 years old, and a single piece of new equipment can exceed the existing annual budget. This appropriation is recommended to be made available until expended to allow the BCA to budget for more expensive equipment.

Performance Measures:

Performance will be measured by the number of cases solved using scientific equipment available at the BCA.

General Fund	Expenditure	125	125	250	125	125	250
Other Funds	Expenditure	125	125	250	125	125	250
	Net Change	250	250	500	250	250	500

Public Safety - Public Safety

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Forensic Laboratory Staffing

The Governor recommends funding two drug chemists and two toxicologists to reduce the backlog of drug cases in the Bureau of Criminal Apprehension (BCA) forensic science section, and to reduce turnaround time for drug testing. The goal is to reduce turnaround time to 30 days. Until the closing of the St. Paul crime lab the BCA's turnaround time was 60 days. New case submissions increased 55% in the first month after the closing.

Performance Measures:

Performance will be measured by the number of days it takes to complete lab tests.

General Fund	Expenditure	200	200	400	200	200	400
Other Funds	Expenditure	200	200	400	200	200	400
	Net Change	400	400	800	400	400	800

ARMER Maintenance

The Governor recommends increasing the appropriation from the 911 special revenue fund for transfer to the Department of Transportation (DOT) for maintenance of the Allied Radio Matrix for Emergency Responders (ARMER). Under this state/local partnership, the state builds and maintains the backbone of microwave transmission towers, and local governments share the cost of equipment. Public Safety is the lead agency, and DOT builds and maintains the backbone. Dedicated funding is provided from the 911 fee charged to citizens phone bills. The backbone is 86% complete. As the number of radio towers increases, the cost of maintaining them increases.

Performance Measures:

Performance will be measured by the amount of time the system is operational.

Other Funds	Expenditure	600	1,000	1,600	1,000	1,000	2,000
	Net Change	600	1,000	1,600	1,000	1,000	2,000

Maintenance of LiveScan Machines

The Governor recommends a base level appropriation to fund the maintenance of the Livescan machines that transmit fingerprints from local police to the Bureau of Criminal Apprehension. The state is then required to submit fingerprint information to the FBI. Because it's a state responsibility, the state purchased and maintains the Livescan machines used by local police. The 5 year warranty period on the machines is now running out, and the state will begin to incur maintenance costs.

Performance Measures:

Performance is measured based on continued identification of individuals booked into jail and convicted of crime, and by the availability of fingerprint data to the state and federal governments.

General Fund	Expenditure	310	389	699	389	389	778
	Net Change	310	389	699	389	389	778

Public Safety - Public Safety

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Technical Changes Related to Background Checks

The Governor recommends expanding the range of background checks the Bureau of Criminal Apprehension (BCA) provides to include retail liquor license holders, government employees, and household members of daycare providers. This proposal authorizes the BCA to charge the standard \$21.50 fee to recover the cost of doing the check.

Performance Measures:

Performance will be measured by the number of additional background checks performed for purposes of ensuring the safety of vulnerable individuals.

Other Funds	Expenditure	20	20	40	20	20	40
Other Funds	Revenue	20	20	40	20	20	40
	Net Change	0	0	0	0	0	0

MN School Safety Center

The Governor recommends reinstating the Minnesota School Safety Center (MnSSC) to provide emergency preparedness, response, and recovery, to schools, law enforcement, and community partners. MnSSC will work closely with state agencies and the federal government to provide schools with training, emergency plans, and procedures. The requested amount will fund 5 FTE and the necessary equipment and resources to perform these duties.

Performance Measures:

Performance will be measured by the number of schools that have completed a threat assessment.

General Fund	Expenditure	555	505	1,060	505	505	1,010
	Net Change	555	505	1,060	505	505	1,010
Net All Change Items	General Fund	1,630	1,659	3,289	4,979	2,016	6,995
	Other Funds	5,925	6,325	12,250	1,325	1,325	2,650
	Net Change	7,555	7,984	15,539	6,304	3,341	9,645

PublicSafety
All Funds FTE by Program

	Current	Forecast Base	Governor's Recommendation
Program	FY 2013	FY 2015	FY 2015
Public Safety - Public Safety	581.5	567.9	567.9
Public Safety - Transportation	1,543.8	1,537.2	1,537.2
PublicSafety	2,125.4	2,105.1	2,105.1

PublicSafety**Revenue Summary**

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	TAXES	1,350	1,996,279		1,997,629
	DEPARTMENTAL EARNINGS	38,232	20,277		58,509
	INVESTMENT INCOME	0			0
	ALL OTHER	128	13,556		13,684
	Subtotal	39,710	2,030,112		2,069,822
Dedicated	FEDERAL GRANTS	0	0	198,530	198,530
	DEPARTMENTAL EARNINGS		308,062		308,062
	INVESTMENT INCOME		46	0	47
	ALL OTHER	0	52,726	0	52,726
	Subtotal	0	360,834	198,531	559,365
Total	39,710	2,390,946	198,531	2,629,187	

Public Safety

Admin & Related Services

<https://dps.mn.gov>

Statewide Outcome(s):

Admin and Related Services supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

Admin and Related Services provides support to all divisions within the Department of Public Safety (DPS) so that the agency operates properly within the administrative structure of state government.

- The Commissioner's Office provides overall leadership as it relates to goals, strategies, and outcomes for operating a complex and successful state agency.
- Fiscal and Administrative Services (FAS) provides financial oversight and ensures that all transactions occur in a timely and efficient manner.
- Human Resources ensures DPS has the right people for the positions available and that DPS manages employees effectively within state law and union contracts.
- Office of Communications ensures agency messages are timely, instructive and relevant.
- MNIT@DPS provides technical support services to the agency.

Strategies:

- Work in partnership with DPS divisions to provide proactive solutions for department workforce needs and issues, which include recruiting and retaining great employees.
- Promote financial responsibility, efficient resource management and adherence to regulations through training, guidance, coordination and quality centralized support services.
- Deliver the department's message and responds to media requests on behalf of all divisions within DPS.

Results:

- DPS has been successful in meeting the performance goal of promptly paying vendor invoices. Payments are centrally processed in FAS, and FAS staff works with all divisions to ensure accurate and timely processing of all payments.
- As noted below, the time to hire has decreased to meet division needs and our worker's compensation costs have been reduced.
- The DPS website has been revised to make communication with the public more effective.

Performance Measures	Previous	Current	Trend
Prompt payment of agency invoices	99.11%	99.20%	Stable
Time to hire	65 calendar days	55 calendar days	Improving
Worker's Compensation cost pool	\$1.44 million	\$1.2 million	Improving

Performance Measures Notes:

Minnesota Statute Section 16A.124 requires state agencies to pay valid obligations to vendors within the vendor's early payment discount period, or within 30 days following receipt of the invoice. The statewide goal for agency compliance is 98 percent. Compliance statistics are supplied by Minnesota Management and Budget.

The Time-to-Hire Measure is a metric that calculates the time it takes for a hiring supervisor to fill a vacancy. The clock starts when the supervisor sends a DPS Hiring Form to Human Resources and it stops when an offer of employment is made and accepted by a qualified candidate.

Program: Admin & Related Services

Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$8,505	\$17,137	\$4,662	\$30,304
Current Law Expenditures (FY 2014-15)	\$8,032	\$17,387	\$5,540	\$30,959
Governor's Recommended Expenditures (FY2014-15)	\$8,216	\$17,587	\$5,540	\$31,343
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$184	\$200	\$0	\$384
% Change from FY 2014-15 Current Law to Governor's Rec	2%	1%	0%	1%

Program: Admin & Related Services**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$1,575	\$0	\$1,575
REVENUE		\$3,590	\$5,540	\$9,130
TRANSFERS IN	\$8,556	\$3,222		\$11,778
APPROPRIATION	\$9,800	\$15,456	\$0	\$25,256
SOURCES OF FUNDS	\$18,356	\$23,843	\$5,540	\$47,739
BALANCE FORWARD OUT		\$902	\$0	\$902
TRANSFERS OUT	\$10,140	\$5,354		\$15,494
EXPENDITURES	\$8,216	\$17,587	\$5,540	\$31,343
PAYROLL EXPENSE	\$766	\$9,583	\$260	\$10,609
OPERATING EXPENSES	\$3,516	\$7,788	\$5,280	\$16,584
OTHER FINANCIAL TRANSACTIONS		\$16		\$16
GRANTS, AIDS AND SUBSIDIES	\$3,934	\$200		\$4,134
USES OF FUNDS	\$18,356	\$23,843	\$5,540	\$47,739

Public Safety

Homeland Security & Emergency Management

<http://dps.mn.gov/divisions/hsem>

Statewide Outcome(s):

Homeland Security and Emergency Management (HSEM) supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

The mission of HSEM is to help Minnesota prevent, prepare for, respond to, and recover from natural and human caused disasters. The primary purpose of the program is to build communities that are prepared to respond to emergencies and have the resilience to quickly recover from the effects of disaster. The program consists of three budget activities.

The Emergency Management Performance Grant (EMPG) program ensures the state and counties have active and effective emergency management programs. The primary focus is on building readiness for all-hazards disasters and emergencies.

The Radiological Emergency Preparedness (REP) program assures the state has the capability to protect the public in the event of an incident or accident at Minnesota's two nuclear generating plants.

The Emergency Planning and Community Right-to-Know Act (EPCRA) program regulates facilities that use, store, and/or release hazardous materials. It informs communities of the hazardous materials in their jurisdiction and ensures the communities have adequate emergency response plans.

HSEM's primary customers are the county emergency management directors.

EMPG has a 50 percent federal and 50 percent nonfederal cost-share cash or in-kind match requirement. Minnesota's EMPG program is primarily federally funded, with 11 percent state general fund and two percent special revenue appropriations. REP is funded by the Nuclear Safety Preparedness Account in the special revenue fund. Assessments are levied on operators of Minnesota nuclear power plants and dry cask storage facilities to cover the cost of related emergency response programs. EPCRA is funded with a combination of general fund and environmental fund appropriations and generates revenue from fees assessed on facilities that use, store, or release hazardous materials.

Key partners are local emergency managers, first responder organizations (law enforcement, fire, and emergency medical services, etc.), professional associations, voluntary service organizations, functional needs specialists, private industry, citizen groups, state agency emergency preparedness response coordinators, U.S. Department of Homeland Security (DHS), Federal Emergency Management Agency (FEMA), Tribal nations, and elected officials at all levels of government.

Strategies:

To ensure the people in Minnesota are safe by building prepared and resilient communities, HSEM:

- Maintains the Minnesota Emergency Operations Plan (MEOP) and State All-Hazard Mitigation Plan.
- Coordinates the state's preparedness, response, recovery, and mitigation efforts.
- Coordinates the post-disaster damage assessment process, prepares requests for and administers federal disaster relief and hazard mitigation programs following presidential disaster declarations.
- Coordinates the state's homeland security preparedness with federal, state, and local officials.
- Maintains the state emergency operations center (SEOC) is in a constant state of readiness.
- Supports local government disaster preparedness efforts with financial assistance, planning support, training, exercises, and hazard mitigation support.
- Develops Minnesota emergency manager certification standards and conducts the training program.

- Enhances state emergency response capability by providing funding to community departments for chemical assessment teams, a hazardous materials response team, structural collapse technical rescue teams, bomb squads, and the statewide decontamination program.
- Conducts annual public awareness campaigns.
- Coordinates state and local emergency planning for nuclear power plant accidents or incidents.
- Conducts annual REP training for state, county, and local agencies.
- Conducts an annual comprehensive federally-evaluated exercise of response to a power plant incident.
- Maintains a database of hazardous material generating facilities, by community, that is available to first responders, emergency managers, and the public.
- Coordinates review of the Superfund Amendment and Reauthorization Act of 1986 (SARA Title III) portions of local emergency operations plans by regional review committees.
- Conducts annual training to improve hazardous material generating facility compliance with state and federal reporting requirements.

Results:

The strategies to build prepared and ready communities are effective when counties have appointed trained emergency managers, identified local threat hazards and conducted risk assessments, have an active hazard mitigation program, engaged the whole community in disaster preparedness, and developed, tested, and exercised their emergency response plans. While much progress is being made, we continue to strive for improved readiness by further advancing the emergency management profession, strengthening regional assessments and planning, increasing participation in the hazard mitigation program, and improving our capacity to provide mass care to disaster victims.

Fiscal pressures on local and state government are reducing the amount of human capital that is applied to disaster preparedness. At the same time, the requirements tied to federal funding are increasing, creating a very challenging imbalance. Additionally, the requirements for responding to nuclear generating plant accidents and incidents are constantly changing and becoming increasingly stringent.

Major initiatives to improve program performance include:

- Restructure the emergency manager training and certification program.
- Fully leverage the Emergency Management Training Center at Camp Ripley to establish a state integrated emergency management course (IEMC) program and expand our regular exercise program.
- Increase number of evacuee reception centers and capacity to decontaminate emergency workers (REP).

Performance Measures	Previous	Current	Trend
State-certified county emergency management directors	73.56%	75.86%	Increasing
State agency emergency preparedness requirement compliance	72.7%	72.7%	Stable
Counties with approved all-hazards plan	100%	100%	Stable
Counties with approved and adopted hazard mitigation plan	88.5%	82.75%	*Decreasing
Counties with validated threat hazard identification and risk assessments	N/A	0	**Stable
Certification and professional development training hours	16,171	17,100.5	Increasing
Exercises conducted	35	117	Increasing
Federally-evaluated REP exercise objectives met	96%	88.89%***	Decreasing
Facilities filing hazardous chemical inventories	6,362	6,524***	Increasing

Performance Measures Notes:

*Hazard mitigation plans expire five years after adoption. Of the 15 counties without a current plan, one is being reviewed by FEMA, five are approved pending local adoption, and nine are in development.

**This is a new performance measure. Initial regional threat assessments are due December 31, 2012.

***Preliminary figures.

Program: Homeland Security & Emerg Mgmt
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$50,959	\$12,260	\$177,078	\$240,297
Current Law Expenditures (FY 2014-15)	\$3,702	\$10,783	\$41,646	\$56,131
Governor's Recommended Expenditures (FY2014-15)	\$4,762	\$10,783	\$41,646	\$57,191
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$1,060	\$0	\$0	\$1,060
% Change from FY 2014-15 Current Law to Governor's Rec	29%	0%	0%	2%

Program: Homeland Security & Emerg Mgmt**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$82		\$82
REVENUE	\$0	\$9,437	\$41,646	\$51,083
TRANSFERS IN	\$812	\$1,208		\$2,020
APPROPRIATION	\$4,762	\$138	\$0	\$4,900
SOURCES OF FUNDS	\$5,574	\$10,865	\$41,646	\$58,085
BALANCE FORWARD OUT		\$82		\$82
TRANSFERS OUT	\$812			\$812
EXPENDITURES	\$4,762	\$10,783	\$41,646	\$57,191
PAYROLL EXPENSE	\$3,132	\$2,268	\$6,478	\$11,878
OPERATING EXPENSES	\$1,258	\$2,709	\$2,428	\$6,395
OTHER FINANCIAL TRANSACTIONS	\$0		\$20	\$20
GRANTS, AIDS AND SUBSIDIES	\$372	\$5,806	\$32,428	\$38,606
CAPITAL OUTLAY-REAL PROPERTY			\$292	\$292
USES OF FUNDS	\$5,574	\$10,865	\$41,646	\$58,085

Public Safety

Criminal Apprehension

<http://dps.mn.gov/divisions/bca>

Statewide Outcome(s):

The Bureau of Criminal Apprehension supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

The Bureau of Criminal Apprehension has four main components that work to ensure that justice is served.

- **Investigations** assists local law enforcement agencies with complex, multi-jurisdictional or long-term felony cases as well as consulting about state-of-the-art techniques and sophisticated technologies. This Division also houses the Predatory Offender Registration Unit, the Internet Crimes Against Children Task Force, the Financial Crimes Task Force as well as the Minnesota Joint Analysis Center.
- **Forensic Science Service** operates the state crime lab where scientific examinations of physical evidence collected by law enforcement across the state are conducted. When requested, Forensic Science Services will also gather evidence at homicide crime scenes. The laboratory findings contribute to solving crime, convicting the guilty and exonerating the innocent.
- **Minnesota Justice Information Services (MNJIS)** collects, manages and provides access to criminal justice information with a focus on integrating and sharing data electronically. The goal is to ensure that complete, timely and accurate information is available to make critical decisions during the criminal justice process.
- **Administrative Services** provides training, notification networks for various public safety purposes, the Operations Center and administrative support for the superintendent's office. These divisions serve all criminal justice professionals across the state and provide connectivity to the FBI and NLETS (data from other states). Funding sources are the general, trunk highway and special revenue funds as well as federal funds and grants.

Strategies:

- **Investigations** has 56 special agents; half of which are assigned to ten field offices around the State to ensure timely, effective responses to requests for assistance. The Investigations Division provides services in specialized areas that most local law enforcement agencies cannot support at the local level, so many BCA agents have developed expertise in specialized areas and provide it in support of local agency partners.
- **Forensic Science Service** scientists analyze evidence in the laboratory in the technical areas of drug identification, trace evidence (including arson), identification of firearms and tool marks, latent fingerprints, questioned documents, toxicology, nuclear DNA and mitochondrial DNA.
- **MNJIS** ensures data in over a dozen state and federal repositories is available electronically on a 24x7 basis and works to integrate that data to make it more useful to those authorized to access it. MNJIS provides training on access to and the appropriate use of the data and audits agencies to ensure that they are in compliance with authorized use policies.
- **Administrative Services** offers criminal justice professionals current and timely training to ensure that they have the most up-to-date techniques and tools available. Administrative Services hosts the Missing and Unidentified Persons Clearinghouse, the AMBER Alert System and the Crime Alert Network to provide assistance in finding individuals and notifying the public of possible criminal activity. The BCA Operations Center is the single, 24x7 answering point for natural disasters and man-made emergencies to connect local government with access to state agency resources.
- All parts of the Bureau interact with criminal justice agencies across the State, the FBI and others to ensure that justice in Minnesota is served. A comprehensive, strategic planning process will take place in Fall 2012 to better define performance measures and outcomes.

Results:

- **Investigations** provide timely, effective assistance when requested by local partner agencies. It also consults on the use of state-of-the-art technologies when requested.

- **Forensic Science Services** laboratory findings are accepted by the courts in Minnesota. These results support prosecution of crimes ranging from DWI to sexual assaults to homicide. An effective quality program produces laboratory results that are both trusted by and accepted by the criminal justice system.
- **MNJIS** systems and services ensure more data is electronically available and in an integrated format. Manual and/or paper processes are reduced while data accuracy and efficiency are increased. Access and use of data are captured in an audit trail which is used to conduct triennial reviews of each agency resulting in more transparency and compliance.
- **Administrative Services** continued its successful AMBER Alert program by providing notices that resulted in the safe recovery of two girls. It hosted 290 training classes with 6,745 participants in both classroom and on-line settings.

Performance Measures	Previous	Current	Trend
Predatory offenders in compliance with registration requirements	89% in 2005	94% in 2011	Stable
American Society of Crime Laboratory Directors/Laboratory Accreditation Board International Accreditation (http://asclid-lab.org)	Granted on 12/10/09	Maintained during yearly surveillance	Stable*
MNJIS to provide positive identification of individuals	10 years ago, took 6 weeks	2.5 minutes	Stable
MNJIS electronic charging process deployed across the State	10 counties in 2011	38 counties	Increasing
BCA Operations Center	9,633 calls resulting in 45,049 notifications in 2010	8,450 calls resulting in 37,124 notifications in 2011	Stable
MN Crime Alert Network	10 years ago, 916 alerts during the year	2,418 alerts issued during 2011	Stable

Performance Measures Notes:

*Reaccreditation due on 12/9/2014

Program: Criminal Apprehension
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$80,557	\$19,943	\$9,738	\$110,237
Current Law Expenditures (FY 2014-15)	\$80,540	\$19,515	\$1,511	\$101,566
Governor's Recommended Expenditures (FY2014-15)	\$82,769	\$30,205	\$1,511	\$114,485
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$2,229	\$10,690	\$0	\$12,919
% Change from FY 2014-15 Current Law to Governor's Rec	3%	55%	0%	13%

Program: Criminal Apprehension**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$1,425		\$1,425
REVENUE	\$0	\$13,557	\$1,511	\$15,068
TRANSFERS IN	\$13,918	\$11,532		\$25,450
APPROPRIATION	\$82,769	\$4,546	\$0	\$87,315
SOURCES OF FUNDS	\$96,687	\$31,060	\$1,511	\$129,258
BALANCE FORWARD OUT		\$853		\$853
TRANSFERS OUT	\$13,918			\$13,918
EXPENDITURES	\$82,769	\$30,205	\$1,511	\$114,485
PAYROLL EXPENSE	\$39,572	\$10,272	\$548	\$50,392
OPERATING EXPENSES	\$41,695	\$19,103	\$959	\$61,757
OTHER FINANCIAL TRANSACTIONS	\$226	\$32	\$0	\$258
GRANTS, AIDS AND SUBSIDIES	\$1,010	\$0		\$1,010
CAPITAL OUTLAY-REAL PROPERTY	\$266	\$798	\$4	\$1,068
USES OF FUNDS	\$96,687	\$31,058	\$1,511	\$129,256

Public Safety

Fire Marshal

<http://dps.mn.gov/divisions/sfm>

Statewide Outcome(s):

The State Fire Marshal Division supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

The mission of the State Fire Marshal Division (SFM) is to protect lives, property, and the environment through fire investigation, fire code development and enforcement, fire safety inspections, emergency response, data collection, and public fire and life safety education.

The SFM program addresses key issues of fire safety with the goal of preventing incidents from occurring which result in fire deaths, injuries, loss of property, and have a negative impact on the general public and economy of the state.

The program's primary customers include the general public, the Minnesota fire service, public schools, health care facilities, business and industry, construction contractors, hotels and motels, and day care and foster care facilities, among others.

The SFM program is funded by special revenue accounts (Fire Safety Account, and fire safety inspection fees from hotels and motels, public and charter schools, and day care / foster care facilities), and federal funds.

Strategies:

Key issues are addressed through investigation of incidents, inspection of regulated facilities, enforcement of federal and state laws, emergency response, data collection, training, and public education programs and services. Selected key strategies for addressing these issues include:

- Conduct fire inspections in regulated facilities to identify fire safety hazards and educate property owners and managers about the importance of maintaining fire safe facilities. The goal is to reduce the number of violations cited as people become able to self-identify potential safety issues and correct them without inspector intervention.
- Provide training for local fire and building code officials, fire protection contractors, and owners and managers of regulated businesses and industry. The goal is to increase understanding of the State Fire Code in order to properly apply code provisions which work to prevent fires from occurring.
- Provide fire investigation training to local fire and law enforcement officials. The goal is to improve fire investigation capabilities at the local government level so accurate origin and cause determinations are made, incendiary fires are identified and properly investigated, and arson cases are submitted for prosecution.
- Collect accurate and timely fire incident data for use in identifying Minnesota's fire problem. The goal is to increase the real-time collection of fire incident data through division's on-line incident reporting system so that program resources are utilized in the most effective manner.

Results:

The effectiveness of programs and services designed to address key issues is regularly analyzed using data from several sources including records of fire safety inspections conducted and correction orders issued, the amount of training provided to local fire and building code officials and fire investigation personnel, and data gathered by the division's statewide on-line fire incident reporting system.

Performance Measures	Previous	Current	Trend
Number of fire safety inspections conducted and violations cited. (Inspections / Citations)	2,990 / 9,954	3,007 / 9,077	Improving
Number of State Fire Code and fire investigation training programs conducted. (Number of Students / Student Contact Hours)	452 / 3,134	513 / 6,144	Improving
Number of fire departments using the on-line fire incident reporting system. (Number of departments / Number reporting on-line)	789 / 589	785 / 604	Improving

Performance Measures Notes:

The reduction in the number of fire safety violations cited is attributed to an increase in the education of property owners about the requirements of the State Fire Code and the importance of fire safety.

The upward trend in training programs is attributed to the expressed desire of local fire and building code officials, contractors, design professionals, and fire and law enforcement investigators for additional training which will:

- Aid them in the performance of their duties,
- Improve their ability to properly apply the provisions of the State Fire Code and,
- Improve the ability of local fire and law enforcement personnel to thoroughly investigate fires, properly identify the fire's origin and cause, and submit suspected arson cases for prosecution.

The upward trend in the number of fire departments reporting incidents using the division's on-line fire incident reporting system is attributed to the availability of the system at no cost to local government, and the value of the data available for local fire prevention and program planning purposes.

Program: Fire Marshal

Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$16,276		\$16,276
Current Law Expenditures (FY 2014-15)		\$12,651		\$12,651
Governor's Recommended Expenditures (FY2014-15)		\$12,651		\$12,651
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

Program: Fire Marshal

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$5,159		\$5,159
REVENUE		\$23,876		\$23,876
TRANSFERS IN		\$8,974		\$8,974
SOURCES OF FUNDS		\$38,009		\$38,009
BALANCE FORWARD OUT		\$5,039		\$5,039
TRANSFERS OUT		\$20,318		\$20,318
EXPENDITURES		\$12,651		\$12,651
PAYROLL EXPENSE		\$9,628		\$9,628
OPERATING EXPENSES		\$2,637		\$2,637
OTHER FINANCIAL TRANSACTIONS		\$88		\$88
CAPITAL OUTLAY-REAL PROPERTY		\$298		\$298
USES OF FUNDS		\$38,008		\$38,008

Public Safety

State Patrol

<http://dps.mn.gov/divisions/msp>

Statewide Outcome(s):

The State Patrol supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

- The State Patrol provides for the safe and efficient movement of traffic on Minnesota's roadways. The division works to reduce crashes, increase safety, and provide for the protection of Minnesota's citizens through enforcement, education, and assistance.
- The division addresses property damage, injury, and fatal crashes on Minnesota's roadways. It also addresses traffic safety issues such as speeding, impaired driving, lack of seat belt usage, and distracted driving. Additionally, the agency is charged with commercial vehicle enforcement and education activities as well as Capitol Complex security.
- Primary customers are the 4,007,753 licensed drivers in Minnesota, operating 6,887,625 registered motor vehicles, visitors to our state, pedestrians and bicyclists, in addition to assisting other local, county, state, and federal law enforcement agencies. Additional customers include the trucking industry and federal commercial vehicle related partners. The State Patrol serves 14,000 state employees and 300,000 visitors who visit the State Capitol each year.
- Sources of funding include trunk highway funds, special revenue funds, emergency 911 funds, and federal funds. Special revenue funds include motor vehicle title transfer surcharges, disposition of drug forfeitures, portion of the seat belt violation fine money, service fees for air patrol services, escort service fees, and E911 service fees. The general fund supports security activities at the State Capitol.

Strategies:

- The State Patrol enforces motor vehicle, commercial vehicle, and traffic related statutes to reduce the deaths, injuries, property damage, and life changing events on Minnesota's roadways.
- Educational programs and mass media efforts aim to increase voluntary compliance with driving behaviors that will make our roadways safer.
- Assists other federal, state, county, and local allied agencies in their public safety efforts.
- Strives to reduce the number of fatalities per 100 million miles traveled.
- Works with other law enforcement agencies in Minnesota, the Minnesota Department of Transportation, the Office of Traffic Safety, and other stakeholders involved in the traffic safety cause.
- The Commercial Vehicle Section works with federal partners, the trucking industry, and pupil transportation operations in Minnesota.
- The Capitol Security Section works with the employees and visitors on the Capitol Complex, including the Governor and other elected officials.

Results:

- Traffic safety strategies in Minnesota are working, as evident in the drastic reduction in fatal crashes over the past several years.
- Aggressive seat belt education and enforcement is increasing voluntary compliance to an all-time high.
- The number of alcohol involved fatalities continues to drop overall, however the percentage of fatalities being alcohol involved has remained relatively steady, with an increase from 2010 to 2011.
- Continued refinement of Minnesota's impaired driving laws, ignition interlock program, and enforcement programs will be aimed at reducing the number and percentage of alcohol involved fatalities.
- The fatality rate for commercial vehicle involved crashes declined greatly from 2010 to 2011.

Performance Measures	Previous	Current	Trend
Fatalities per 100 million miles traveled	.72	.65	Improving
Percentage of fatal crashes involving alcohol	32%	37%	Worsening*
Voluntary seat belt compliance rate	92.3%	92.7%	Improving
Commercial Motor Vehicle fatality rate per 100 million miles traveled	.17	.09	Improving

Performance Measures Notes:

*The total number of alcohol involved fatalities has decreased; however, the percentage of alcohol involved fatalities as increased.

Program: State Patrol

Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$6,287	\$182,592	\$10,274	\$199,152
Current Law Expenditures (FY 2014-15)	\$6,285	\$181,415	\$15,963	\$203,663
Governor's Recommended Expenditures (FY2014-15)	\$7,285	\$183,415	\$15,963	\$206,663
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$1,000	\$2,000	\$0	\$3,000
% Change from FY 2014-15 Current Law to Governor's Rec	16%	1%	0%	1%

Program: State Patrol**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$4,525	\$1,505	\$6,030
REVENUE		\$21,469	\$15,763	\$37,232
TRANSFERS IN	\$1,032	\$4,356		\$5,388
APPROPRIATION	\$7,284	\$161,948	\$0	\$169,232
SOURCES OF FUNDS	\$8,316	\$192,298	\$17,268	\$217,882
BALANCE FORWARD OUT		\$4,349	\$1,305	\$5,654
TRANSFERS OUT	\$1,032	\$4,534		\$5,566
EXPENDITURES	\$7,285	\$183,415	\$15,963	\$206,663
PAYROLL EXPENSE	\$6,450	\$146,074	\$9,700	\$162,225
OPERATING EXPENSES	\$835	\$32,497	\$2,958	\$36,290
OTHER FINANCIAL TRANSACTIONS		\$892	\$176	\$1,069
GRANTS, AIDS AND SUBSIDIES		\$48	\$2,365	\$2,413
CAPITAL OUTLAY-REAL PROPERTY		\$3,904	\$763	\$4,667
USES OF FUNDS	\$8,317	\$192,298	\$17,268	\$217,883

Public Safety

Driver & Vehicle Services

<http://dps.mn.gov/divisions/dvs>

Statewide Outcome(s):

Driver and Vehicle Services (DVS) supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

DVS maintains the integrity of the driver's license and ID card issuance process, the title issuance process, and the vehicle registration process in order to ensure accuracy and security, and to prevent fraud. DVS ensures the proper collection of fees and taxes which are used to support the state's transportation system and other state programs designed to protect the safety of the public. DVS operations are funded by the Driver Services Special Revenue Account and the Vehicle Services Special Revenue Account.

Strategies:

- Annually, DVS issues over one million license plates, offering more than 70 varieties of license plate designs. The plates are produced to make roadways safer through improved accuracy, readability, and reflectivity.
- DVS conducts routine audits of users of driver and motor vehicle data to determine if access to private information is appropriate and within statutory compliance.
- DVS collects tax revenue (motor vehicle sales tax, fuel taxes on commercial vehicles, and registration taxes) and performs audits to ensure the correct payment of fees and taxes so that the state has the necessary funding to improve highway safety and roadway standards.
- DVS issues certificates of title to provide evidence of vehicle ownership, mileage and the existence of any brands, in order to protect consumers as well as to record security interests (liens) to protect financial interests of banks and lending institutions.
- DVS regulates auto dealers, deputy registrars, and DL agents and ensures the correct payment of taxes and fees in order to protect consumers.
- DVS tests driving knowledge and skills to measure the competence of driver educators and driver license applicants in order to protect the public's safety.
- DVS issues driver's licenses after verification of identity and residency to ensure one driver, one license and one driving record in order to protect the public's safety and prevent fraud.
- DVS denies and/or withdraws driving privileges from those drivers who do not qualify or violate the law in order to keep unsafe drivers off the road.
- DVS partners with local, state, and federal regulatory and law enforcement agencies to deter auto theft and identify fraud, to promote highway safety and to protect the public's safety.
- DVS is designing, building and implementing the Minnesota Licensing and Registration System (MNLARS) to meet the changing business needs of our customers and to enhance customer service.

Results:

- Revenues are collected timely and accurately for distribution to appropriate state agencies and organizations.
- Records are promptly and accurately updated to assist law enforcement, courts and others.
- Motor vehicle fraud and theft crimes are deterred.
- Strategies to provide additional staff training in order to strengthen driver testing are working as borne out by statistics showing applicants who are taking tests are passing tests and licenses are being issued.
- Problem drivers are working toward reinstatement through programs including ignition interlock and driver diversion.
- The Driver and Vehicle Services Special Revenue accounts provide DVS with the necessary funding to carry out motor vehicle and driver services programs and regulations statewide.
- Routine audits of users are conducted to determine if access to private information is appropriate and within statutory compliance so that private data is protected.

- The implementation of internal controls and the auditing of motor vehicle and driver's license fees within 48 hours results in guaranteeing business practices are properly adhered to by DVS business partners.

Performance Measures	Previous	Current	Trend
Testing – written, road, CDL (commercial driver license)	550,908	556,700	Increasing
Vehicle Registrations issued	4,362,879	4,380,824	Increasing
Motor vehicle title certificates produced	1,205,580	1,190,451	Decreasing
Number of 24/7 self-service transaction performed	21%	21%	Stable

Performance Measures Notes:

Continue to assess customer needs related to the driver testing and license issuing processes by staying aware of demographic trends statewide. Adjust staffing needs as needed based on our finding through changes in work processing. Titling for new vehicles is currently at ten days and at 87 days for title transfers for used cars.

Between July 2011 and July 2012, title turnaround increased from 73 days to 95 days for certain vehicles (vehicles coming from out of state and some used cars). DVS is addressing the title backlogs through changes in work processing to reduce the backlog with the goal to decrease title turnaround to 30 days for all transaction types.

Continue to analyze current production processes, apply Lean principles, and implement process improvement changes.

Ongoing efforts to improve technology to offer timely customer service options.

Program: Driver & Vehicle Services
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$142,820	\$3,918	\$146,738
Current Law Expenditures (FY 2014-15)		\$168,237	\$8,720	\$176,957
Governor's Recommended Expenditures (FY2014-15)		\$171,758	\$8,720	\$180,478
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$3,521	\$0	\$3,521
% Change from FY 2014-15 Current Law to Governor's Rec		2%	0%	2%

Program: Driver & Vehicle Services**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN		\$62,372	\$6	\$62,378
REVENUE		\$156,894	\$8,720	\$165,614
TRANSFERS IN		\$4,018		\$4,018
APPROPRIATION		\$27,995	\$0	\$27,995
SOURCES OF FUNDS		\$251,279	\$8,726	\$260,005
BALANCE FORWARD OUT		\$39,811	\$6	\$39,817
TRANSFERS OUT		\$39,710		\$39,710
EXPENDITURES		\$171,758	\$8,720	\$180,478
PAYROLL EXPENSE		\$64,389	\$753	\$65,142
OPERATING EXPENSES		\$96,647	\$7,601	\$104,248
OTHER FINANCIAL TRANSACTIONS		\$10,704	\$366	\$11,070
GRANTS, AIDS AND SUBSIDIES		\$18		\$18
USES OF FUNDS		\$251,278	\$8,726	\$260,004

Public Safety

Gambling & Alcohol Enforcement

<http://dps.mn.gov/divisions/age>

Statewide Outcome(s):

Alcohol and Gambling Enforcement supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

Alcohol and Gambling Enforcement protects and serves the public through the uniform interpretation and enforcement of the state's liquor and gambling laws and rules. The division acts to maintain stability and integrity in the alcoholic beverage and gaming industry through management of licensing, education, enforcement and regulation.

The division addresses the licensing, sales, importation, manufacture and distribution of alcohol throughout Minnesota. It also addresses issues related to lawful gaming, illegal gambling, and other gambling related crimes. In addition, the division is responsible for licensing of gambling device distributors and manufacturers, background investigations for state and tribal entities, and the monitoring of tribal gaming as it relates to the compacts.

Primary customers include the entire alcohol and gambling industries and their associations, local and federal units of government, and other state, local and federal agencies. Additional customers include alcohol consumers, and citizens that engage in gambling activities.

Sources of funding include general fund appropriations, special revenue funds generated from the Indian Nation Compacts, criminal background check fees, and gambling forfeitures.

Strategies:

- Enforce laws related to lawful and illegal gambling to stop and prevent further criminal activity, and to prevent further financial loss to victims.
- Provide consistent enforcement and regulation of the alcohol industry to ensure safe manufacturing, importation, distribution and sales of alcohol.
- Provide training, information, assistance and education to industry and government officials, other law enforcement entities, and gaming regulators, to increase safety and compliance in the alcohol and gaming industries.
- Efficiently issue, approve, and certify, over 20,000 liquor licenses and 57,000 brand label registrations while maintaining and ensuring integrity in the alcoholic beverage industry.
- Perform background investigations and criminal history checks to ensure state gaming licensees, contractors and vendors are legitimate and operate within the law.
- Review tribal audits, provide background and criminal history checks for tribal entities, monitor and conduct inspections of Class III games, and work in collaboration with federal and tribal governments, to ensure the integrity of Indian gaming within Minnesota.

Results:

- Theft and/or mismanagement of charitable gambling funds have declined dramatically.
- Voluntary compliance and the integrity of the alcohol industry is increasing.
- Brand label registrations are reviewed for product safety and efficiently processed to ensure rapid product distribution for our primary customers.
- Our efficiency in completing criminal history checks allows our customers to more quickly process employment and licensing applications, and prevents disqualified applicants from entering the alcohol and gaming industries.

Performance Measures	Previous	Current	Trend
Charitable Gaming net cash shortages (2002-2011)	\$1,500,000	\$500,000	Improving
Alcohol Complaints (2005-2011)	1267	1075	Improving*
Industry & Government formal inquiries and request for assistance (2005-2010)	1249	2210	Improving*
Brand Label Registration processing (2011 to 2012)	30 days to process	4 days to process	Stable**
Increase in Criminal History Checks per year / Decline in processing time (2011 to 2012)	22,000/2 days	25,775/1 day	Stable**

Performance Measures Notes:

*Despite the increase in number of liquor licenses issued and the continuous growth in the alcohol industry, complaints have continued to decline and inquiries have continued to increase suggesting better voluntary compliance and continued integrity in the alcohol industry.

**Processes improved due to a Lean Kaizen efficiency improvement approach.

Program: Gambling & Alcohol Enforcement
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$3,165	\$1,756	\$204	\$5,125
Current Law Expenditures (FY 2014-15)	\$3,164	\$2,338	\$210	\$5,712
Governor's Recommended Expenditures (FY2014-15)	\$3,164	\$2,338	\$210	\$5,712
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%	0%	0%

Program: Gambling & Alcohol Enforcement
Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$1,186		\$1,186
REVENUE		\$2,279	\$210	\$2,489
TRANSFERS IN	\$976	\$618		\$1,594
APPROPRIATION	\$3,164	\$0	\$0	\$3,164
SOURCES OF FUNDS	\$4,140	\$4,083	\$210	\$8,433
BALANCE FORWARD OUT		\$734		\$734
TRANSFERS OUT	\$976	\$1,010		\$1,986
EXPENDITURES	\$3,164	\$2,338	\$210	\$5,712
PAYROLL EXPENSE	\$2,550	\$1,317	\$156	\$4,023
OPERATING EXPENSES	\$606	\$596	\$54	\$1,256
OTHER FINANCIAL TRANSACTIONS	\$8	\$64	\$0	\$72
CAPITAL OUTLAY-REAL PROPERTY		\$360		\$360
USES OF FUNDS	\$4,140	\$4,082	\$210	\$8,432

Public Safety

Traffic Safety

<http://dps.mn.gov/divisions/ots>

Statewide Outcome(s):

The Office of Traffic Safety (OTS) supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

Traffic crashes are the number one cause of death and serious injury for Minnesotans from the age of one through 34 years. The OTS supports programs to reduce traffic fatalities and serious injuries through increasing seat belt use, decreasing impaired driving, moderating speeds and reducing distracted driving behaviors. OTS programs include crash data improvement, traffic crash analysis and program evaluation.

These programs serve Minnesota citizens, local units of government and non-profit agencies. The programs are funded by a mix of special revenue funds, trunk highway fund appropriations and approximately \$20 million from the National Highway Traffic Safety Administration (NHTSA) programs which pass through to state and local entities to address traffic safety programs.

Strategies:

The OTS provides approximately 160 grants to 300 local units of governments and non-profit agencies to support strategies to improve motorists' behavior by using public education and outreach, traffic enforcement, policy development, and community safety programs. The OTS partners include the Minnesota State Patrol, Minnesota Department of Transportation, Minnesota Department of Health, Driver and Vehicle Services, Bureau of Criminal Apprehension, county and municipal governments and traffic safety advocate organizations. The OTS utilizes:

- Data driven proven countermeasures targeting populations that are overrepresented in traffic crashes which include high visibility enforcement coupled with public outreach and education.
- Strong traffic safety laws such as primary seat belt, graduated driver's license, driver license sanctions and ignition interlock.
- Strong partnerships with other state agencies and local stakeholders to address traffic safety in a collaborative effort statewide.

Results:

The OTS has been successful in meeting performance measures that are directly related to our strategies. Factors driving the performance trend are enhanced legislation, improved driver and passenger behavior, improved vehicle safety features, improved roadways, and improved emergency medical services.

Performance Measures	Previous	Current	Trend
Traffic Fatalities	458	368	Improving
Serious Injuries	1,519	1,159	Improving
Unbelted Fatalities	145	120	Improving
Alcohol Related Fatalities	138	111	Improving

Performance Measures Notes:

1. Performance measures compare five year average 2006-2010 (previous) to 2011 (current).
2. The statewide observational seatbelt survey indicates 93.6 percent of front seat vehicle occupants are wearing their seatbelts.

Program: Traffic Safety

Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$2,602	\$84,981	\$87,583
Current Law Expenditures (FY 2014-15)		\$2,486	\$85,331	\$87,817
Governor's Recommended Expenditures (FY2014-15)		\$2,486	\$85,331	\$87,817
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%	0%	0%

Program: Traffic Safety**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$377	\$256	\$633
REVENUE		\$1,856	\$85,306	\$87,162
TRANSFERS IN		\$200		\$200
APPROPRIATION		\$870	\$0	\$870
SOURCES OF FUNDS		\$3,303	\$85,562	\$88,865
BALANCE FORWARD OUT		\$186	\$231	\$417
TRANSFERS OUT		\$630		\$630
EXPENDITURES		\$2,486	\$85,331	\$87,817
PAYROLL EXPENSE		\$631	\$3,182	\$3,813
OPERATING EXPENSES		\$1,755	\$7,137	\$8,892
OTHER FINANCIAL TRANSACTIONS		\$100	\$110	\$210
GRANTS, AIDS AND SUBSIDIES			\$74,902	\$74,902
USES OF FUNDS		\$3,302	\$85,562	\$88,864

Public Safety

Pipeline Safety

<http://dps.mn.gov/divisions/ops>

Statewide Outcome(s):

Pipeline Safety supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

The mission of the Office of Pipeline Safety is to protect lives, property and the environment through the implementation of a program of gas and hazardous liquid pipeline inspections, enforcement, accident investigations and education.

Pipeline Safety inspectors provide oversight of the key issues of pipeline construction, operations and maintenance, records and field evaluations, integrity management plans, employee qualification programs and drug and alcohol testing programs.

The primary customers are the general public, utility companies, excavators and underground utility locators.

The Office is funded by a mix of special revenue funds that come from pipeline safety inspection fees and federal funds that come from an agreement with the Pipeline & Hazardous Materials Safety Administration (PHMSA) within the US Department of Transportation (DOT).

Strategies:

- Pipeline Safety staff are responsible for statewide inspections of the natural gas and hazardous liquid pipeline facilities. As agents for the US DOT, staff inspects 9,893 miles of interstate pipelines in addition to over 63,000 miles of intrastate pipelines.
- Pipeline Safety staff inspect 30 municipal gas systems, 14 private gas distribution systems and over 90 pipeline facility operators.
- Staff responds to pipeline accidents and incidents, working cooperatively with the National Transportation Safety Board, the US DOT/PHMSA and the Minnesota Pollution Control Agency.
- Staff promote damage prevention, enforce the Gopher State One Call law (requires excavators to call before they dig and utility operators to mark their facilities), supports an emergency notification center, and maintains data and maps on pipelines.
- Staff also conduct dig safely education seminars at several utility coordinating committee events, public speaking opportunities, pipeline operator training and damage prevention seminar's.

Results:

- Strategies listed above are directed toward preventing accidents, fatalities, injuries and property damage. Minnesota statistics in these areas are very favorable when compared to other Midwestern States.

Performance Measures	Previous	Current	Trend
Number of damages to gas pipelines per 1,000 locates (excavations called in to the one call center)	2.16/1,000	2.19/1,000	Stable
Number of significant pipeline incidents in Minnesota	10	3	Decreasing
Number of fatalities at pipeline incidents in Minnesota	0	0	Stable

Performance Measures Notes:

Pipeline Safety staff respond onsite or by telephone to all damages reported in to the State Duty Officer (required for operators). Reports are completed on all damages. Education on proper/improper techniques is provided where necessary and can include warnings and penalties.

Significant pipeline incidents data is obtained from PHMSA website. Significant is defined in terms of deaths, injuries and property damage.

Fatal pipeline incident investigations are completed in cooperation with PHMSA, the NTSB and pipeline company investigators (when appropriate).

Program: Pipeline Safety

Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$2,062	\$3,096	\$5,158
Current Law Expenditures (FY 2014-15)		\$2,908	\$3,348	\$6,256
Governor's Recommended Expenditures (FY2014-15)		\$2,908	\$3,348	\$6,256
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%	0%	0%

Program: Pipeline Safety

Sources and Uses

(Dollars in Thousands)

Biennium FY14-FY15				
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$243	\$0	\$243
REVENUE		\$3,062	\$3,348	\$6,410
SOURCES OF FUNDS		\$3,305	\$3,348	\$6,653
BALANCE FORWARD OUT		\$397		\$397
EXPENDITURES		\$2,908	\$3,348	\$6,256
PAYROLL EXPENSE		\$1,510	\$2,690	\$4,200
OPERATING EXPENSES		\$1,378	\$598	\$1,976
OTHER FINANCIAL TRANSACTIONS		\$20	\$60	\$80
USES OF FUNDS		\$3,305	\$3,348	\$6,653

Public Safety

Office of Justice Programs

<http://dps.mn.gov/divisions/ojp>

Statewide Outcome(s):

The Office of Justice Programs (OJP) supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

OJP provides funding, training and technical assistance to local, tribal, and state entities in support of critical safety programming.

The mission of OJP is to improve community safety and assist crime victims.

- Key Issues:
 - Youth and community crime prevention and intervention
 - Juvenile and Criminal Justice system improvement
 - Reduced recidivism
 - Crime victim rights and restoration
 - Multi-jurisdictional violent crime enforcement
- Primary Customers: Local, tribal and state grantees, criminal justice professionals and victims of crime.
- Funding: state general fund, special revenue, restitution, sub-rogation, state inmate wages and federal formula and discretionary grants.

Strategies:

- OJP administers evidence-based and promising practice grant programs designed to improve personal and community safety and/or enhance the functioning of the criminal justice system. Program types include: youth and community crime prevention and intervention; juvenile delinquency prevention; substance abuse in the jail and correctional setting; offender reentry; problem solving courts; criminal and juvenile justice technology; forensic lab; automated victim notification systems; violent crime enforcement teams and safety and support services for victims of domestic violence, sexual assault, child abuse and general crime.
- OJP provides monitoring services and technical assistance to grantees to ensure appropriate expenditure of funds and optimal program outcomes.
- OJP provides reimbursement of costs incurred as a result of a violent crime to help victims recover their health and economic stability.
- OJP investigates violations of crime victim rights to ensure justice and improve victim satisfaction.
- OJP provides information and assistance in navigating the criminal justice system to provide clarity and an opportunity for meaningful victim participation in the process.
- OJP provides best practices training for crime victim service providers and juvenile and criminal justice practitioners to improve program services.
- OJP provides criminal and juvenile justice information to the public and practitioners and conducts and disseminates relevant juvenile and criminal justice research to improve safety outcomes.
- Key partners include: Grantees, Crime Victim Coalitions, Criminal and Juvenile Justice Practitioners and Associations, Chief and Sheriff's Association's, Bureau of Criminal Apprehension, Community Organizations, Departments of Corrections, Health, Education and Human Services, Minnesota Housing Finance, the Reparations Board, Juvenile Justice Advisory Committee and the Violent Crime Coordinating Council.

Results:

Performance Measures	Previous	Current	Trend
# of youth engaged in prevention/intervention programming	10,000	10,000	Stable
# of domestic violence victims provided emergency shelter who created a safety plan	10,139	9,739	Worsening*
# of guns seized	662	694	Improving
% of reparations claimants who rated services fair, good or very good	97%	98%	Stable
% of trainees rating training as meeting their expectations	85%	97%	Improving
% of grantees who rated technical assistance helpful		Pending	

Performance Measures Notes:

Crime has dropped significantly across the nation over the last five years. Total arrests in Minnesota declined by 20.4 percent from 2006 to 2011; adult arrests by 16.3 percent and juvenile arrests by 33 percent. While criminal justice researchers are somewhat baffled as to all the reasons for the downward trend they do cite programming that engages young people in healthy activities, focused data driven law enforcement strategies and implementation of research and/or evidence based juvenile and criminal justice programming as contributing factors. OJP is committed to researching best practices, disseminating up to date information and supporting multi-disciplinary, research and evidence-based strategies to improve safety and effectively serve victims of crime in Minnesota.

*Worsening trend likely due to longer lengths of stay due to lack of affordable housing

Program: Office Of Justice Programs
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$66,030	\$1,383	\$38,751	\$106,164
Current Law Expenditures (FY 2014-15)	\$65,920	\$1,618	\$34,385	\$101,923
Governor's Recommended Expenditures (FY2014-15)	\$65,920	\$1,618	\$34,385	\$101,923
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%	0%	0%

Program: Office Of Justice Programs**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$2,695		\$2,695
REVENUE	\$0	\$1,752	\$34,381	\$36,133
TRANSFERS IN	\$58,888	\$706		\$59,594
APPROPRIATION	\$65,920	\$192	\$0	\$66,112
SOURCES OF FUNDS	\$124,808	\$5,345	\$34,381	\$164,534
BALANCE FORWARD OUT		\$3,728		\$3,728
TRANSFERS OUT	\$58,888			\$58,888
EXPENDITURES	\$65,920	\$1,618	\$34,385	\$101,923
PAYROLL EXPENSE	\$3,298	\$786	\$1,619	\$5,703
OPERATING EXPENSES	\$5,360	\$600	\$3,657	\$9,617
OTHER FINANCIAL TRANSACTIONS	\$1,346		\$1,195	\$2,541
GRANTS, AIDS AND SUBSIDIES	\$55,916	\$232	\$27,914	\$84,062
USES OF FUNDS	\$124,808	\$5,346	\$34,385	\$164,539

Public Safety Emergency Comm Networks

<http://dps.mn.gov/divisions/ecn>

Statewide Outcome(s):

The Emergency Communication Networks (ECN) supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

The radio communication capability of emergency responders is often a matter of life or death. The analog radio systems used for the past 60 years are outmoded and problematic by today's technology standards. The 911 system is also a critical communications system that allows the citizens of Minnesota to request emergency assistance. The current system is over 30 years old and is not able to accommodate text to 911 or services like OnStar that allow vehicles to send accident information. The ECN program was created to plan, organize, implement, and operate a state of the art digital radio system and 911 high speed network that allows better communication within each public safety entity (individual police departments), and also across public safety providers (police, fire, state patrol, ambulance, sheriff, BCA, and others).

- ECN works closely with local governments to create a system that meets the unique needs of each local government that chooses to participate. All local government involvement is voluntary. The construction and operation of a statewide network of microwave cell towers (the "backbone" of the radio system) is ECN's responsibility. Local governments are responsible for planning, building and equipping the local systems that communicate through the backbone.
- Primary customers include public safety officials and responders; local units of government; state agencies such as Departments of Transportation, Corrections, Natural Resources, National Guard, State Patrol; federal agencies; tribal units of government and citizens of Minnesota requesting emergency assistance.
- The ECN programs are funded from revenues collected from a 911 fee paid by every telephone communications customer and deposited in the 911 Special Revenue Account. The radio system is provided through revenue bonds sold by the state, paid for through the 911 fee.

Strategies:

- Deliver customer focused data and voice network solutions that enhance public safety interoperable communications for emergency responders.
- Support the Statewide and Regional Governance structure set up to ensure regional committees work within a Statewide Communications Interoperability Plan framework.
- Achieve 95% mobile coverage across all rural and metro counties in the state.
- Create statewide standards and operating procedures in partnership with state and local users.
- Provide grant dollars to local units of government to purchase necessary equipment needed to respond to requests for emergency assistance.
- Develop training to support regular comprehensive region-wide training and exercises.

Results:

- Providing consistent public safety communications technology statewide to all counties allows seamless communication across county and city boundaries and across public safety disciplines as demonstrated below:
 - Missing child in Wisconsin: Minnesota emergency personnel communicated with Wisconsin emergency personnel via ARMER radios patched into VHF users in Wisconsin. Prior to ARMER, Minnesota volunteers would not have had radio coverage in the area.

- Presidential visit to Cannon Falls: rapid radio coordination, necessary between Secret Service, law from various counties, local public works and State Patrol demonstrates a multi discipline use of one shared system with other systems.
 - Northeast Minnesota floods of 2012: ARMER system utilized for all emergency communications in lieu of the public telephone network. ARMER radios used across all public safety disciplines as well as used by 911 network provider to communicate with personnel in the area working to bring up local network.
 - Fires in Northeast Minnesota of 2012: The Department of Natural Resources, Lake and St. Louis county law enforcement and fire report mobile coverage good even without all the towers completed in the area.
- Supporting the Statewide and Regional governance structure and it's committees allows for ongoing creation of technical and operational standards with input from local responders and other state agencies such as Minnesota Department of Transportation.
 - Alignment with federal homeland security strategic goals and initiatives provides state and local governments the ability to handle major emergency incidents in compliance with federal incidence command and provide the state and counties with additional grant dollars for equipment and training. On line ARMER training developed in partnership with Alexandria Technical College.

Performance Measures	Previous	Current	Trend
Build out of 324 tower sites statewide to provide 95% mobile coverage across all rural and metro counties in the state	65% or 200 towers on air	81% or 265 towers on air	Improving
Counties migrated to the ARMER statewide Interoperable Public Safety Radio Communications system	20	37*	Improving
Public Safety Answering Points migrated to NG911 network	0	5	Improving
911 Dispatch Centers able to receive telephone number and address information from wireless, Voice over Internet Protocol (VoIP), and wireline devices	100%	100%	Stable
911 PSAP Consolidations	10	14	Improving

Performance Measures Notes:

- 72 of 87 counties have signed Board Resolutions with the intent to join the ARMER system. Counties are in various stages of migration due to availability of towers with the goal to be on air December 31, 2012.
- PSAP Consolidation decisions are at the discretion of the local units of government.

Program: Emergency Comm Networks
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$75,300	\$13,415	\$88,715
Current Law Expenditures (FY 2014-15)		\$65,260	\$2,202	\$67,462
Governor's Recommended Expenditures (FY2014-15)		\$65,260	\$2,202	\$67,462
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%	0%	0%

Program: Emergency Comm Networks

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$10,693	\$300	\$10,993
REVENUE		\$122,837	\$1,902	\$124,739
TRANSFERS IN		\$95,832		\$95,832
SOURCES OF FUNDS		\$229,362	\$2,202	\$231,564
BALANCE FORWARD OUT		\$2,082		\$2,082
TRANSFERS OUT		\$162,620		\$162,620
EXPENDITURES		\$65,260	\$2,202	\$67,462
PAYROLL EXPENSE		\$1,644		\$1,644
OPERATING EXPENSES		\$33,882		\$33,882
GRANTS, AIDS AND SUBSIDIES		\$29,734	\$2,202	\$31,936
USES OF FUNDS		\$229,962	\$2,202	\$232,164

Public Safety

MN Firefighters Trng. & Educ

<http://www.mbfte.state.mn.us>

Statewide Outcome(s):

The Board of Firefighter Training & Education supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

The mission of the Minnesota Board of Firefighter Training & Education (MBFTE) is to standardize fire training by providing funding and licensing firefighters. Board members are appointed by the Governor as specified in Minnesota Statutes Chapter 299N (<https://www.revisor.mn.gov/statutes?id=299N>).

The board consists of the following representatives:

- the Minnesota State Fire Department Association (5),
- the Minnesota State Fire Chiefs Association (2),
- the Minnesota Professional Firefighters (2),
- the League of Minnesota Cities (2),
- the Association of Townships (2),
- and 1 public member not affiliated with these groups.

The board's key issues are to review fire service training needs; make recommendations; establish standards for educational programs, including oversight and instructor qualifications; and licensing firefighters. Licensing is mandatory for full-time firefighters, and voluntary for volunteers.

The board's primary customers are the state's fire chiefs, firefighters, and local government officials. Key partners include public agencies and private companies that provide fire training. All citizens and visitors to the state are stakeholders.

Funding comes from the Special Revenue Fund – Fire Safety Account. The amount provided is based on a recommendation by the Fire Service Advisory Committee to the commissioner of Public Safety.

Strategies:

- Members bring issues from the groups they represent to the board for discussion. Strategies are then developed through the training or licensing committees.
- Funding for approved training is provided on a reimbursement basis to fire departments for training that meets national or state standards.
- Funding is also provided to fire service associations and groups, for seminars, workshops, and conferences. This lowers the cost and allows more firefighters to take specialized training.

Results:

The driving factor behind the growing number of trained firefighters is the growing number of fire departments participating in the training reimbursement program. This is a direct result of the board's outreach program to statewide, regional and local fire service groups.

Local fire chiefs report that for many firefighters, achieving the level of Firefighter I and II (including Hazardous Materials Operations level) was a direct result of funding provided by the MBFTE.

Performance Measures	Previous	Current	Trend
Number of fire departments requesting reimbursement	344	524	Improving
Number of fire departments that have never requested funds	284	163	Improving
Number of firefighters trained through this program	8,684	13,754	Improving

Performance Measures Notes:

There are a total of 785 fire departments in Minnesota. The number listed above as “current” is for Round 5 of the reimbursement program. Because of a special effort by MBFTE staff, the number of fire departments participating in this program increased substantially in Round 5.

Program: Mn Firefighters Trng. & Educ.
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$4,058	\$72	\$4,129
Current Law Expenditures (FY 2014-15)		\$5,528	\$204	\$5,732
Governor's Recommended Expenditures (FY2014-15)		\$5,528	\$204	\$5,732
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%	0%	0%

Program: Mn Firefighters Trng. & Educ.

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$368		\$368
REVENUE		\$225	\$204	\$429
TRANSFERS IN		\$5,400		\$5,400
SOURCES OF FUNDS		\$5,993	\$204	\$6,197
BALANCE FORWARD OUT		\$465		\$465
EXPENDITURES		\$5,528	\$204	\$5,732
PAYROLL EXPENSE		\$412		\$412
OPERATING EXPENSES		\$206	\$204	\$410
GRANTS, AIDS AND SUBSIDIES		\$4,910		\$4,910
USES OF FUNDS		\$5,993	\$204	\$6,197

DEPARTMENT OF PUBLIC SAFETY

Federal Funds Summary

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2012 Revenues	SFY 2013 Revenues	Estimated SFY 2014 Revenues	Estimated SFY 2015 Revenues	Outcome
		Match	MOE					
Program 01 Administration & Related								
Information and Public Education, National Highway Traffic Safety Administration (NHTSA). Programs designed to reduce the number and severity of traffic crashes that occur in Minnesota by changing driver behavior. They include funding to the communications activity for information and public education awareness.	No	No	No	186	260	250	250	Safety
NHTSA Highway Safety Paid Media. Grant designed to reduce the number and severity of traffic crashes that occur in Minnesota by changing driver behavior through advertising.	No	No	No	1,607	1,380	2,100	2,100	Safety
NHTSA Highway Safety Media Relations. Provides grant monies to fund program costs for the communications division to manage public service announcements and advertisements for the Office of Traffic Safety division.	No	No	No	206	300	300	300	Safety
Motorcycle Safety Public Information. Funding to improve motorcycle safety by funding communications activity for information and public education awareness.	No	No	No	133	120	120	120	Safety
Program 01 TOTAL				2,132	2,060	2,770	2,770	
Program 02 Homeland Security and Emergency Management								
Disaster Assistance Grants (Public Assistance). Funding provided to the state after a presidential declaration of a major disaster. Provides assistance to local governments, state agencies, Indian Tribes and eligible private-non-profit entities to cover 75% of emergency costs and infrastructure repair/replacement costs resulting from the disaster. Individuals and Households Program (IHP). Funding provided to the state after a presidential declaration of a major disaster. Provides assistance to eligible disaster victims for serious needs and necessary expenses caused by the disaster. Other individual assistance programs are available for disaster unemployment and crisis counseling. The federal government contribution to IHP is 75%; the state is obligated to pay the remaining 25%.	No	Yes	No	36,268	40,050	639	639	Safety

DEPARTMENT OF PUBLIC SAFETY

Federal Funds Summary

Federal Award Name + Brief Purpose	New grant	Required state match/MOE?		SFY 2012 Revenues	SFY 2013 Revenues	Estimated SFY 2014 Revenues	Estimated SFY 2015 Revenues	Outcome
		Yes	No					
Emergency Management Performance Grant (EMPG). This program supports state emergency planning, training, and exercise programs. It also supports hazard mitigation, operational readiness, and regional support, including grants to counties to support local emergency management programs.	No	Yes	No	4,896	7,200	5,993	5,993	Safety
Hazardous Materials Emergency Preparedness (HMEP). This program supports hazardous materials incident preparedness-related planning, training, and exercises, local public safety support group development, and special projects that involve hazardous materials accident/incident preparedness.	No	Yes	No	412	458	458	458	Safety
Hazard Mitigation Grant Program (HMGP). This program provides assistance to local governments, state agencies, and eligible private, non-profit entities to fund activities/projects that will reduce the impact of future disasters.	No	No	No	3,850	6,196	282	282	Safety

DEPARTMENT OF PUBLIC SAFETY

Federal Funds Summary

Federal Award Name + Brief Purpose	New grant	Required state match/MOE?		SFY 2012 Revenues	SFY 2013 Revenues	Estimated SFY 2014 Revenues	Estimated SFY 2015 Revenues	Outcome
		Yes	No					
<p>Pre-Disaster Hazard Mitigation Program. This program provides funding to States and communities for cost-effective hazard mitigation activities that reduce injuries, deaths, and property damage.</p>	No	No	No	899	4,406	2,696	2,696	Safety
<p>Homeland Security. This program provides funding for a number of homeland security preparedness and prevention activities through planning and training, equipment acquisitions and exercises:</p> <ul style="list-style-type: none"> ● Buffer Zone Protection Program. Increase preparedness capabilities of jurisdictions responsible for safeguarding critical infrastructure sites and key resources assets, such as chemical facilities and nuclear power plants, through planning and equipment purchases. ● Transit Security Grant Program. Protect critical transit infrastructure from terrorism. ● Port Security Grant. Protect critical infrastructure from terrorism through training and exercises, enhance maritime domain awareness and risk management capabilities to protect against improvised explosive devices and other non-conventional weapons. ● Operation Stonegarden. Enhance law enforcement and border security operations with states bordering Canada. ● Public Safety Interoperable Communications Grant. Assist public safety agencies in the acquisition of, deployment of, or training for the use of interoperable communications systems that can utilize or enable interoperability with communications systems that can utilize reallocated public safety spectrum for radio communications. 	No	Yes	No	29,520	42,844	10,755	10,755	Safety
<p>Minnesota School Safety Center (MnSSC). This program is an essential school safety resource for schools, law enforcement and community partners that provide information, guidance, training and technical assistance on Prevention, Preparedness, Response and Recovery and its endeavors are supported by extensive research and development of best practices for facilitating safe school environments.</p>	No	No	No	36				Safety
Program 02 TOTAL				75,881	101,154	20,823	20,823	
Program 03 Bureau of Criminal Apprehension								

DEPARTMENT OF PUBLIC SAFETY

Federal Funds Summary

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2012 Revenues	SFY 2013 Revenues	Estimated SFY 2014 Revenues	Estimated SFY 2015 Revenues	Outcome
Forensic DNA Programs. The goals and objectives of these programs are to improve infrastructure and analysis capacity so that DNA samples can be processed efficiently and cost-effectively and to provide needed support to allow the lab to process backlogged DNA cases that would otherwise not be analyzed in a timely manner.	No	No	No	708	777	333		Safety
National Forensic Science Improvement Act (NFSIA). This program provides funding to the forensic science laboratory for improved efficiency and productivity of operations. This funding is available for non-DNA related casework.	No	No	No	143	201			Safety
COPS Methamphetamine. These funds are provided to reduce methamphetamine use in Minnesota. Funding is used to assist local law enforcement agencies by providing technical assistance and, where local jurisdictions do not have adequate funds.	No	No	No	21	74			Safety
COPS Child Sexual Predator. These funds will enhance the capabilities of the Internet Crimes Against Children task force through increased investigative resources, training, and equipment that will provide for additional investigations of child sexual predators throughout the state.	No	No	No	95	42			Safety
Marijuana Eradication. These funds are used in locating and eradicating illicit cannabis plants and in the investigation and prosecution of cases before the courts of the United States and the courts of the state of Minnesota involving controlled substances.	No	No	No	75	20			Safety
National Highway Traffic Safety Administration NHTSA 164 Repeat DWI Offender. Partially funds an eCharging Service that will allow for routing, temporary retention, filing and printing on demand of all charging documents (including electronic signature) for all felony, gross misdemeanor and statutory misdemeanor cases including DWI cases. The system will allow for filing forms required to take administrative action to revoke a person's driver license.	No	No	No	464	487	305	83	Safety
Minnesota Justice Information System (MNJIS) – 2008 Congressional Appropriation (COPS). These funds are to implement pilot projects for the Name Event Index Service (NEIS) and the electronic Charging Service (eCharging).	No	No	No	120	60			Safety

DEPARTMENT OF PUBLIC SAFETY

Federal Funds Summary

Federal Award Name + Brief Purpose	New grant	Required state match/MOE?		SFY 2012 Revenues	SFY 2013 Revenues	Estimated SFY 2014 Revenues	Estimated SFY 2015 Revenues	Outcome
		Yes	No					
Minnesota Joint Analysis Center (MNJAC). Funding supports coordination of information sharing functions between federal, state, local and tribal law enforcement agencies as well as other public safety agencies and the private sector. MNJAC collects, evaluates, analyzes and disseminates information regarding organized criminal, terrorist and all-hazards activity in the state while complying with state and federal law to ensure the rights and privacy of all.	No	No	No	394	636	311		Safety
Breath Test Enhancement and Integration Project. Funds to be used to replace all existing breath test instruments in the state and connect them to the BCA via a secure network. The new breath testing instruments will be integrated with the eCharging system that will provide for law enforcement to electronically file forms to administratively revoke a person's driver's license and criminally charge for driving impaired.	No	No	No	1,638	279			Safety
National Criminal History Improvement Program (NCHIP). Funding enables States to improve criminal history records through technology projects that improve public safety by facilitating accurate and timely identification of persons by enhancing the quality, completeness and accessibility of the nation's criminal history record systems.	No	Yes	No	259	338	24		Safety
Missing Persons Grant. Grant to laboratories with capability to perform DNA analysis on samples from missing person's cases and funds identification, selection, and transportation of samples; sample analysis; and review and upload of DNA profiles into CODIS.	No	No	No	0	216	148		Safety
MN Financial Crimes. Infrastructure funding that supports the functioning of the MN Financial Crimes Task Force and the integration of information from multiple law enforcement agencies statewide in the investigation of financial crimes.	No	No	No	93	100	100		Safety
Cold Case. Enhance identification, review and analysis of unsolved "cold case" homicides.	Yes	No	No	86	376			Safety
Adam Walsh. Funding to develop and/or enhance sex offender registration and notification programs.	Yes	No	No	291	9			Safety
Internet Crimes Against Children (ICAC). Engage in proactive investigations, forensic examinations and effective prosecutions of internet crimes against children.	Yes	No	No	249	186			Safety

DEPARTMENT OF PUBLIC SAFETY

Federal Funds Summary

Federal Award Name + Brief Purpose	New grant	Required state match/MOE?		SFY 2012 Revenues	SFY 2013 Revenues	Estimated SFY 2014 Revenues	Estimated SFY 2015 Revenues	Outcome
		Yes	No					
National Highway Traffic Safety Administration (NHTSA) Drug Detecting. Funding to assist in developing, and validating methods for the analysis of new designer drugs, which are classified as controlled substances under current Minnesota law.	Yes	No	No	55	125	28		Safety
Order for Protection (OFP) Database Project 2012. Grant to replace the OFP database system at the MN Judicial Branch and to warrant that contractor system analysts create and ensure effective data system connectivity between the BCA and the Judicial Branch.	Yes	No	No	11	89			Safety
National Institute of Justice (NIJ) Development of Individual Handwriting 16560. Provide a scientific basis of what features or information needs to be involved during a forensic handwriting examination and statistical data that supports the conclusions reached from such examinations.	Yes	No	No	2	319	79		Safety
National Institute of Justice (NIJ) Reliability Measures Blood Stain Pattern Analysis (BSPA). Establish baseline date for the reliability of pattern recognition methods used in BSPA.	Yes	No	No	122	336	100		Safety
Sex Offender Registration and Notification Act (SORNA). Developing and strengthening sex offender registration and notification programs	Yes	No	No		162			Safety
Program 03 TOTAL				4,826	4,832	1,428	83	
Program 04 State Fire Marshal								
None								
Program 04 TOTAL								
Program 05 State Patrol								

DEPARTMENT OF PUBLIC SAFETY

Federal Funds Summary

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2012 Revenues	SFY 2013 Revenues	Estimated SFY 2014 Revenues	Estimated SFY 2015 Revenues	Outcome
Federal Motor Carrier Safety Administration Grants <ul style="list-style-type: none"> Motor Carrier Safety Assistance Program (MCSAP). Provides financial assistance to States to reduce the number and severity of accidents and hazardous materials incidents involving commercial motor vehicles (CMV) through consistent, uniform, and effective CMV safety programs. New Entrant Safety Assurance Program (NESAPP). Establishes requirements to improve the safety performance of new US and Canadian motor carriers. Border Grants. Ensure that commercial motor vehicles operating within the international border region perform in a safe manner and do not transport contraband materials. High Priority Grant. Increases CMV and non-CMV traffic enforcement including programs such as Ticketing Aggressive Cars and Trucks (TACT). 	No	Yes	Yes	2,200	3,012	4,777	4,777	Safety
National Highway Traffic Safety Administration (NHTSA). Grants issued through the DPS Office of Traffic Safety (OTS) and provide funding for Impaired Driving and Seat Belt enforcement, and Drug Recognition Experts. The State Patrol also administers grants to local agencies under Impaired Driving and Seat Belts to enforce DWI and Seat Belt laws.	No	No	No	1,499	391	1,776	1,776	Safety
Highway Enforcement of Aggressive Traffic Program (HEAT). Funded by NHTSA and MnDOT; administered by MnDOT and State Patrol to provide enhanced speed enforcement saturations on a statewide basis and is key tool in the Toward Zero Deaths (TZD) effort.	No	No	No	864	127	1,100	1,100	Safety
Surface Transportation Act – Red-dyed fuel. Grant issued through MnDOT from the Surface Transportation Act funding to facilitate the inspection of fuel used in motor vehicles for on-highway use to ensure proper fuel taxes have been applied.	No	No	No	69	157	117	117	Safety
Bullet Proof Vest Partnership (BPV). Funds up to 50% of the cost of each vest purchased or replaced by the State Patrol for State Troopers.	No	Yes	No	80	30	30	30	Safety

DEPARTMENT OF PUBLIC SAFETY

Federal Funds Summary

Federal Award Name + Brief Purpose	New grant	Required state match/MOE?		SFY 2012 Revenues	SFY 2013 Revenues	Estimated SFY 2014 Revenues	Estimated SFY 2015 Revenues	Outcome
		Yes	No					
Federal Emergency Management. To enhance the ability of the State, local and tribal governments to prepare, prevent, respond to, and to recover from the devastating effects of terrorist attacks and other disasters.	No	No	No	260	82	82	82	Safety
Program 05 TOTAL				4,972	3,799	7,882	7,882	
Program 07 Driver & Vehicle Services								
Commercial Driver's License Information System (CDLIS) Program Improvement. Used to target technical modifications to State's database in order to meet CDLIS specifications and pass structured testing, to achieve compliance with requirements of unresolved elements of the Motor Carrier Safety Improvement Act of 1999 (MCSIA), and to address findings of the CDL audits.	No	No	No	836	1,315	1,704	1,704	Safety
Facial Recognition Verification. Used to conduct a one-time facial recognition scrub of all photo images in the current Minnesota database and to hire temporary staff to process facial recognition comparison scrub results and assist in improving data quality of Minnesota driving records.	No	No	No	57	0	800	800	Safety
Real ID Demonstration. Used to enhance current business processes, further investigate conflicting information within DVS records, deploy technology to ensure that driver's license data is accurate and secure in order to authenticate an applicant's identity for use in the Minnesota licensing system as well as to share information with other licensing jurisdictions.	No	No	No	267	77	694	694	Safety
Driver's License Security. FEMA grant to facilitate the State's ability to improve security and integrity of driver's license and identification card issuance processes to include IT systems, facilities, source document verification and the required security protection of an individual's personal identification information.	No	No	No	780	416	1,207	917	Safety
Ignition Interlock. Used to administer and oversee the Ignition Interlock Program to enhance public safety by giving eligible DWI offenders the opportunity to have ignition interlock devices installed in their vehicles to ensure they are driving safely and legally.	No	No	No	59	71	100	100	Safety
Program 07 Driver & Vehicle Services				1,999	1,879	4,505	4,215	
Program 10 Alcohol & Gambling Enforcement								

DEPARTMENT OF PUBLIC SAFETY

Federal Funds Summary

Federal Award Name + Brief Purpose	New grant	Required state match/MOE?		SFY 2012 Revenues	SFY 2013 Revenues	Estimated SFY 2014 Revenues	Estimated SFY 2015 Revenues	Outcome
		Yes	No					
Youth and Alcohol Prevention. Alcohol & Gambling Enforcement Division conducts statewide training for local and county law enforcement agencies on correct procedures for conducting alcohol compliance checks in their communities, provides alcohol awareness training to licensed alcohol retailers, tribal councils, community event officials, county health departments, community coalitions and licensing officials.	No	No	No	97	28			Safety
NHTSA Alcohol Education Training. Support community based alcohol Education training programs that focus On over-serving of alcohol and other Selling and serving practices for the Purpose of diminishing alcohol related Problems, injuries and deaths on Minnesota roads	Yes	No	No		80	105	105	Safety
Program 10 TOTAL				97	108	105	105	
Program 11 Office of Traffic Safety								
National Highway Traffic Safety Administration NHTSA 402 Traditional: Plan, coordinate, implement, encourage, monitor, and evaluate traffic safety programs designed to change driver behavior; provide grant funds to governmental agencies so they can conduct related programs. Also includes 164HE funding for hazard elimination projects at MnDOT.	No	Yes	No	5,223	47,991	27,527	27,559	Safety
NHTSA 164AL and 164PM Repeat DWI Offender: Support state and local activities to improve operations related to DWI including paid media.	No	No	No	5,405	9,992	7,352	7,352	Safety
NHTSA 406 Seat Belt Performance Incentive: Funds may be used for any program eligible for 402 activities.	No	No	No	1,343	2,425	1,750	1,750	Safety
NHTSA 410 Impaired Driving: Support state and local activities related to reducing the incidence of impaired driving.	No	Yes	Yes	2,263	4,897	3,173	3,173	Safety
Fatal Accident Reporting System (FARS): Collect, analyze, code, and contribute information on Minnesota's fatal traffic crashes to the national FARS database maintained by NHTSA.	No	No	No	79	67	68	70	Safety
NHTSA 2010 Motorcycle: Support state and local activities related to motorcycle safety.	No	No	No	151	246	240	240	Safety
NHTSA 405 Occupant Protection: Funds may be used only to implement occupant protection programs and enforce those laws.	No	No	No	920	338	331	331	Safety
NHTSA 408 Information Systems: Support state and local activities related to improving traffic crash data collection, analysis, and reporting systems.	No	Yes	Yes	375	2,223	2,015	2,015	Safety

DEPARTMENT OF PUBLIC SAFETY

Federal Funds Summary

Federal Award Name + Brief Purpose	New grant	Required state match/MOE?		SFY 2012 Revenues	SFY 2013 Revenues	Estimated SFY 2014 Revenues	Estimated SFY 2015 Revenues	Outcome
		Yes	No					
NHTSA 1906 Prohibit Racial Profiling: Support activities related to developing and implementing programs to reduce the occurrence and perception of racial profiling, including programs to train law enforcement officers and to provide in-squad cameras.	No	Yes	Yes	221				Safety
NHTSA 2011 Child Safety and Child Booster Seat. No more than fifty percent of these funds can be used to purchase and distribute child safety and booster seats to low-income families. The remaining amounts support state and local activities related to enforcement, training and education of child restraint laws.	No	Yes	Yes	39	203	180	180	Safety
Department of Justice, (DOJ), Office of Juvenile Justice & Delinquency Prevention (OJJDP): Support state and local activities related to limiting minors' access to alcohol and upholding underage drinking laws.	No	No	No	293	300			Safety
Program 11 TOTAL				16,312	68,682	42,636	42,670	
Program 20 Office of Pipeline Safety								
Pipeline Safety Operations. Inspection and investigation of inter and intra-state pipelines.	No	Yes	No	716	1,435	1,534	1,534	Safety
Damage Prevention One Call. Increased enforcement and education about Gopher State One Call Law.	No	No	No	95	107	140	140	Safety
Program 20 TOTAL				811	1,542	1,674	1,674	
Program 21 Office of Justice Programs								
Victims of Crime Act (VOCA), Victim's Compensation Grant is received annually from the U.S. Department of Justice (USDOJ), Office for Victims of Crime (OVC). Funds are used to reimburse crime victims and their family members for financial losses incurred due to a crime involving personal injury or death. The VOCA compensation grant is a match of state spending.	No	Yes	No	184	924	924	924	Safety
Victims of Crime Act (VOCA) grant is received annually from USDOJ, OVC. This funding is awarded to programs that provide direct support services and advocacy for victims of child abuse, domestic violence, general crime and/or sexual assault. This program requires a 20% match.	No	Yes	No	6,904	6,469	6,469	6,469	Safety

DEPARTMENT OF PUBLIC SAFETY

Federal Funds Summary

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2012 Revenues	SFY 2013 Revenues	Estimated SFY 2014 Revenues	Estimated SFY 2015 Revenues	Outcome
Violence Against Women Act (VAWA) grant is received annually from USDOJ, Office on Violence Against Women (OVW). These funds support projects that develop and strengthen effective law enforcement and prosecution strategies and strengthen victim services in cases involving violence against women. VAWA requires a 25% match.	No	Yes	No	1,307	2,283	2,283	2,283	Safety
Family Violence Prevention Services Act (FVPSA) grant is received annually from the U.S. Department of Health and Human Services (HHS). Grant funds are for emergency shelter and related assistance for battered women and their children. FVPSA requires a 20% match.	No	No	No	1,282	1,601	1,601	1,601	Safety
Sexual Assault Services Program (SASP) grant is received annually from USDOJ, OVW. These funds are awarded to programs that provide direct intervention and related assistance for victims of sexual assault.	No	No	No	50	285	285	285	Safety
Statewide Automated Victim Information and Notification (SAVIN) grant is one time award to enhance the state victim notification system (VINE) by upgrading the Minnesota Department of Corrections notification system. This program requires a 25% match.	No	Yes	No	24	434	434	434	Safety
Grant to Encourage Arrest Policies and Enforcement of Protection Orders is a one-time award from USDOJ, OVW to a state collaborative to clarify and enhance policies and provide training to improve the response to and outcomes for victims of domestic violence, dating violence, sexual assault, and stalking.	No	No	No	3	961	961	961	Safety
Edward Byrne Memorial Justice Assistance Grant (JAG) is received annually from USDOJ, Bureau of Justice Assistance (BJA). These funds are granted to state, tribal and local entities to support activities that will prevent and control crime and improve the functioning of the criminal and/or juvenile justice systems. This program requires that 58% of the total award be passed through to tribal or local agencies.	No	No	No	3,741	3,976	2,904	2,904	Safety
Project Safe Neighborhood (PSN) grant is received annually from USDOJ, BJA to support projects that reduce gang and gun violence.	No	No	No	126	91	91	91	Safety
Residential Substance Abuse Treatment for State Prisoners (RSAT) grant is received annually from USDOJ, BJA. Funds support the development and implementation of residential substance abuse treatment programs in state and local correctional facilities. RSAT requires a 25% match.	No	Yes	No	76	81	81	81	Safety

DEPARTMENT OF PUBLIC SAFETY

Federal Funds Summary

Federal Award Name + Brief Purpose	New grant	Required state match/MOE?		SFY 2012 Revenues	SFY 2013 Revenues	Estimated SFY 2014 Revenues	Estimated SFY 2015 Revenues	Outcome
		Yes	No					
Statistical Analysis Center (SAC) is an annual award from USDOJ, Bureau of Justice Statistics (BJS) to maintain and enhance the state's capacity to address criminal justice issues through collection and analysis of data.	No	No	No	34	74	74	74	Safety
Paul Coverdell Forensic Science Improvement grant is received annually from USDOJ, National Institute of Justice and awarded to certified forensic labs to help improve the quality and timeliness of forensic science services.	No	No	No	216	215	215	215	Safety
Juvenile Justice Title II is an annual formula grant received from USDOJ, Office of Juvenile Justice and Delinquency Prevention (OJJDP) to assist in ensuring compliance with the four core requirements of the federal Juvenile Justice and Delinquency Prevention Act and to support activities and goals established by the state advisory group, the Juvenile Justice Advisory Committee (JJAC). A dollar for dollar match is required for the administrative portion of this award.	No	Yes	No	531	456	456	456	Safety
Juvenile Justice Title V is an annual grant received from USDOJ, OJJDP to fund collaborative, community-based delinquency prevention efforts.	No	No	No	30	31	31	31	Safety
Juvenile Accountability Block Grant (JABG) .is an annual formula grant received from USDOJ, OJJDP to help states establish programs that promote greater juvenile justice system accountability. Seventy-five percent of this funding must be distributed to local units of government in a formula that weighs crime data and juvenile justice expenditures. JABG requires a 10% match.	No	Yes	No	623	381	381	381	Safety
Program 21 TOTAL				15,131	18,262	17,190	17,190	
Program 28 Emergency Communication Networks								
E-911 Grant program. Funds used for hardware and software necessary to provide Wireless Phase II E-911 service; hardware and software necessary to implement an IP enabled emergency network; training in the use of said hardware and software, consultant costs pursuant to OMB Circular A-87; and ESInets as defined by National Emergency Numbers Association.	No	Yes	No	666	147	0	0	Safety

DEPARTMENT OF PUBLIC SAFETY

Federal Funds Summary

Federal Award Name + Brief Purpose	New grant	Required state match/MOE?		SFY 2012 Revenues	SFY 2013 Revenues	Estimated SFY 2014 Revenues	Estimated SFY 2015 Revenues	Outcome
		Yes	No					
Interoperable Emergency Communications Grant Program (IECGP). Funding provided to states and territories and to local and tribal governments to support achievement of the goals, objectives, and/or initiatives of the Statewide Communication Interoperability Plans and to ensure achievement of the goals and milestones of the National Emergency Communications Plan.	No	No	No	494	412	0	0	Safety
State Homeland Security Program (SHSP). Funding supports the implementation of State Homeland Security Strategies to address the identified planning, organization, equipment, training, and exercise needs for acts of terrorism and other catastrophic events. This funding also supports the implementation of the National Preparedness Guidelines, the National Incident Management System and the National Response Framework.	No	No	No	2,892	6,586	951	951	Safety
Public Safety Interoperable Communications (PSIC). Funds to assist public safety agencies for acquisition, deployment, or training for the use of interoperable communications systems that can utilize or enable interoperability with communications systems. Funding provides grants to assist public safety agencies in the planning and coordination associated with acquisition, deployment or training for interoperable communications equipment, software and systems.	No	Yes	No	2,603	0	0	0	Safety
Program 28 TOTAL				6,655	7,145	951	951	
Program 29 MN Board of Firefighters Training and Education								
Hazardous Materials Emergency Preparedness Grant program (HMEP). Funds used to provide training for Fire Instruction and Rescue Education, Inc (F.I.R.E.) instructors specifically related to the final curriculum and requirements of the mass and gross decontamination training course, and for portable decontamination kits.	No	Yes	No	12	60	102	102	Safety
Program 29 TOTAL				12	60	102	102	
DPS FEDERAL FUND TOTAL:				128,828	209,523	100,066	98,465	

Footnote

The investment income is not reflected in the amounts displayed.

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Mission:

The Minnesota Public Utilities Commission's (PUC) mission is to create and maintain a regulatory environment that ensures safe, reliable and efficient utility services at fair and reasonable rates (Minnesota Statutes (M.S.), Chapters 216A, 216B, 216E, 216F, 216G and 237).

Statewide Outcome(s):

Public Utilities Commission supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

A clean, healthy environment with sustainable uses of natural resources.

Efficient and accountable government services.

Context:

- Ensure Minnesota citizens have access to safe, reliable and efficiently delivered utility services at just and reasonable rates
- Regulate industries with gross operating revenues of \$7.5 billion and employment exceeding 22,500.
- Provide disciplined and transparent decision-making that allows for broad stakeholder input
- Protect Minnesota interests in regional and national utility forums

Strategies:

The PUC emphasizes several strategies to deliver its mission and supports the statewide outcomes of a thriving economy that encourages business growth and employment opportunities; a clean, healthy environment with sustainable uses of natural resources; and efficient and accountable government services. These include:

- Decision-making process based on a formal record of evidence, the development of which relies on active engagement by other state agencies (e.g., Department of Commerce, Office of Administrative Hearings), regulated companies, as well as a very diverse stakeholder base.
- Active engagement with all stakeholders to anticipate changing conditions and needs relating to the provision of world-class utility and telephone services
- Public outreach to support orderly and informed decision-making, as well as provide consumer assistance and general understanding
- Extensive use of technology to increase transparency
- Active engagement in regional and national forums affecting Minnesota's interests.

Results:

The PUC's strategies, combined with state policies, Minnesota's natural advantages, and active engagement by industry and a diverse group of stakeholders, have produced important results. These include:

- Minnesota remains among the low cost states in terms of energy utility rates. Minnesota is 44th (out of 50) for residential natural gas rates and 32nd for electricity rates generally (ranking states from highest cost to lowest) ^{1, 2}
- Minnesota's telephone market has higher share of competitive providers than national averages. Minnesota ranks among the top ten most competitive states in this regard. ³
- Minnesota ranks first in terms of accessibility to telephone service. ⁴
- Minnesota is among the top five states for renewable energy generation and top ten for energy efficiency. ^{5, 6}
- Minnesota ranks among the lowest 20 percent in terms of PUC staff size per capita, while its work-load is equal to other states of comparable population size.

- Minnesota regulators' leadership in regional and national forums have enhanced Minnesota's stature among the states and protected its vital interests.

Performance Measures	Previous	Current	Trend
Total orders issued	1,315	1,400	Increasing
Number of appeals filed with courts	7 (<1%)	1 (<0.1%)	Decreasing
Percentage of filings for which final orders were issued within 60-90 days	72%	79%	Increasing
Percentage of filings for which final orders were issued with statutory deadlines met ⁷	100%	100%	Stable
Percent of open consumer complaint cases requiring mediation	59%	59%	Stable
Consumer complaint cases closed/Cases opened	4,648/4,696 = 99%	4,156/4,158 = 99%	Stable
Credits issued to consumers	\$153,622	\$155,600	Stable

Performance Measures Notes:

The 'Previous' column indicates measurement from the 2010-2011 Biennium. The 'Current' column indicates measurement from the 2012-2013 Biennium (estimated on data to-date).

1. Average Residential Price of Natural Gas – State Rankings (highest price to lowest) – Minnesota Ranking; *Annual Energy Report*, U.S. Energy Information Administration.
2. Average Retail Price of Electricity – State Rankings (highest price to lowest) – Minnesota ranking; *State Electricity Profiles*, U.S. Energy Information Administration.
3. Percent market share of telephone companies competing with former regulated monopoly companies – Minnesota compared to U.S., *Local Telephone Competition*; March, 2011; Federal Communications Commission.
4. Percentage of Households with Telephone Service, *Telephone Subscribership in the U.S.*; May, 2011; Federal Communications Commission.
5. Total Renewable Net Generation (excluding hydroelectric) – State Rankings; *Renewable Energy Annual Report, 2009*; U.S. Energy Information Administration.
6. *2011 State Energy Efficiency Scoreboard*, Americans Concerned for an Energy Efficient Economy.
7. There were cases in which the deadlines were extended in compliance with statutory authority.

Public Utilities Commission

Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$11,785	\$4,384	\$91	\$16,260
Current Law Expenditures (FY 2014-15)	\$12,356	\$3,729		\$16,085
Governor's Recommended Expenditures (FY2014-15)	\$12,356	\$3,729		\$16,085
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		0%

Public Utilities Commission**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$1,140		\$1,140
REVENUE	\$0	\$3,729		\$3,729
APPROPRIATION	\$12,356	\$0	\$0	\$12,356
SOURCES OF FUNDS	\$12,356	\$4,869	\$0	\$17,225
BALANCE FORWARD OUT		\$1,140		\$1,140
EXPENDITURES	\$12,356	\$3,729		\$16,085
PAYROLL EXPENSE	\$9,684	\$129		\$9,813
OPERATING EXPENSES	\$2,672	\$750		\$3,422
GRANTS, AIDS AND SUBSIDIES		\$2,850		\$2,850
USES OF FUNDS	\$12,356	\$4,869		\$17,225

Public Utilities Commission
All Funds FTE by Program

Program	Current FY 2013	Forecast Base FY 2015	Governor's Recommendation FY 2015
Program: Public Utilities Comm	49.1	54.1	54.1
Public Utilities Commission	49.1	54.1	54.1

Public Utilities Commission

Revenue Summary

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	DEPARTMENTAL EARNINGS	11,990			11,990
	Subtotal	11,990			11,990
Dedicated	DEPARTMENTAL EARNINGS	0	3,720		3,720
	INVESTMENT INCOME		9		9
	Subtotal	0	3,729		3,729
	Total	11,990	3,729		15,719

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Mission:

The Minnesota Racing Commission (MRC) was established to regulate horse racing and card playing in Minnesota. The MRC ensures the integrity of pari-mutuel wagering and card playing, the safety and welfare of the human and animal participants and that it is conducted in the public interest thus promoting the breeding industry in Minnesota in order to stimulate agriculture and rural agribusiness.

Statewide Outcome(s):

Racing Commission supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Context:

The Racing Commission

- establishes criteria and standards for licensing of pari-mutuel racetracks and the personnel employed or operating at such facilities to assure the public's safety.
- establishes criteria and standards for security, surveillance, regulation of racing, veterinary services, and law enforcement at licensed racetracks and provides oversight of these functions by Commission staff which provides that all functions are conducted at the highest level of security and service for participants and patrons.
- establishes standards and rules in order to protect the health and welfare of the equine athlete and participants.
- collects and distributes all taxes and fees related to pari-mutuel horse racing and card playing to the general breeders' funds which is the source of income to the state's breeders and horse owners.

License fees collected are deposited in the Special Revenue Fund and are directly appropriated for Commission administrative and regulatory activities. The Commission also receives reimbursements from both racetracks for the costs of stewards, veterinarians, the testing laboratory, and card club oversight. In addition, the Commission collects taxes that are dedicated for distribution to Minnesota horse owners that compete at the racetracks.

Strategies:

During the conduct of its regulatory duties the MRC serves a varied customer base. Administering the Minnesota Breeders' Fund requires interaction with the horse owners, breeders, and state-bred programs in other racing jurisdictions. As part of the regulatory and licensing process, MRC staff work with: applicants for occupational licenses, racetrack and racing license holders, other racing jurisdictions, various horse racing industry associations, local and state police, Homeland Security, and the Alcohol and Gambling Enforcement Division of the Department of Public Safety.

The MRC employs a full-time staff of ten to enforce the duties and responsibilities involved in the regulatory oversight of live racing, pari-mutuel wagering and card club operations. During the live racing season the Commission hires seasonal and part-time employees to work in the vet's office and in conjunction with equine drug testing. The MRC also enters into professional/technical contracts with judges, stewards, veterinarians and an equine drug testing laboratory.

As part of the regulatory oversight of live racing and the card club the MRC performs the following general duties:

- Licenses and conducts background investigations each year of individuals applying to work at the racetracks and card clubs to assure the integrity of the individuals participating in pari-mutuel wagering and card playing in Minnesota and nationally.
- Conducts investigations of any suspected violations of Minnesota's racing and card club laws and rules in order to enforce rules and laws that were established to protect the integrity of the racing and gambling industries in Minnesota and nationally.

- Conducts pre-race exams of all horses racing each day, which protects equine participants and the betting public as well as supervising all activities affecting the conduct of a racing day to protect all human and equine participants and assure the integrity of pari-mutuel wagering for the betting public.
- Registers horses each year to allow Minnesota owners to participate in the Minnesota Breeders' Fund awards program so that economic stability and growth in related agribusiness continues.
- Reviews, on an ongoing basis, the card club plans of operation for Canterbury Park and Running Aces Harness Park which results in all games at each facility meeting the highest standard for integrity and safety of the public.

By using its rulemaking authority, the MRC implemented additional restrictions regarding the use of prohibited substances and medications that directly affect the integrity of racing and the safety and welfare of the equine, riders and drivers.

Results:

In order to achieve the MRC's objective and desired results of ensuring the integrity of pari-mutuel wagering and card playing, ensuring the safety of the jockeys, drivers, and equine athletes, and stimulating agriculture and rural business the commission:

Performance Measures	Previous	Current	Trend
Licenses individuals and businesses who meet the criteria for licensing contained in statute and rule that assures only qualified individuals are performing required duties.	4,670	5,000	Increasing
Conducts pre-race exams and veterinary monitoring of the horse prior to and after each race, successfully limiting the number of breakdowns to the extent that they are at a lower annual rate at Minnesota tracks that the national average. Veterinary oversight includes pre-race exams of every horse racing each day, pre and post race observations, and supervision of the test barn.	4,153	4,627	Increasing
Firm regulatory oversight by the Commission's stewards at Canterbury Park provided fewer disciplinary rulings especially regarding medication violations, 28 during the 2011 race meet, 12 during the 2012 race meet. The Commission's due diligence and rulemaking regarding medications should reduce or at least stabilize the occurrence of these violations, any occurrence will be handled accordingly.	86	54	Decreasing
Horse registrations are expected to grow with increased participation in the Minnesota Breeders' Fund awards program.	469	413	Decreasing

Performance Measures Notes:

The performance measures are a comparison of calendar year 2012 over 2011 as each year's race meet overlaps the state's fiscal year.

With the joint marketing agreement between Canterbury Park and the Shakopee Mdewakanton Sioux Community, the number of individuals seeking licensing and the race horse population increased during this past summer and was sustained through the end of the race meet.

It is anticipated that with this agreement there will be also more horsemen and women that will bring mares and stallions into Minnesota so as to have them registered with the Commission as Minnesota Bred allowing them to participate in the award program under the Breeders' Fund. This will have a direct effect on rural agribusiness and activity at the racetrack.

*See Minnesota Racing Commission 2011 Annual Report for breed specific horse registrations.

<https://www.mrc.state.mn.us/Annual%20Reports/2011%20Annual%20Report.pdf>.

Racing Commission**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$6,003		\$6,003
Current Law Expenditures (FY 2014-15)		\$6,107		\$6,107
Governor's Recommended Expenditures (FY2014-15)		\$6,107		\$6,107
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

Racing Commission**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$1,097		\$1,097
REVENUE		\$5,884		\$5,884
TRANSFERS IN		\$1,798		\$1,798
SOURCES OF FUNDS		\$8,779		\$8,779
BALANCE FORWARD OUT		\$873		\$873
TRANSFERS OUT		\$1,798		\$1,798
EXPENDITURES		\$6,107		\$6,107
PAYROLL EXPENSE		\$2,020		\$2,020
OPERATING EXPENSES		\$2,369		\$2,369
OTHER FINANCIAL TRANSACTIONS		\$7		\$7
GRANTS, AIDS AND SUBSIDIES		\$1,711		\$1,711
USES OF FUNDS		\$8,778		\$8,778

Racing Commission
All Funds FTE by Program

Program	Current	Forecast Base	Governor's Recommendation
	FY 2013	FY 2015	FY 2015
Program: Racing Commission	12.7	12.7	12.7
Racing Commission	12.7	12.7	12.7

Racing Commission
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	ALL OTHER	44			44
	Subtotal	44			44
Dedicated	TAXES		1,196		1,196
	DEPARTMENTAL EARNINGS		1,563		1,563
	ALL OTHER		3,125		3,125
	Subtotal		5,884		5,884
Total		44	5,884		5,928

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Mission:

The Department of Revenue's mission is to gain compliance with tax laws to fund public services in Minnesota.

Statewide Outcome(s):

Revenue supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The Minnesota Department of Revenue works together with individuals (3.7 million), businesses (610,000), local governments (over 3,300), federal and state agencies, tax professionals, and others to administer 28 state taxes, collecting \$17.3 billion annually to fund state and local programs.

The Department also collects non-tax debt owed to state agencies, oversees the uniform application of property tax laws by local governments, administers state property tax refund and relief programs, and makes state aid payments to counties, cities, towns, and special taxing districts through 32 different state programs.

Revenue collected by the Department is allocated through the budget process to fund education, health care, roads and bridges, transit, parks and trails, prisons, public safety, job training, economic development, local government services, and other programs.

Complex tax laws, changing technology, taxpayer expectations, and shifting demographics all influence the Department's efforts to administer the tax system. Key issues for the Department include formulating recommendations for changes to tax laws that meet expectations for fairness, simplicity, and economic growth; improving outreach and education efforts that promote and increase voluntary compliance; and expanding the use of tax analytics to increase the efficiency of enforced compliance. A fully implemented integrated tax system and new website lay the groundwork for further improvements to customer interfaces, process improvements to taxpayer services, and reduced cost of compliance for taxpayers and the state.

To carry out the work of the Department, the budget is organized into two major programs, Tax System Management and Debt Collection Management. Tax System Management includes activities such as compliance support; appeals, legal services and tax research; property tax administration and state aids; tax payment and return processing; tax compliance and enforcement; and technology development. The Debt Collection Management program includes tax and non-tax debt collections.

The Department employs over 1,500 full-time equivalent staff organized into five major clusters: business taxes, individual taxes, tax policy, and administrative support functions, and MN.IT employees provide technical support.

More information on the Department, including its mission, values and strategies, can be found at: <http://www.revenue.state.mn.us>.

Major Taxes: In fiscal year 2012, most state tax revenue was generated by the Individual Income Tax (\$7.8 billion), Sales and Use Tax (\$4.3 billion) and the locally administered property taxes (\$7 billion, not included in state total revenues).

Other State Taxes include: corporate franchise tax; estate tax; motor vehicle sales tax; motor fuels excise taxes; alcoholic beverage taxes; cigarette taxes and fees; tobacco products taxes and fees; controlled substances tax; mortgage registry tax; deed transfer tax; bingo, raffle and paddlewheel tax, pull-tab and tip-board tax; combined receipts tax; pari-mutuel taxes; insurance premium taxes; health care surcharges; MinnesotaCare taxes; mining occupation tax; net proceeds tax; state property taxes; motor vehicle registration tax; air flight property tax; aircraft registration tax; rural electric co-ops; solid waste management taxes; and metropolitan landfill fees.

Strategies:

The Department has identified seven strategies to achieve our vision - "Everyone voluntarily reports and pays the right amount of tax: no more, no less."

1. Provide taxpayers with the information, education and services they need to voluntarily comply.
2. Create operational efficiencies and design systems that align with changes in technology, secure taxpayer information, and meet taxpayer and employee needs and expectations.
3. Continuously improve our ability to identify non-compliant taxpayers and assist them with returning to compliance.
4. Listen to our customers and incorporate feedback into the way we provide information and deliver services.
5. Identify, develop and recommend changes to the tax laws that help make the tax system fair, simple, reliable, and competitive.
6. Foster a productive, innovative and healthy work environment for all employees.
7. Measure the cost and effectiveness of our activities, add value, and make improvements to achieve positive outcomes.

Measuring Success:

The Department is committed to using performance measures to drive desired outcomes, measure progress and ensure productivity goals are met. Eleven outcome measures capture the progress the agency is making toward meeting its mission and vision. These key measures will be used to track, evaluate and communicate the Department's progress.

1. Percent of taxpayers that file and pay on-time
2. Taxpayer satisfaction
3. Percent of electronic taxpayer transactions
4. Taxpayer security
5. Non-compliant taxpayers brought into compliance
6. Sustained compliance rate
7. DOR employee turnover rate
8. Employee satisfaction
9. Return on investment (ROI) compliance vs. voluntary
10. Participation in DOR outreach activities
11. Appeals cases settled and age of unresolved cases

Minnesota Revenue**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$276,345	\$19,954		\$296,299
Current Law Expenditures (FY 2014-15)	\$280,787	\$15,754		\$296,541
Governor's Recommended Expenditures (FY2014-15)	\$276,139	\$15,754		\$291,893
\$ Change from FY 2014-15 Current Law to Governor's Rec	(4,648)	\$0		(4,648)
% Change from FY 2014-15 Current Law to Governor's Rec	(2%)	0%		(2%)

Minnesota Revenue**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN		\$474		\$474
REVENUE	\$0	\$7,284		\$7,284
APPROPRIATION	\$276,190	\$8,470		\$284,660
SOURCES OF FUNDS	\$276,190	\$16,228		\$292,418
BALANCE FORWARD OUT		\$474		\$474
TRANSFERS OUT	\$50			\$50
EXPENDITURES	\$276,139	\$15,754		\$291,893
PAYROLL EXPENSE	\$203,189	\$9,264		\$212,452
OPERATING EXPENSES	\$70,865	\$6,490		\$77,355
OTHER FINANCIAL TRANSACTIONS	\$1,356			\$1,356
GRANTS, AIDS AND SUBSIDIES	\$700			\$700
CAPITAL OUTLAY-REAL PROPERTY	\$30			\$30
USES OF FUNDS	\$276,189	\$16,228		\$292,417

Minnesota Revenue

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Tax System Simplification & Efficiency

The Governor recommends a reduction to the agency's budget to reflect budget savings resulting from agency efforts to improve the administration of the tax system. The Department is continuously evaluating procedures and processes and implementing new, innovative solutions to administer tax laws in ways that are convenient, fair and efficient for taxpayers. Five current initiatives are designed to streamline tax processing, and make tax filing and paying easier, resulting in lower costs for taxpayers and the Department, without incurring a revenue loss. They include: 1). Automated collection notices; 2). Centralized print and return mail processing; 3). Replacement of paper check issued refunds with debit card issued refunds; 4). Conversion of some paper tax forms to electronic filing formats; and 5). Completion of e-Services filing, paying, and informational system for business and individual taxpayers. The Department is also pursuing other enhancements to customer service levels that will not result in budget savings.

Performance Measures:

Successful implementation of these simplifications and efficiencies is expected to result in improvements in several agency measures, including an increased percentage of returns filed and paid on time, an increased percentage of electronic transactions, and an increase in sustained voluntary compliance.

General Fund	Expenditure	(2,406)	(2,494)	(4,900)	(2,494)	(2,494)	(4,988)
	Net Change	(2,406)	(2,494)	(4,900)	(2,494)	(2,494)	(4,988)

Taxpayer Assistance Grants Increase

The Governor recommends additional funding for taxpayer assistance grants. These grants are awarded to non-profit organizations to coordinate, facilitate, educate, and aid in the filing of state and federal tax returns for low-income, elderly, and disadvantaged people. Grant funds help pay for equipment, advertising, training of volunteers, salaries for volunteer coordinators, and supplies. Taxpayer Assistance Services includes accounting and tax preparation services provided by volunteers. Annual grant requests consistently exceed \$400,000. If enacted, taxpayer assistance grants will total \$400,000 per year.

Performance Measures:

Increasing the number of taxpayers served by volunteer sites is expected to increase the percentage of returns filed electronically and increase voluntary compliance.

General Fund	Expenditure	200	200	400	200	200	400
	Net Change	200	200	400	200	200	400

Minnesota Revenue

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Electronic Wage Levy Payments and Disclosures

The Governor recommends requiring electronic wage levy payment and disclosure processing for businesses, state and local employers, and third party filers. Electronic submission of wage levy payments and disclosures is expected to result in reduced agency costs, as well as efficiencies for agency partners. In order to prevent additional technical burden on employers who may be required to submit wage levy payments and disclosures, the Department will utilize the same online system business and state/local government currently utilize to file and pay their withholding tax.

Performance Measures:

Use of electronic tools for wage levy payments and disclosures is expected to result in an increase in the agency's sustained compliance rate and improve taxpayer satisfaction by reducing the likelihood of excess levy withholding prompting the need to seek refunds for over-collection.

General Fund	Expenditure	(150)	(298)	(448)	(298)	(298)	(596)
	Net Change	(150)	(298)	(448)	(298)	(298)	(596)

Property Tax Technical Grants

The Governor recommends one time funding for grants to counties to offset a portion of the cost of converting statutorily required property tax data transmissions and uses to a more modern, efficient system. The updated approach to data reporting will strengthen the analytical and oversight abilities of the Department and aid in bringing greater uniformity to the property tax system. The change will create costs for counties to program their technical systems with the new reporting methodologies. The technology improvements will result in improved efficiency for both counties and the state.

Performance Measures:

The success of these one-time grants will be reflected by the participation of all counties in the improved data transmission strategies.

General Fund	Expenditure	300	0	300	0	0	0
	Net Change	300	0	300	0	0	0

Continuous Electronic Payment Requirement

The Governor recommends requiring businesses to pay electronically in all subsequent years if it has been required to pay electronically in any previous year. Current law requires businesses to make electronic payments in a subsequent year if its liability in the previous year was greater than \$10,000. Having a \$10,000 threshold is confusing and makes administering the tax system more complex for taxpayers and the Department. A small revenue impact may occur if taxpayers do not comply with the mandate.

Performance Measures:

This proposal will contribute to increases in the percentage of Electronic Taxpayer Transactions.

General Fund	Revenue	0	3	3	2	2	4
	Net Change	0	(3)	(3)	(2)	(2)	(4)

Minnesota Revenue

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Auto Theft Surcharge

The Governor recommends authorizing the Department to collect the existing auto theft surcharge on automobile insurance policy premiums for Minnesota licensed vehicles. Currently, the Commissioner of Commerce collects the auto theft surcharge and meets that obligation through an inter-agency agreement with the Department of Revenue, which is already required to collect other state taxes that apply to insurance premiums. Revenues from the auto theft surcharge are deposited into a special revenue fund which is appropriated to the Department of Commerce for the auto theft prevention program. Directly assigning the authority to the Commissioner of Revenue would streamline government and allow for the tracking and auditing of taxpayers to ensure the amounts reported and collected are accurate. Providing this authority to the Commissioner of Revenue allows the returns to be audited at the same time the Department audits insurers for other insurance taxes, fees, and surcharges. If enacted, it is anticipated that a minor increase in compliance related revenue would occur.

Performance Measures:

This proposal positively reflects inter-agency collaboration toward making state government more streamlined and efficient; additionally success will be reflected in the number of non-compliant taxpayers brought into compliance.

Other Funds	Revenue	0	0	0	100	100	200
	Net Change	0	0	0	(100)	(100)	(200)
Net All Change Items	General Fund	(2,056)	(2,595)	(4,651)	(2,594)	(2,594)	(5,188)
	Other Funds	0	0	0	(100)	(100)	(200)
	Net Change	(2,056)	(2,595)	(4,651)	(2,694)	(2,694)	(5,388)

Minnesota Revenue
All Funds FTE by Program

	Current	Forecast Base	Governor's Recommendation
Program	FY 2013	FY 2015	FY 2015
Program: Tax System Management	1,204.2	1,156.8	1,146.8
Program: Debt Collection Management	322.3	345.1	330.1
Minnesota Revenue	1,526.4	1,501.9	1,476.9

Minnesota Revenue
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	ALL OTHER	3			3
	Subtotal	3			3
Dedicated	DEPARTMENTAL EARNINGS	0	1,141		1,141
	INVESTMENT INCOME		0		0
	ALL OTHER		6,143		6,143
	Subtotal	0	7,284		7,284
Total		3	7,284		7,287

Revenue

Tax System Management

<http://www.revenue.state.mn.us>

Statewide Outcome(s):

Tax System Management supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The Tax System Management program provides the technologies and human resources required to administer tax laws. This program includes providing tax information services, filing and paying services, property tax and state aid administration, and tax compliance and enforcement activities. A successful Tax System Management ensures individuals, businesses and policy-makers have:

- the information they need to accurately, conveniently, and voluntarily fulfill their tax filing and paying obligations;
- the confidence that everyone is paying the proper amount of taxes, no more or no less; and
- accurate, impartial and complete information to make informed decisions about the structure and operation of the state revenue system.

The activities that contribute to successful Tax System Management include:

Tax Compliance and Enforcement - Tax compliance and enforcement activities include voluntary compliance efforts like taxpayer information and service, and enforcement efforts such as taxpayer audits and investigations. Tax compliance divisions include Corporate Franchise Tax, Criminal Investigation, Individual Income Tax and Withholding, Sales and Use Tax, and Special Taxes.

These activities serve Minnesota individual and business taxpayers, tax preparers and attorneys, local tax administrators, legislators and staff.

Key compliance and enforcement issues include: providing taxpayers with the information they need to voluntarily comply; keeping pace with changing technology and tax laws; responding to taxpayer inquiries, in the format desired by the taxpayer (phone, email, social media, walk-in); auditing a wide range of individual and business taxpayers; and identifying and pursuing non-compliant taxpayers while efficiently using public resources.

Tax Payment and Return Processing - Tax Payment & Return Processing activities primarily involve processing paper and electronic tax returns, refund requests, and payments sent to the Department. Tax Payment & Return Processing mainly serves individual and business taxpayers and other state agencies.

Key payment and return processing issues include: keeping pace with changing technology; making sure there are convenient, secure ways to accurately file and pay Minnesota taxes; processing tax returns, payments and refunds accurately, efficiently and on time; performing "early audits" of tax returns during processing to ensure they are correct and accurate; issuing timely refunds, depositing and applying payments; and ensuring fraudulent returns are stopped.

Appeals, Legal Services & Tax Research - Appeals, Legal Services and Research activities support tax policy development and tax administration by: analyzing proposed tax legislation and providing revenue estimates of proposed law changes; working with taxpayers to review and resolve tax appeals; providing government officials with the research information they need to make decisions on tax law and policy; providing timely and accurate legislative support and advice; and ensuring the agency complies with state and federal laws and rules.

Appeals, Legal Services and Research serve individual and business taxpayers, tax administrators, the governor, legislators and staff, state agencies, local governments, and nonprofit organizations.

Property Tax Administration & State Aid - Property Tax Administration and State Aids activity is responsible for the oversight and administration of Minnesota's property tax system. While counties are responsible for the direct administration of property taxes, the Department oversees and supports the counties by: providing education, guidance, and assistance to county assessors, auditors, and treasurers; overseeing local property tax administration to promote compliance and uniformity; administering a range of specific functions and programs; and collecting, analyzing, and providing data to stakeholders.

Property Tax Administration & State Aids serves taxpayers, local administrators, and state policymakers. These activities promote equity and uniformity throughout the state's very complex property tax system.

Compliance Support - Compliance support provides the overall strategic and organizational support to the agency. Compliance Support activities include the commissioner's office, human resource management, facilities, strategic organizational planning, budget planning, financial and performance reporting, tax policy development, taxpayer rights advocate, tax publications and other taxpayer and employee communication.

Compliance Support serves all department employees, individual and business taxpayers, tax administrators, the governor, legislators and staff, state agencies, and local governments.

Technology Development, Operations & Support - The Department relies heavily on technology to meet our agency's mission, vision and strategies.

Information technology (IT) functions are now provided under a service agreement with MN.IT Services. MN.IT@Revenue supports the Revenue Department with hardware, software and information technology professionals to run the systems and develop the software applications. This activity serves all employees of the Department and external customers of the agency by providing technology solutions that facilitate tax administration, provide for security of taxpayer data, which meets a unique set of regulatory requirements, and supports continuous business improvements in taxpayer services.

For more information about the activities performed by the Tax System Management Program, go to: <http://www.revenue.state.mn.us/Pages/budget.aspx>.

Strategies:

The Department has identified seven strategies to achieve our vision - "Everyone voluntarily reports and pays the right amount of tax: no more, no less." The Tax System Management Program identifies key activities to support the department's strategies below:

1. Provide taxpayers with the information, education and services they need to voluntarily comply.
2. Create operational efficiencies and design systems that align with changes in technology, secure taxpayer information, and meet taxpayer and employee needs and expectations.
3. Continuously improve our ability to identify non-compliant taxpayers and assist them with returning to compliance.
4. Listen to our customers and incorporate feedback into the way we provide information and deliver services.
5. Identify, develop and recommend changes to the tax laws that help make the tax system fair, simple, reliable, and competitive.
6. Foster a productive, innovative and healthy work environment for all employees.
7. Measure the cost and effectiveness of our activities, add value, and make improvements to achieve positive outcomes.

Results:

Performance Measures	Previous	Current	Trend
A. Percent of Taxpayers that File and Pay On-Time	92.0%	93.4%	Improving
B. Percent of Electronic Taxpayer Transactions (File, Pay and Refund)	70%	72%	Improving

Performance Measures	Previous	Current	Trend
C. Return on Investment (ROI) – DOR (Compliance and Voluntary Revenue)	\$121 to \$1	\$134 to \$1	Improving
D. ROI – Voluntary Tax Revenue	\$389 to \$1	\$422 to \$1	Improving
E. ROI – Direct Compliance Tax Revenue	\$5.76 to \$1	\$6.17 to \$1	Improving
F. DOR Employee Turnover Rate	3.2%	3.7%	Increasing
G. DOR Website Visits (monthly average)	442,437	442,551	Stable
H. DOR Website – Average Visit Duration	372 seconds	255 seconds	Improving
I. Percentage of Appeals Cases Greater than One Year of Age	40%	34%	Improving
J. Number of Bill Analyses prepared by the Research Division in connection with tax legislation.*	663	602	Stable

Performance Measures Notes:

Headings: Previous = FY 2011, Current = FY 2012

- A. Percent of Taxpayers that File and Pay On-time is an indicator of voluntary compliance by Minnesota taxpayers. The ability of taxpayers to file and pay, accurately, on time, implies that they have the information, education and services they need to voluntarily comply.
- B. The percentage of transactions in three key areas- returns, payments and refunds- that occur electronically. Completing required transactions electronically is associated with a variety of efficiencies (lower costs) for both taxpayers and the DOR, including lower labor costs, reduced mailings and increased accuracy.
- C. Total DOR Return on Investment compares total revenues collected by the department versus the department's total budget. The return on investment provides an indication of the overall efficiency of the DOR; a higher or increasing ROI indicates the department is using taxpayer resources efficiently to meet the agency's mission. In FY 2012, the total DOR return on investment was \$134 of revenue for every budget dollar spent.
- D. In FY 2012, Voluntary Tax Compliance (taxpayers that voluntarily comply) efforts produced \$422 for every budget dollar spent on these activities.
- E. In FY 2012, Direct Compliance and Enforcement activities (auditing, criminal investigations, non-filer activities) generated \$6.17 for every budget dollar spent in these activities.
- F. DOR Employee Turnover is measured each fiscal year (FY 2010 and FY 2011 reported). Low and declining turnover rates could suggest that the DOR is meeting the expectations of employees for a productive, rewarding work environment.
- G. DOR Website Visits are measured monthly each calendar year (CY 2011 and CY 2012 reported). This metric identifies the use of the DOR public website by taxpayers.
- H. DOR Website – Visit Duration is measured each calendar year (CY 2011 and CY 2012 reported). Typically lower visit durations would indicate web site users are able to more efficiently obtain information.
- I. Percentage of Appeals Cases Greater than One Year of Age. As the DOR becomes more efficient at processing taxpayer appeals, the percentage of cases greater than one year of age drop.
- J. Number of Bill Analyses is computed using biennial figures (FY 2008-2009 vs. FY 2010-2011).

Program: Tax System Management
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$218,587	\$18,171		\$236,758
Current Law Expenditures (FY 2014-15)	\$217,029	\$14,257		\$231,286
Governor's Recommended Expenditures (FY2014-15)	\$215,107	\$14,257		\$229,364
\$ Change from FY 2014-15 Current Law to Governor's Rec	(1,922)	\$0		(1,922)
% Change from FY 2014-15 Current Law to Governor's Rec	(1%)	0%		(1%)

Program: Tax System Management**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN		\$474		\$474
REVENUE	\$0	\$5,787		\$5,787
APPROPRIATION	\$215,158	\$8,470		\$223,628
SOURCES OF FUNDS	\$215,158	\$14,731		\$229,889
BALANCE FORWARD OUT		\$474		\$474
TRANSFERS OUT	\$50			\$50
EXPENDITURES	\$215,107	\$14,257		\$229,364
PAYROLL EXPENSE	\$156,291	\$8,267		\$164,558
OPERATING EXPENSES	\$56,731	\$5,990		\$62,721
OTHER FINANCIAL TRANSACTIONS	\$1,356			\$1,356
GRANTS, AIDS AND SUBSIDIES	\$700			\$700
CAPITAL OUTLAY-REAL PROPERTY	\$30			\$30
USES OF FUNDS	\$215,157	\$14,731		\$229,888

Revenue

Accounts Receivable Debt Collection

<http://www.revenue.state.mn.us>

Statewide Outcome(s):

Accounts Receivable Debt Collection supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The Department of Revenue's Account Receivable Debt Collection program handles delinquent tax debts and other public funds (or "non-tax debts") referred to the Department by other public agencies. The program's mission is to collect the right amount of debt and promote future compliance at the lowest cost to the public.

This program serves taxpayers, tax administrators, state legislators, tax professionals, local elected officials, state agencies, local governments and other public entities.

The Department started collecting non-tax debts on behalf of other agencies in 1994, when legislation provided for a centralized debt collection service within the Agency's Collection Division. In 2008, new legislation expanded this service to include debts referred by courts and local governments in Minnesota. The division now collects 171 types of fees, fines, taxes, and payments for a range of public agencies including:

- 35 State Agencies: Including the Departments of Agriculture, Corrections, Commerce, Employment and Economic Development, Health, Human Services, Labor and Industry, Military Affairs, Natural Resources, Public Safety, Revenue, Transportation, Veterans Affairs, and the Pollution Control Agency
- Four State Boards: State Campaign Finance Disclosure Board, Minnesota Client Security Board, Iron Range Resource Rehabilitation Board, and State Veterans Home Board
- Two Public Employee Retirement Associations: Minnesota State Retirement System and Public Employees Retirement Association
- Six Independent State Government Entities: Attorney General's Office, Secretary of State's Office, Minnesota Individual Affairs Council, Minnesota Office of Higher Education, Minnesota State Lottery, and Minnesota State Colleges and Universities system
- Ten Judicial Districts: District Courts in each of the state's 87 counties, which are divided among ten judicial districts for administration purposes
- One pilot program working with County Debt: Hennepin County Restitution

Strategies:

To collect delinquent tax and non-tax debts, the Account Receivable Debt Collection program:

- responds to debtor inquiries about how much they owe, and why they owe;
- educates debtors about filing and payment requirements;
- corrects errors in department tax or penalty assessments;
- negotiates and monitors payment plans;
- encourages voluntary compliance through billing notifications and taxpayer education; and
- uses enforced collection efforts for non-compliant debtors; including issuing liens and levies against debtors' assets, revoking professional licenses, and seizing assets.

Results:

Performance Measures	Previous	Current	Trend
Return on Investment (ROI) - DOR AR Collection Efforts	\$11.69	\$13.71	Improving
Accounts Receivable Tax Debt Revenue Collected	\$234 M	\$257 M	Improving
Non-Tax Debt Revenue Collected	\$48 M	\$49 M	Stable
Net Delinquent Accounts Receivable Tax Debt	\$451.6 M	\$461.5 M	Stable

Performance Measures Notes:

Previous – FY 2011

Current – FY 2012

In FY 2012, for every dollar spent in Accounts Receivable Debt Collection activities, the DOR collected \$13.71.

Program: Debt Collection Management
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$57,758	\$1,783		\$59,541
Current Law Expenditures (FY 2014-15)	\$63,758	\$1,497		\$65,255
Governor's Recommended Expenditures (FY2014-15)	\$61,032	\$1,497		\$62,529
\$ Change from FY 2014-15 Current Law to Governor's Rec	(2,726)	\$0		(2,726)
% Change from FY 2014-15 Current Law to Governor's Rec	(4%)	0%		(4%)

Program: Debt Collection Management

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
REVENUE		\$1,497		\$1,497
APPROPRIATION	\$61,032	\$0		\$61,032
SOURCES OF FUNDS	\$61,032	\$1,497		\$62,529
EXPENDITURES	\$61,032	\$1,497		\$62,529
PAYROLL EXPENSE	\$46,898	\$997		\$47,895
OPERATING EXPENSES	\$14,134	\$500		\$14,634
USES OF FUNDS	\$61,032	\$1,497		\$62,529

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Mission:

The Minnesota Science and Technology Authority (STA) will promote a business climate that fosters lasting and inclusive prosperity through the growth of innovation-based businesses and jobs.

Statewide Outcome(s):

Science and Technology Authority supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Minnesotans have the education and skills needed to achieve their goals.

Context:

The Minnesota Science and Technology Authority was established by the state legislature in 2010 to advance the growth and competitiveness of the state's high-value industries. Innovation-based companies are key to the state's economy. Each year 160,000 jobs in Minnesota's core industry sectors of science and technology have a payroll of over \$12 billion and spend over \$6.3 billion on research.

The primary customers of the STA are entrepreneurial innovation-based individuals and companies seeking to commercialize technology and science, technology, engineering, and mathematics (STEM) students seeking internship opportunities. The Advisory Commission is made of up leaders from: the Mayo Clinic, the University of Minnesota, MnSCU, large and small companies, trade organizations and labor and are all partners in providing key services to innovation-based entrepreneurs. The STA is funded by the general fund.

Strategies:

The Minnesota Science and Technology Authority is designed to build a robust innovation ecosystem through a set of coordinated initiatives in four investment areas that offer immediate and long-term economic benefits:

- Accelerating our ability to commercialize ideas: Build Minnesota's research and development (R&D) capacity and infrastructure to generate ideas and commercialize new products.
- Attracting investment for new and existing businesses: Leverage investments that drive speed and scale of new company formation and existing company growth.
- Enhancing our science & technology talent & workforce: Continue to grow the talent and workforce to support the jobs that will drive recovery and grow our economy.
- Creating supportive policies and collaborative networks: Foster a competitive business climate and dynamic network that helps entrepreneurs build strong businesses and seize global opportunities.

The STA provides one-on-one guidance to entrepreneurial individuals seeking to access federal grants for R&D and to complete feasibility studies and commercialization. Eleven federal agencies participate in the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) and staff works with entrepreneurs to target and access the various agencies and funding opportunities.

The activities provided by the STA support growing a thriving economy by supporting business growth; supporting internship programs to expand the education received at two- and four- year colleges and universities into real life experiences. Internships support both the student in gaining work experience and employers in obtaining the latest talent for future hiring potential.

Results:

In FY2012, the STA gave a competitive grant to the Minnesota High Tech Association (MHTA) to implement SciTechsperiece, a college internship program that provides wage support and connections between companies and students. Sixty internships were fully subscribed in 90 days, with interns placed all over the state in small innovative companies. <http://www.mhta.org/work/scitechspieriece-internships/>.

The SBIR/STTR Phase II Commercialization Plan Support Program provides funding for contracts with expert service providers to develop commercialization plans for small businesses to assist them in applying for grants. During FY 2012, 15 plans were developed, with two awards received (\$2.35 million) and 12 still pending federal approval.

Performance Measures	Previous	Current	Trend
# of internships provided through SciTechsperience Internship Program	N/A	60 interns	N/A
# of plans developed through SBIR/STTR Phase II Commercialization Plan Support Program	N/A	15 plans	N/A

Performance Measures Notes:

These two programs were created in FY 2012, so there is no previous activity or trend to report.

Science and Technology Authority
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$214	\$510	\$55	\$779
Current Law Expenditures (FY 2014-15)	\$214	\$10	\$0	\$224
Governor's Recommended Expenditures (FY2014-15)	\$0	\$0	\$0	\$0
\$ Change from FY 2014-15 Current Law to Governor's Rec	(214)	(10)	\$0	(224)
% Change from FY 2014-15 Current Law to Governor's Rec	(100%)	(100%)	0%	(100%)

Science and Technology Authority

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Repeal the Science and Technology Authority

The Governor recommends eliminating the Science and Technology Authority to achieve efficiencies. These duties would be transferred to the Department of Employment and Economic Development.

Performance Measures:

This proposal provides savings to the overall budget solution through agency efficiencies.

General Fund	Expenditure	(107)	(107)	(214)	(107)	(107)	(214)
Other Funds	Expenditure	(5)	(5)	(10)	(5)	(5)	(10)
Other Funds	Revenue	(5)	(5)	(10)	(5)	(5)	(10)
	Net Change	(107)	(107)	(214)	(107)	(107)	(214)
Net All Change Items	General Fund	(107)	(107)	(214)	(107)	(107)	(214)
	Other Funds	0	0	0	0	0	0
	Net Change	(107)	(107)	(214)	(107)	(107)	(214)

Science and Technology Authority
All Funds FTE by Program

Program	Current	Forecast Base	Governor's Recommendation
	FY 2013	FY 2015	FY 2015
Program: Mn Science And Technology Auth	1.0	1.0	0.0
Science and Technology Authority	1.0	1.0	0.0

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Mission:

Turn on the science: Realizing the potential of policymakers, educators and individuals to achieve full civic and economic participation in the world.

Statewide Outcome(s):

Science Museum supports the following statewide outcome(s).

Minnesotans have the education and skills needed to achieve their goals.

Context:

The Science Museum of Minnesota (SMM) offers focused opportunities to multiple constituencies for informal science, technology, engineering and math (STEM) education. Priorities address both a statewide audience of individuals, families, teachers and students and a primary funding stream of earned income. These priorities include:

- Building sustained relationships with a diverse array of statewide communities
- Deepening science and science communication capabilities
- Developing and implementing 21st century science learning opportunities
- Strengthening the agency's financial base through earned income

The agency's state general fund appropriation accounts for about three percent of total budget, however, its unrestricted nature allows using it for things like keeping the building clean, safe and comfortable. These general expenses are critical to operations but are unlikely to come from private and corporate donors. In addition, the agency received \$500,000 in FY 2012 and FY 2013 from the Arts and Cultural Heritage Fund for new program development.

Strategies:

SMM offers a wide array of one-time and sustained opportunities for STEM education targeted to various audiences reinforcing that STEM is for everyone.

- Program examples are:
 - Science Fusion events that showcase African American, Asian and Latino contributions to science
 - Girls in Science events designed to foster girls' enthusiasm for science by highlighting female scientists in wide-ranging fields of science and technology
 - Great Tix, a program of discounted tickets for low income visitors
 - Expanding collections to better tell and preserve Minnesota stories
 - Tying exhibits to Minnesota state education standards in science, math and other subjects so teachers and students can more directly tie their museum visits to their classroom work
 - Bringing world class exhibitions like Tut and developing premier exhibitions like Maya Worlds for Minnesotans to learn from and enjoy
- Providing resources to partners in formal educational settings to enhance the education achievement of their students through:
 - Field Trips of students from across the state to the museum
 - Outreach programs bringing the Science Museum experience into classrooms statewide for day or week long programs
 - Teacher Professional Development (TPD) programs working to increase STEM literacy and eliminate STEM achievement gaps
- Continually recognizing the agency's responsibility to its primary funders:
 - Earned Income: tickets, memberships, food sales, gift shop
 - Corporate partnerships
 - Annual fund

Results:

SMM measures success both quantitatively and qualitatively. Quantitative measurements include:

- Total number of people served through its programs. While the majority of these people are Minnesotans, this number also reflects out of state visitors who recognize SMM as one of the premier tourist destinations in the Twin Cities.
- Number of resources offered to enhance the visitor experience - such as online teacher guides tying exhibits to Minnesota state education standards.
- Total number of school districts in Minnesota utilizing one or more specific K-12 education offerings - field trips, outreach programs, teacher professional development.
- Amount raised annually from individual and corporate donors.

A variety of anecdotal quotes from program participants and beneficiaries have been gathered through agency evaluation. These key pieces of qualitative data are used to show how the agency's work is making a difference in the lives of Minnesotans.

Performance Measures	Previous	Current	Trend
Total number served	933,526	781,734	Worsening
Identification and documentation of state science standards explicitly connected to exhibits and museum theater shows	No standards explicitly identified	76% K-5 65% 6-8 45% 9-12	Improving
Total number of Minnesota school districts served	278	277	Stable
Amount raised in annual fund	\$2,270,531	\$2,402,449	Improving

Performance Measures Notes:

Factors driving performance trends between the fiscal years ending June 31, 2011 and June 31, 2012 are similar to those found in other agencies and industries relying on the public. The decline in attendance reflects trends in consumer purchasing decisions during the economic downturn. In FY 2011, SMM was one of only seven cities in the country to host the traveling exhibition, Tutankhamun: The Golden King and the Great Pharaohs. Being in a select group of museums is a testament to the agency's industry reputation but also drove attendance to levels it does not expect to experience every year. SMM is in the process of introducing new permanent exhibits and continually evaluates and revises class offerings in an effort to provide the highest value to visitors. The museum expects attendance to improve as the economy grows stronger. The stability in school service shows that, even faced with economic constraints, schools value SMM programs and services. It also reflects an ongoing commitment to make programs for this audience as cost and time effective as possible. The increase in annual fund giving shows the value local corporations and individual contributors place on the work of the museum.

Science Museum**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$2,136	\$131		\$2,267
Current Law Expenditures (FY 2014-15)	\$2,136			\$2,136
Governor's Recommended Expenditures (FY2014-15)	\$2,158			\$2,158
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$22			\$22
% Change from FY 2014-15 Current Law to Governor's Rec	1%			1%

**Science Museum
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$2,158	\$0		\$2,158
SOURCES OF FUNDS	\$2,158	\$0		\$2,158
EXPENDITURES	\$2,158			\$2,158
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$2,158			\$2,158
USES OF FUNDS	\$2,158			\$2,158

Science Museum

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Investment in Museum School Programming

The Governor recommends funding to expand museum school programming to all 87 Minnesota counties. This could be in the form of field trips from a school to the museum or outreach visits by the museum staff to the school or other education programs.

Performance Measures:

Programming would be expanded to four counties not currently covered by the program.

General Fund	Expenditure	11	11	22	11	11	22
	Net Change	11	11	22	11	11	22
Net All Change Items	General Fund	11	11	22	11	11	22
	Net Change	11	11	22	11	11	22

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Mission:

The Office of the Secretary of State is a constitutional office headed by the independently-elected Secretary of State, who is the chief election official in Minnesota. The Secretary of State promotes voting and civic engagement, facilitates commerce, maintains the records of the state, and provides key services for those who fear for their safety through administering the Safe at Home address confidentiality program. The Secretary of State also serves on the State Board of Investment, the Executive Council and other specified boards.

Statewide Outcome(s):

Secretary of State supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Strong and stable families and communities.

People in Minnesota are safe.

Sustainable options to safely move people, goods, services and information.

Efficient and accountable government services.

Context:

The Office of the Secretary of State serves the people of Minnesota through several key priorities:

- to facilitate voting and civic engagement by Minnesota voters and residents;
- to provide efficient and timely services to businesses and their agents to record important business and governmental documents in the public record and retrieve or confirm data in those documents on demand;
- to provide all of these services in an ever more efficient and convenient manner, including the appropriate use of online and Internet technologies to eliminate duplicated effort; and
- to provide access at all times, not merely when the office is staffed.

Another Office priority is ensuring that Minnesotans in fear for their safety have access to the Safe at Home address confidentiality program and are well served by it.

Strategies:

The core functions of the office are:

- Administer elections
- Safeguard, record, and retrieve government documents
- File business documents, record liens, and retrieve both on demand
- Issue notary public commissions
- Administer Safe at Home, Minnesota's address confidentiality program

The Office provides crucial support to local officials for the operation of all elections that take place continuously in Minnesota, including special elections, school district questions, odd-year city elections and March township elections. The Office also provides an informational environment that allows the formation and operation of businesses in a legal framework. Through the Safe at Home program administered by the Office, participants are allowed to establish themselves in their communities and go about their daily lives without revealing where they live, work and go to school to those they fear. The Office's key partners are the constitutional officers, the legislature, the business and legal community, local officials who are the Office's partners in the elections function

and the Uniform Commercial Code (UCC) and lien functions, victim advocates, and entities that interact with participants in the Safe at Home program.

During the FY 2012-2013 biennium, the Secretary of State projects collecting approximately \$27 million in business filing fees deposited into the state general fund. In FY 2012-2013, the general fund appropriation to the Office of the Secretary of State was about \$5.5 million annually, resulting in a projected net contribution of approximately \$16 million from the Office to the state general fund over the two year biennium. In addition to the fees deposited in the general fund, the office has a revolving fund of approximately \$1.5 million each fiscal year for general operations.

Minnesota has received federal funds from the Help America Vote Act (HAVA), the federal law that sets national standards and imposes requirements for the conduct of federal elections. Since FY 2003, these funds have been transferred to the Office of the Secretary of State and have been critical in the continued improvement and maintenance of Minnesota’s statewide voter registration system and election results reporting system, as well as the development and maintenance of online tools such as the voter registration look-up and the absentee ballot look-up. HAVA funds also fund support of local election officials and compliance with the Military and Overseas Voter Empowerment Act. HAVA funds have been zeroed out of the federal budget. The state has approximately \$1 million in HAVA funds left in its possession.

In 2012, the Office also received a \$226,255 grant from the U.S. Department of Defense Federal Voting Assistance Program to improve online tools for military and overseas voters, almost all of which was devoted to enhancements to the special website for Minnesota military and overseas voters found at <https://minnesota.overseasvotefoundation.org>.

Results:

The Office measures performance by the indicators set out in the table below. Each of these measures indicates the Office’s strategies are working.

- Business transactions in Minnesota are free-flowing and are not delayed by a need to wait for information from this office. New technologies and wider public access to them have improved the administration of business transactions.
- Voters have access to information, facilitating their participation in the political process. Outreach efforts, increased availability of information, and stronger partnerships with local government units have created a more user-friendly voting system.
- Families throughout the state are safer and more stable because of the Safe at Home program. The certification of additional victim advocates as application assistants and heightened awareness are driving increased participation in the Safe at Home Program.

Performance Measures	Previous	Current	Trend
Voter turnout in comparable presidential elections	<u>FY2005</u> 2,842,912	<u>FY2009</u> 2,921,498	Improving
No. of new business filings	<u>CY2007</u> 56,000	<u>CY2012(Projected)</u> 65,000	Improving
No. of UCC/Tax Lien & Central Notification System(CNS) filings	141,000	155,000	Improving
No. of business web filings	<u>CY2007</u> 177,000	<u>CY2012(Projected)</u> 240,000	Improving
No. of UCC Web filings	85,000	106,000	Improving
No. of Safe at Home active participants	<u>6/30/09</u> 287	<u>6/30/12</u> 1,125	Improving

Performance Measures Notes:

Secretary of State**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$10,944	\$6,149	\$220	\$17,313
Current Law Expenditures (FY 2014-15)	\$10,940	\$4,999	\$0	\$15,939
Governor's Recommended Expenditures (FY2014-15)	\$11,975	\$5,999	\$0	\$17,974
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$1,035	\$1,000	\$0	\$2,035
% Change from FY 2014-15 Current Law to Governor's Rec	9%	20%	0%	13%

**Secretary of State
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$10		\$10
REVENUE		\$5,000	\$0	\$5,000
APPROPRIATION	\$11,975	\$1,000	\$0	\$12,975
SOURCES OF FUNDS	\$11,975	\$6,010	\$0	\$17,985
BALANCE FORWARD OUT		\$10		\$10
EXPENDITURES	\$11,975	\$5,999	\$0	\$17,974
PAYROLL EXPENSE	\$8,320	\$3,171	\$0	\$11,491
OPERATING EXPENSES	\$3,159	\$2,668		\$5,827
OTHER FINANCIAL TRANSACTIONS	\$497	\$160		\$657
USES OF FUNDS	\$11,975	\$6,009	\$0	\$17,984

Secretary of State

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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REPLACEMENT FOR FEDERAL HELP AMERICA VOTE ACT FUNDS

The Governor recommends a general fund investment of \$1 million each year beginning in FY 2015 to replace federal funding that was used to support the statewide voter registration system, election results reporting system, and related online information tools for voters. The Governor also recommends using the remaining federal Help America Vote Act (HAVA) funds of approximately \$1 million in FY 2014 for election system maintenance.

Performance Measures:

During a two year election cycle, county auditors update or add between 1.2 and 2 million voter registration records in the Statewide Voter Registration System. Also, county auditors and cities during a two year cycle make more than 600,000 transactions in that system related to absentee ballots. Updating these systems allows voters to check the status of their voter registration and/or absentee ballot online. The investment will allow these activities to continue as well as online election reporting.

General Fund	Expenditure	0	1,000	1,000	1,000	1,000	2,000
Other Funds	Expenditure	1,000	0	1,000	0	0	0
	Net Change	1,000	1,000	2,000	1,000	1,000	2,000

Improved Efficiencies in Business Services

The Governor recommends a \$320,000 general fund reduction for the biennium to the Secretary of State's business services funding because of anticipated efficiencies related to technology upgrades.

Performance Measures:

Current business services provided by the Office of the Secretary of State will continue to be provided with reduced funding due to efficiencies created through technology upgrades.

General Fund	Expenditure	(160)	(160)	(320)	(160)	(160)	(320)
	Net Change	(160)	(160)	(320)	(160)	(160)	(320)

Redistricting Lawsuit Attorneys' Fees

The Governor recommends increased funding of \$355,000 to pay court-ordered attorneys' fees and interest for the redistricting lawsuit.

Performance Measures:

This funding will allow the Secretary of State to make the court-ordered payment from the redistricting case.

General Fund	Expenditure	355	0	355	0	0	0
	Net Change	355	0	355	0	0	0

Net All Change Items	General Fund	195	840	1,035	840	840	1,680
	Other Funds	1,000	0	1,000	0	0	0
	Net Change	1,195	840	2,035	840	840	1,680

Secretary of State
All Funds FTE by Program

Program	Current FY 2013	Forecast Base FY 2015	Governor's Recommendation FY 2015
Program: Secretary Of State	63.5	61.5	61.5
Secretary of State	63.5	61.5	61.5

Secretary of State
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	DEPARTMENTAL EARNINGS	28,438			28,438
	ALL OTHER	7			7
	Subtotal	28,445			28,445
Dedicated	FEDERAL GRANTS		0	0	0
	DEPARTMENTAL EARNINGS		5,000		5,000
	ALL OTHER		0		0
	Subtotal		5,000	0	5,000
Total		28,445	5,000	0	33,445

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Mission:

The purpose of the Sentencing Guidelines Commission is to establish rational and consistent sentencing standards that enhance the public safety of the citizens of Minnesota, reduce sentencing disparity, ensure that the sanctions imposed for felony convictions are proportional to the severity of the offense and the offender's criminal history, and that support the appropriate use of finite correctional resources.

Statewide Outcome(s):

Sentencing Guidelines Commission supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

In 1978, Minnesota created the nation's first sentencing guidelines commission, and in 1981, Minnesota became the first state to implement a sentencing guidelines structure. Today, the Sentencing Guidelines Commission is an 11-member body created by the Legislature to develop and maintain the Guidelines that judges must apply in felony sentencing. Eight members are appointed by the Governor: one public defender, one county attorney, the Commissioner of Corrections, one peace officer, one probation officer, and three public members, one of whom must be a victim of a felony crime. Three members are appointed by the Chief Justice of the Supreme Court: the Chief or a designee, one judge of the Court of Appeals, and one district court judge.

The Commission, which receives 100 percent of its funding from the General Fund, strives to maintain a felony sentencing system that balances public safety concerns with consistent and proportional sentences and finite correctional resources. In 1981, when the Guidelines were implemented, 5,500 felons were sentenced. In 2010, 14,311 felons were sentenced. This increase in the number of felons sentenced is both due to greater population and a greater number of enacted felony offenses. In addition, the Guidelines have become more complex due to statutory enhancements and mandatory minimums. The primary clientele of the Sentencing Guidelines Commission are criminal justice partners (e.g., prosecutors, defense attorneys, judges, and probation officers), offenders, and the public.

Key partners of the Commission include:

- the Minnesota Legislature and Governor, who make changes in the penal statutes that must be incorporated into the Guidelines;
- trial judges, who implement the Guidelines when they impose felony sentences;
- appellate courts, whose decisions concerning sentencing may necessitate Guidelines changes;
- corrections officers and administrators who carry out sentences;
- prosecutors and defense attorneys, who seek just outcomes for their respective clients;
- law enforcement officers, who are most aware of trends in criminal conduct and enforcement strategies; and,
- citizens, including crime victims, who provide input from those who do not work within the criminal justice system.

Strategies:

The Commission utilizes the following strategies to accomplish its mission.

- The Commission maintains a comprehensive and accurate database on felony sentences. The Commission then utilizes this data to publish regular and special reports on sentencing practices and related criminal justice issues, which enable policymakers, criminal justice officials, and the public to assess felony sentencing policy and proposed legislation.
- Legislation directs that a sentencing worksheet must be completed for every felony sentence to determine the appropriate application of the Guidelines. Commission staff reviews and approves each worksheet before it is provided to the sentencing court.
- The Commission also provides training and other educational outreach to ensure that the Guidelines are understood and appropriately applied by criminal justice practitioners.

- As needed, the Commission responds to changes in case law, legislation, and issues raised by interested parties.
- Annually, the Commission works with the Department of Corrections to generate prison bed projections.
- Commission members and staff serve on committees and task forces to further the goals of the criminal justice system.

Results:

The Sentencing Guidelines are established for the typical case. For cases involving atypical offense or offender characteristics, the Commission would expect to see departures. Therefore, the Commission closely monitors the extent to which the presumptive sentence is being applied in felony cases. The Commission also monitors staff performance by looking at the number of sentencing worksheets reviewed annually, the percentage of fiscal notes completed on time each legislative session, and the number of data requests completed annually.

Performance Measures	Previous	Current	Trend
Number of electronic Sentencing Worksheets reviewed by staff ¹	15,771	16,109	Increased
Percentage of felony offenses receiving the presumptive Guidelines sentence ²	75%	75%	Stable
Percentage of fiscal impact statements (fiscal notes) for introduced legislation completed on time ³	100%	100%	Stable
Number of data requests processed ⁴	64	100	Increased

Performance Measures Notes:

1. Statewide Supervision System; <https://www.probation.state.mn.us>
2. 2010 Sentencing Practices Data Reports (<http://www.msgc.state.mn.us>) / Internal preliminary data
3. Internal MSGC data
4. Internal MSGC data

Sentencing Guidelines Commission
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$1,172			\$1,172
Current Law Expenditures (FY 2014-15)	\$1,172			\$1,172
Governor's Recommended Expenditures (FY2014-15)	\$1,472			\$1,472
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$300			\$300
% Change from FY 2014-15 Current Law to Governor's Rec	26%			26%

Sentencing Guidelines Commission

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$1,472			\$1,472
SOURCES OF FUNDS	\$1,472			\$1,472
EXPENDITURES	\$1,472			\$1,472
PAYROLL EXPENSE	\$973			\$973
OPERATING EXPENSES	\$499			\$499
USES OF FUNDS	\$1,472			\$1,472

Sentencing Guidelines Commission

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Electronic Worksheet Redesign

The Governor recommends one-time funding to enhance the electronic sentencing worksheet system. The current system is operated on a server that is being eliminated, and existing worksheets, about 17,000 per year, have nearly a 25% error rate.

Performance Measures:

The enhancements will assist Commission staff in reviewing the increasing number of worksheets and reduce the error rates. The new system is estimated to reduce average processing time by 15-30 minutes from the current 1.5 hours.

General Fund	Expenditure	300	0	300	0	0	0
	Net Change	300	0	300	0	0	0
Net All Change Items	General Fund	300	0	300	0	0	0
	Net Change	300	0	300	0	0	0

Sentencing Guidelines Commission
All Funds FTE by Program

Program	Current FY 2013	Forecast Base FY 2015	Governor's Recommendation FY 2015
Program: Mn Sentencing Guideline Com	6.0	6.0	6.0
Sentencing Guidelines Commission	6.0	6.0	6.0

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Mission:

The Board's core public safety mission is to "ensure residents of Minnesota quality social work services by establishing and enforcing professional standards". [Board Strategic Plan September 1994]

Statewide Outcome(s):

Social Work, Board of supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

The Legislature established the Board in 1987, and by law, it exists to "perform the duties necessary to promote and protect the public health, safety, and welfare through the licensure and regulation of persons who practice social work in the state". The Board of Social Work holds social workers accountable by ensuring that licensed social workers are qualified, professional, ethical, and accountable. It does this initially through the examination and licensure process and, on an ongoing basis, by license renewal, continuing education, supervision requirements to ensure continued competence, and through the complaint resolution process when professional standards are not met. Staff and volunteer Board Members currently serve members of the public, 12,583 licensees, applicants, employers, credentialing entities, academic programs, and state and federal entities. The Board is entirely fee supported and receives no General Fund dollars. It must collect fees to cover both direct and indirect expenditures, which are deposited as non-dedicated revenue into the State Government Special Revenue Fund (SGSRF).

Strategies:

Effective public safety outcomes and efficient government services are accomplished through: licensing qualified professionals; resolving complaints in a fair and timely manner; promoting a diverse and qualified workforce by modifying licensing exemptions through 2012 legislation; increasing outreach and education to stakeholders, especially consumers and employers; maximizing technology with online services, and implementing "paperless" meetings and digital records; reducing fees by 30% since 2006; and streamlining business processes. The Board partners collaboratively with the 17 Health Licensing Boards and its Administrative Services Unit, MN Management and Budget, MN Department of Health and Human Services, Legislators, the Governor's Office, other state and federal regulatory entities, its Advisory Committee, and its stakeholder groups.

Results:

Through its regular Strategic Planning, the Board identifies strategic objectives and measures quantitative and qualitative performance outcomes. Licensing and complaint resolution data is provided regularly to the Board, and in reports required by the Legislature and state agencies. License applications have increased by 43 percent, and licenses granted have increased by 25 percent, in the last ten years. Disciplinary or corrective action reduces the likelihood of future violations and unethical practice from licensees. Based on 91 actions taken in 2002- 2011 there is a recidivism rate of 2.2 percent.

Performance Measures	Previous	Current	Trend
Total number of persons licensed ¹	9,703	12,583 (30% increase)	Improving
Complaint Resolution: ¹			
Complaints received ¹	123	173 (41% increase)	Improving
Complaints dismissed or closed ¹	93	98 (5% increase)	Improving
Actions taken ¹	16	24 (50% increase)	Improving
Resolution time ²	74% in less than 6 months	42% in less than 6 months	Worsening
Utilization of online services:			
Online renewal services ³	7,048	7,761 (10% increase)	Improving
Online license application services ³	1,624	2,459 (51% increase)	Improving
Online license lookup/verification ⁴	67,700	77,000 (14% increase)	Improving

Performance Measures Notes:

1. Previous year is FY 2002. Current year is FY 2012.
2. Previous year is FY 2008. Current year is FY 2012.
3. Previous year is FY 2006. Current year is FY 2012.
4. Previous year is FY 2011. Current year is FY 2012.

Data source is the Board of Social Work. Additional information on performance outcomes are identified in great detail in the following recent Board of Social Work reports and documents, available at the Board's website, <http://www.socialwork.state.mn.us/>

2011 Strategy Map <http://www.socialwork.state.mn.us/Portals/0/BOSW%20Strategy%20Map%202011.pdf>

2012 Self-Evaluation Report For The Minnesota Sunset Advisory Commission

<http://www.socialwork.state.mn.us/Portals/0/Whats%20New/BOSW%20Sunset%20Commission%20Report%20December.pdf>

& Minnesota Board of Social Work Report to the Minnesota Sunset Advisory Commission

<http://www.socialwork.state.mn.us/Portals/0/BOSW%20Sunset%20Advisory%20Commission%20Supplemental%20Report.pdf>

2008 - 2010 Biennial Report <http://www.asu.state.mn.us/Portals/0/Biennial%20Report%202008-2010.pdf>

2012 Legislation Licensing Changes <http://www.socialwork.state.mn.us/>

Social Work, Board of
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$2,147		\$2,147
Current Law Expenditures (FY 2014-15)		\$2,168		\$2,168
Governor's Recommended Expenditures (FY2014-15)		\$2,168		\$2,168
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

**Social Work, Board of
Sources and Uses**

(Dollars in Thousands)

Biennium FY14-FY15				
	General Funds	Other State Funds	Federal Funds	Total Funds
REVENUE		\$24		\$24
APPROPRIATION		\$2,144		\$2,144
SOURCES OF FUNDS		\$2,168		\$2,168
EXPENDITURES		\$2,168		\$2,168
PAYROLL EXPENSE		\$1,498		\$1,498
OPERATING EXPENSES		\$670		\$670
USES OF FUNDS		\$2,168		\$2,168

**Social Work, Board of
All Funds FTE by Program**

Program	Current FY 2013	Forecast Base FY 2015	Governor's Recommendation FY 2015
Program: Social Work, Board Of	10.6	10.6	10.6
Social Work, Board of	10.6	10.6	10.6

Social Work, Board of
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	DEPARTMENTAL EARNINGS		2,092		2,092
	ALL OTHER		0		0
	Subtotal		2,092		2,092
Dedicated	ALL OTHER		24		24
	Subtotal		24		24
Total			2,116		2,116

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Mission:

The mission of the Office of the State Auditor (Office) is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Statewide Outcome(s):

State Auditor supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The State Auditor is a statewide elected independent constitutional officer. The Office, established by the State Constitution when the state was formed, serves a core function in government: to provide transparency and accountability of local government finances. The Office has the legal authority to act in the public's best interest, and to oversee the finances of 4,300 units of local government. Its presence serves as a deterrent to misuse of public funds. The Office is the one place the public can call to report a concern about possible misuse of public funds in their community, to petition for an audit of their local government's finances, and to find long-term comprehensive financial data about their community. The Office's legal authority to act in the public's best interest, combined with its special expertise in local government finance, instills in taxpayers and other stakeholders confidence in local government finances.

The Office is the sole source of comprehensive, comparable data on local government finances. That data is used by State and local policymakers to make important decisions that affect the quality of life in our communities. The data is also used by the media to hold local governments accountable and by the public to make informed decisions about its government.

Strategies:

- Auditing, reviewing, educating, investigating, and reporting on over \$20 billion in taxpayer dollars spent at the local level;
- Recruiting and retaining a highly professional, experienced staff to provide effective oversight;
- Leveraging the extensive knowledge of local government finance and accounting expertise of all OSA divisions (Audit, Legal, Investigations, Government Information, Tax Increment Financing and Pension) to more effectively and efficiently provide oversight;
- Expending resources to meet the Office's statutory requirements, then prioritizing expenditures that increase efficiency for both OSA staff and local government officials, offer transparency of local government finances, and provide data integrity; and
- Increasing integrity of financial data by requiring electronic reporting.

Measuring Success:

The data the Office uses to measure success is specific for each division, and is contained in the Division Budget Narratives.

State Auditor**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$17,130	\$1,335		\$18,465
Current Law Expenditures (FY 2014-15)	\$17,279	\$1,446		\$18,724
Governor's Recommended Expenditures (FY2014-15)	\$4,002	\$14,877		\$18,878
\$ Change from FY 2014-15 Current Law to Governor's Rec	(13,277)	\$13,431		\$154
% Change from FY 2014-15 Current Law to Governor's Rec	(77%)	929%		1%

State Auditor**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$2,413		\$2,413
REVENUE		\$13,535		\$13,535
TRANSFERS IN	\$183	\$1,600		\$1,783
APPROPRIATION	\$4,001	\$0		\$4,001
SOURCES OF FUNDS	\$4,184	\$17,548		\$21,732
BALANCE FORWARD OUT		\$2,671		\$2,671
TRANSFERS OUT	\$183			\$183
EXPENDITURES	\$4,002	\$14,877		\$18,878
PAYROLL EXPENSE	\$3,117	\$7,616		\$10,733
OPERATING EXPENSES	\$758	\$7,249		\$8,007
OTHER FINANCIAL TRANSACTIONS	\$10			\$10
CAPITAL OUTLAY-REAL PROPERTY	\$117	\$12		\$129
USES OF FUNDS	\$4,185	\$17,548		\$21,732

State Auditor

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Audit Practice Enterprise Fund

The Governor recommends establishing an enterprise fund that would be used for the costs of auditing local governments. All fees paid by the local governments for the State Auditor's audit services would also be deposited in this fund. Currently, the State Auditor receives an appropriation for these responsibilities, and fees collected from local entities for audit services are deposited as non-dedicated receipts in the general fund.

Performance Measures:

All audit costs will continue to be recovered by related audit fees. Any receipts collected in excess of audit costs will be used to stabilize future audit rates for the benefit of audit clients.

General Fund	Expenditure	(6,586)	(6,535)	(13,122)	(6,535)	(6,537)	(13,072)
General Fund	Revenue	(6,586)	(6,535)	(13,122)	(6,535)	(6,537)	(13,072)
Other Funds	Expenditure	6,586	6,535	13,122	6,535	6,537	13,072
Other Funds	Revenue	6,586	6,535	13,122	6,535	6,537	13,072
Net Change		0	0	0	0	0	0

Rewrite the Small Cities and Towns Accounting System (CTAS) Software

The Governor recommends authorizing the State Auditor to collect from local governments the costs to update the small cities and towns accounting software that it supports, which is used by about 1,300 small cities and towns. The Governor also recommends authorizing any excess recoveries to balance forward to the next biennium for future upgrades to the software.

Performance Measures:

The CTAS software is reprogrammed using a modern programming language such as C#.NET. This will allow CTAS to work on newer operating systems such as Windows 7. The rewrite will allow for faster resolution of problems/bugs as they are discovered.

Other Funds	Expenditure	300	10	310	10	10	20
Other Funds	Revenue	300	10	310	10	10	20
Net Change		0	0	0	0	0	0

Move JOBZ Oversight

The Governor recommends a reduction of \$156,000 to the State Auditor's funding for oversight responsibilities related to the operation of job opportunity building zones (JOBZ). The State Auditor is charged with overseeing financial activities of local governments, and the JOBZ program is no longer administered at the local level. The program is administered now by a state agency, the Department of Employment and Economic Development.

Performance Measures:

This proposal provides savings to the overall budget solution through reduced expenditures.

General Fund	Expenditure	(78)	(78)	(156)	(78)	(78)	(156)
Net Change		(78)	(78)	(156)	(78)	(78)	(156)

State Auditor

Governor's Changes

(Dollars in Thousands)

		FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
Net All Change Items	General Fund	(78)	(78)	(156)	(78)	(78)	(156)
	Other Funds	0	0	0	0	0	0
	Net Change	(78)	(78)	(156)	(78)	(78)	(156)

State Auditor
All Funds FTE by Activity

	Current	Forecast Base	Governor's Recommendation
Activity	FY 2013	FY 2015	FY 2015
Budget Activity: Audit Practice	70.8	62.6	62.6
Budget Activity: Legal/Special Investigations	3.6	3.6	3.6
Budget Activity: Government Information	7.4	6.6	6.6
Budget Activity: Pension	6.3	5.3	5.3
Budget Activity: Operations Management	6.3	6.3	5.3
Budget Activity: Constitutional Office	2.0	2.0	2.0
Budget Activity: Tax Increment Financing	6.2	6.2	6.2
State Auditor	102.5	92.5	91.5

State Auditor
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	DEPARTMENTAL EARNINGS	0			0
	Subtotal	0			0
Dedicated	DEPARTMENTAL EARNINGS		13,431		13,431
	ALL OTHER		104		104
	Subtotal		13,535		13,535
Total		0	13,535		13,535

State Auditor Audit Practice Division

<http://www.auditor.state.mn.us>

Statewide Outcome(s):

The Audit Practice Division (Division) supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The Division has the legal authority to act in the public's best interest in auditing local government finances, including counties, first-class cities, and other political subdivisions of the State. The Division acts not for profit, but for the public and the public's best interest. The audits provide transparency and accountability to the taxpayers, the State of Minnesota, federal agencies, and other stakeholders. The Division provides professional, unbiased, objective assessments of whether public resources are responsibly managed, appropriately reported, and administered in compliance with laws and regulations. For local governments that are not audited annually by the Office of the State Auditor (OSA), the Division has the authority to use its expertise in the field of governmental auditing and accounting to audit those governments if it is determined that it is in the public's best interest. This unique capability instills in taxpayers and other stakeholders confidence in local government finances. The Division also provides technical accounting and auditing coordination to support the other divisions, promoting efficiency and effectiveness within the OSA.

The Division is funded by a general fund direct appropriation. One hundred percent of the funds supporting the Division's work are recovered through fees for audit services and are deposited into the state's general fund.

For more information about the Division, please visit <http://www.auditor.state.mn.us/whatwedo.htm>.

Strategies:

The duties of the Division are achieved by:

- Performing financial and compliance audits of local governments under professional standards;
- Providing audits of local governments with the highest level of transparency to the public with clear and accurate results, including recommendations for improvement of internal controls and compliance;
- Performing special request and petition audits focused on specific concerns of citizens and other stakeholders;
- Reviewing audits of local governments performed by certified public accounting (CPA) firms and rotating audits between those performed by the Division and those performed by CPA firms, which serves as the ultimate check and balance for the fundamental accountability of government services. Without this oversight, the system established to promote transparency and accountability would erode over time;
- Sharing the expertise of highly-trained audit professionals both by assisting other divisions within the OSA and by providing training and guidance to others outside the OSA;
- Providing local government staff with the information needed to independently prepare their own financial reports;
- Publishing the Minnesota Legal Compliance Audit Guide, which sets the standard of legal compliance expertise at the highest level for local government auditors;
- Reviewing and compiling single audit data for statewide reporting; and
- Providing an Annual Training for OSA audit staff to maintain a highly-trained staff, inviting local government finance staff to attend one day of the training on emerging compliance and finance issues.

Results:

Between 2010 and 2011, the Division issued an increased number of audits with less staff and on a more timely basis while holding audit rates stable.

Performance Measures	Previous	Current	Trend
1. Peer Review Quality Standards Met	Yes	Yes	Stable
2. Total Number of Audits Issued	128	133	Improving
3. Audits Issued Within 9 Months of Auditee Year-End	76%	82%	Improving
4. Audits Issued Within 12 Months of Auditee Year-End	93%	91%	Stable
5. Available Training Seats Filled by Local Government Staff	100%	100%	Stable

Performance Measures Notes:

1. The OSA participates in the National State Auditor's Association Peer Review Program. Maintenance of an appropriate internal quality control system is essential to performing effective audits that comply with professional standards. The results of the two previous Peer Reviews concluded that the OSA met professional requirements. The Peer Review is performed every three years: the Peer Reviews listed above were performed in 2006 and 2009.
2. The Division's outcomes are largely qualitative in nature, and many performance measures are driven by uncontrollable factors such as the abilities, resources, and preparedness of auditees. "Previous" refers to audits issued in calendar year 2010, and "Current" refers to audits issued in calendar year 2011.
3. "Previous" refers to calendar year 2010, and "Current" refers to calendar year 2011.
4. "Previous" refers to calendar year 2010, and "Current" refers to calendar year 2011.
5. Refers to the Annual Training provided by the OSA. "Previous" refers to calendar year 2010, and "Current" refers to calendar year 2011.

Budget Activity: Audit Practice**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$12,223	\$100		\$12,323
Current Law Expenditures (FY 2014-15)	\$12,195	\$104		\$12,299
Governor's Recommended Expenditures (FY2014-15)	\$27	\$13,225		\$13,252
\$ Change from FY 2014-15 Current Law to Governor's Rec	(12,168)	\$13,121		\$953
% Change from FY 2014-15 Current Law to Governor's Rec	(100%)	12,616%		8%

Budget Activity: Audit Practice**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$9		\$9
REVENUE		\$13,225		\$13,225
APPROPRIATION	\$26	\$0		\$26
SOURCES OF FUNDS	\$26	\$13,234		\$13,260
BALANCE FORWARD OUT		\$9		\$9
EXPENDITURES	\$27	\$13,225		\$13,252
PAYROLL EXPENSE	\$1	\$6,461		\$6,462
OPERATING EXPENSES	\$24	\$6,764		\$6,788
CAPITAL OUTLAY-REAL PROPERTY	\$2			\$2
USES OF FUNDS	\$27	\$13,234		\$13,261

State Auditor Legal/Special Investigations Division

<http://www.auditor.state.mn.us>

Statewide Outcome(s):

The Legal/Special Investigations Division (Division) supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The Division works to ensure that local government funds are used in compliance with state law by over 4,300 units of local government. The work of the Division is relied upon by local governments, members of the public, public- and private-sector auditors, law enforcement, statewide local government associations, and attorneys to help obtain legal compliance in the use of local government funds. The Division uses its specialized financial investigative and legal expertise to respond to questions and concerns received from the public, local government officials and employees, private and public sector auditors, law enforcement, attorneys, and policymakers. The Division is funded by a general fund direct appropriation.

For more information about the Division, please visit <http://www.auditor.state.mn.us/whatwedo.htm>.

Strategies:

The Division works to increase legal compliance in the use of local government funds by:

- Performing inquiries, reviews, and investigations arising out of concerns received by the Division, and by providing recommendations to local governments based upon the results;
- Responding to the statutorily-mandated reports of possible misuse of public funds to ensure that a thorough investigation has been performed, appropriate referrals to law enforcement have been made, and internal control modifications have been implemented;
- Reviewing city audits performed by CPA firms, and, when warranted, providing follow-up and educational materials to obtain compliance from the city;
- Providing targeted training on legal compliance and on the prevention and detection of fraud to local government officials and employees, private and public sector auditors, and other interested parties;
- Providing legal expertise to all OSA divisions and by conducting legal reviews of all audits performed by the Audit Practice Division;
- Updating and promulgating annually the Minnesota Legal Compliance Audit Guide, which sets the current minimum legal compliance procedures and scope for all local government audits; and
- Researching, revising, and publishing Statements of Position on a variety of topics related to local government finance and publishing weekly Avoiding Pitfalls items in the Auditor's Update and on the web on issues identified by the Division during audits, inquiries, reviews, and investigations.

Results:

The work of the Division improves legal compliance and transparency in the use of local government funds, and serves as a constant deterrent for misuse of public funds.

Performance Measures	Previous	Current	Trend
Views of Avoiding Pitfalls on OSA's Website	26,221	25,777	Stable
Views of Legal/SI Statements of Position on Website	20,100	20,131	Stable
Views of Investigative Reports and Review Letters on Website	10,802	10,110	Stable

Performance Measures Notes:

1. For all measures, "Previous" refers to calendar year 2010, and "Current" refers to calendar year 2011.

-
2. The number of items viewed on the website for all results above is an incomplete measure because those materials are also used and disseminated on paper by private-sector auditors, statewide local government associations, and others.

Budget Activity: Legal/Special Investigations
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$802			\$802
Current Law Expenditures (FY 2014-15)	\$838			\$838
Governor's Recommended Expenditures (FY2014-15)	\$838			\$838
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Legal/Special Investigations**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$1,021			\$1,021
SOURCES OF FUNDS	\$1,021			\$1,021
TRANSFERS OUT	\$183			\$183
EXPENDITURES	\$838			\$838
PAYROLL EXPENSE	\$743			\$743
OPERATING EXPENSES	\$95			\$95
USES OF FUNDS	\$1,021			\$1,021

State Auditor Government Information Division

<http://www.auditor.state.mn.us>

Statewide Outcome(s):

The Government Information Division (Division) supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The Division is the sole source of comprehensive comparable financial information from over 3,300 local governments. This assists state and local policymakers with policy and spending decisions that have a direct impact on the quality of life in Minnesota. This information also helps the public make informed decisions about its local government. The Division collects and analyzes local government financial data and publishes regular reports provided to the legislature and the public. The Division also conducts Best Practices reviews of local government operations. The Division is funded by a general fund direct appropriation.

For more information about the Division, please visit <http://www.auditor.state.mn.us/whatwedo.htm>.

Strategies:

The Division works with local governments to collect and analyze their financial information on a timely basis by:

- Responding to local government financial questions;
- Providing electronic reporting forms to improve accuracy and timeliness;
- Providing on-demand online training to help local governments successfully complete electronic reporting forms;
- Maintaining, supporting, and training for the Small Cities and Towns Accounting System (CTAS), software used by over 1,300 small cities and towns throughout the state; and
- Prescribing the chart of accounts and reporting requirements for cities, towns, and special districts.

The Division provides transparency of local government finances to assist the legislature, local government officials, and the public to make informed decisions by:

- Maintaining an extensive database of local government financial data;
- Providing a user-friendly comparison tool of local government financial information for easy access to the database;
- Compiling and issuing ten to 12 annual reports and Best Practices Reviews each year;
- Preparing and compiling customized data for legislative researchers and the media; and
- Conducting special studies as requested by the Legislature.

Results:

The work of the Division is a mature activity within the office and stable performance measures are expected. The ability of the Division to maintain or improve a performance measure is largely influenced by the technical ability of local government financial staff to perform accounting duties and to use technology such as computers, accounting software, and the Internet to meet their financial reporting requirements.

Performance Measures	Previous	Current	Trend
1. CTAS Users Reporting with Exported Files	678	768	Improving
2. Views of Local Government Finance Reports on Website	47,973	52,738	Stable
3. Views of Comparison Tools on Website	12,579	12,230	Stable
4. Local Governments Meeting Reporting Requirements	96.4%	96.7%	Stable

Performance Measures Notes:

-
1. Users of CTAS who report on a cash basis of accounting can export a file and submit it electronically to meet part of their reporting requirement. The numbers in the table refer to 2009 and 2010, the two most recent years of complete information.
 2. "Previous" refers to calendar year 2010, and "Current" refers to calendar year 2011.
 3. "Previous" refers to calendar year 2010, and "Current" refers to calendar year 2011.
 4. "Previous" refers to reporting year 2009, and "Current" refers to reporting year 2010. Those are the two most recent years with complete information.

Budget Activity: Government Information
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$1,025			\$1,025
Current Law Expenditures (FY 2014-15)	\$1,032			\$1,032
Governor's Recommended Expenditures (FY2014-15)	\$1,032	\$310		\$1,342
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$310		\$310
% Change from FY 2014-15 Current Law to Governor's Rec	0%			30%

Budget Activity: Government Information**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
REVENUE		\$310		\$310
TRANSFERS IN	\$7			\$7
APPROPRIATION	\$1,025			\$1,025
SOURCES OF FUNDS	\$1,032	\$310		\$1,342
EXPENDITURES	\$1,032	\$310		\$1,342
PAYROLL EXPENSE	\$921			\$921
OPERATING EXPENSES	\$111	\$310		\$421
USES OF FUNDS	\$1,032	\$310		\$1,342

State Auditor Pension Division

<http://www.auditor.state.mn.us>

Statewide Outcome(s):

The Pension Division (Division) supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The Division works to ensure compliance with state laws governing the administration, finances, investments, and pension benefits for 740 volunteer fire and other types of local public pension plans in Minnesota. The Division is the sole source of comprehensive comparable information on these pension plans. The information is used for comparison purposes primarily by pension plan boards and their associated municipalities, and by the legislature to make policy decisions. The Division is the statewide authority on the pension plans and, by managing the reporting processes for the entire system, the Division ensures that consistent approaches, methods, and investment rate-of-return calculations are used. The primary users of the Division's services are pension plan boards, plan members, municipal representatives, auditors, investment professionals, policy makers, and the public. The Division is funded by a general fund direct appropriation.

For more information about the Division, please visit <http://www.auditor.state.mn.us/whatwedo.htm>.

Strategies:

The Division promotes the consistent interpretation and application of state laws and local pension plan bylaws by:

- Monitoring plan operations and the administration of pension benefits by collecting and reviewing annual reporting forms;
- Issuing Statements of Position and monthly newsletters to inform and educate pension plan trustees;
- Creating and issuing Sample Bylaw Guides for the various types of volunteer fire relief association pension plans to assist them in meeting statutory requirements;
- Publishing an annual Relevant Statutes booklet and summary for use as reference tools to assist with compliance of State law;
- Convening the Volunteer Fire Relief Association Working Group annually to bring together the major volunteer fire stakeholders to identify and discuss pressing pension issues. The Group compiles a Working Group bill that suggests legislative changes to improve the relief association pension system and to clarify its reporting requirements; and
- Suggesting changes to the public pension plan investment authority laws to provide clarity for pension plan trustees, investment advisors, executive directors, and auditors to achieve better compliance.

The Division annually provides user-friendly and timely reports on pension plan finances, investments, and administration. The reports inform the Legislative Commission on Pensions and Retirement on the status of these plans, offer information and recommendations to plan trustees, and provide transparency for the public.

Results:

The annual compliance of fire relief associations with state laws and bylaws is excellent, as evidenced by the percentage of reliefs certified for State Aid shown below.

Performance Measures	Previous	Current	Trend
1. Reliefs Certified as Eligible to Receive State Aid	99.6%	99.6%	Stable
2. Working Group Bills Signed into Law	0	2	Improving
3. Individuals Registered for Monthly Email Newsletter	3,201	3,401	Improving

Performance Measures Notes:

-
1. "Previous" refers to calendar year 2010, and "Current" refers to calendar year 2011.
 2. "Previous" refers to calendar year 2011, and "Current" refers to calendar year 2012. Very few pension-related bills were acted on during the 2011 legislative session. It was the first time the Working Group's bill was held over from one session to the next.
 3. "Previous" refers to calendar year 2010, and "Current" refers to calendar year 2011.

Budget Activity: Pension**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$864			\$864
Current Law Expenditures (FY 2014-15)	\$891			\$891
Governor's Recommended Expenditures (FY2014-15)	\$891			\$891
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Pension**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
TRANSFERS IN	\$27			\$27
APPROPRIATION	\$864			\$864
SOURCES OF FUNDS	\$891			\$891
EXPENDITURES	\$891			\$891
PAYROLL EXPENSE	\$789			\$789
OPERATING EXPENSES	\$95			\$95
CAPITAL OUTLAY-REAL PROPERTY	\$6			\$6
USES OF FUNDS	\$891			\$891

State Auditor Operations Management Division

<http://www.auditor.state.mn.us>

Statewide Outcome(s):

The Operations Management Division (Division) supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The Division supports all of the activities within the Office of the State Auditor (OSA) by providing the accounting, facilities management, human resources, and technology functions for all divisions in the OSA. The Division is funded by a general fund direct appropriation.

For more information about the Division, please visit <http://www.auditor.state.mn.us/whatwedo.htm>.

Strategies:

The Division supports all divisions in the office so that each division can pursue identified strategies and achieve desired results by:

- Preparing and maintaining the OSA's biennial budget;
- Processing payroll for approximately 115 employees;
- Preparing purchase orders and paying invoices;
- Billing for and depositing payments for audit services;
- Maintaining furniture and equipment inventory;
- Coordinating the lease renewals for and maintenance of seven offices;
- Managing all the technology needs of the OSA;
- Maintaining an integrated database for all divisions;
- Working with each division to collect, process, and improve electronic reporting forms;
- Providing research and strategic planning support on technology issues;
- Providing network and personal computer installation, support, and maintenance;
- Purchasing common network equipment;
- Coordinating the hiring of employees;
- Educating employees on benefit options; and
- Working to ensure the OSA is in compliance with state bargaining agreements.

Results:

Completing the Division's work for other divisions in a timely manner is affected by staffing levels. The Division will continue to leverage technology to help the OSA perform its work more effectively and efficiently. The Division's ability to further leverage technology to either add enhancements to increase the technical ability of OSA staff or to improve and enhance reporting forms for local government users is again limited by staffing levels.

Performance Measures	Previous	Current	Trend
Log-ins to the State Auditor's Form Entry System (SAFES)	67,806	72,845	Improving

Performance Measures Notes:

1. In 2007, SAFES was created to help local governments transition from paper to electronic reporting. SAFES was designed to securely allow local governments, including cities, towns, counties, special districts, relief associations, and Tax Increment Financing (TIF) authorities, to download and submit electronic reporting forms. The forms are pre-populated with entity-specific information and include error checking to make completing the forms more efficient and effective. SAFES takes information from the forms and imports it into the OSA's integrated databases to streamline reviewing by OSA staff. In addition, the system allows relief associations to electronically sign forms and TIF authorities to submit information about new TIF districts. The numbers presented for SAFES log-ins are for the calendar years 2010 (previous) and 2011 (current).

Budget Activity: Operations Management
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$1,699			\$1,699
Current Law Expenditures (FY 2014-15)	\$1,767			\$1,767
Governor's Recommended Expenditures (FY2014-15)	\$658			\$658
\$ Change from FY 2014-15 Current Law to Governor's Rec	(1,109)			(1,109)
% Change from FY 2014-15 Current Law to Governor's Rec	(63%)			(63%)

Budget Activity: Operations Management**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
TRANSFERS IN	\$109			\$109
APPROPRIATION	\$549			\$549
SOURCES OF FUNDS	\$658			\$658
EXPENDITURES	\$658			\$658
PAYROLL EXPENSE	\$159			\$159
OPERATING EXPENSES	\$386			\$386
OTHER FINANCIAL TRANSACTIONS	\$4			\$4
CAPITAL OUTLAY-REAL PROPERTY	\$109			\$109
USES OF FUNDS	\$658			\$658

State Auditor Constitutional Division

<http://www.auditor.state.mn.us>

Statewide Outcome(s):

The Constitutional Division (Division) supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

State Auditor is an independent constitutional officer elected statewide with specific legal authority to provide oversight of over 4,300 units of local government. The State Auditor oversees \$20 billion spent each year to deliver local government services. The Division provides senior-level management and leadership to the Office of the State Auditor (OSA) and supports the State Auditor's service on six state boards and two councils. The Division is funded by a general fund direct appropriation.

For more information about the Division, please visit <http://www.auditor.state.mn.us/whatwedo.htm>.

Strategies:

The Division accomplishes its goal of providing effective oversight of local government finances by:

- Leveraging the extensive knowledge of local government finance and accounting expertise of all OSA divisions;
- Building and maintaining relationships with local government associations, the Minnesota Society of CPAs, and local officials to proactively address emerging finance and compliance issues;
- Conducting outreach to the public to instill confidence in local government finances;
- Proposing, pursuing, and monitoring legislation that increases accountability of local government finances;
- Working with the media to increase transparency and raise public awareness of local government finances; and
- Attending conferences and trainings to fulfill fiduciary duty for service on state boards.

Results:

The State Auditor received the 2011 League of Minnesota Cities President's Award for "Unwavering Support of Minnesota Local Government in Enhancing Effectiveness, Efficiency and Accountability for all Minnesotans."

Performance Measures	Previous	Current	Trend
Formal Speeches given on OSA Work/Issues	17	16	Stable
Formal Meetings with Legislators/Governor/Groups	29	49	Increasing
Press Clippings on OSA and Local Government Finances	NA	697	NA
National Committees State Auditor Serves On	2	6	Increasing
Conferences/Trainings Attended to Fulfill Fiduciary Duty	2	2	Stable

Performance Measures Notes:

1. "Previous" refers to calendar year 2010, and "Current" refers to calendar year 2011.
2. Informal speeches and informal meetings are not reflected in the above numbers.
3. The State Auditor serves on the Executive Committees of the National State Auditor's Association (NSAA) and the National Association of State Auditors, Comptrollers and Treasurers (NASACT), who are focused on accountable and transparent government.

Budget Activity: Constitutional Office
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$517			\$517
Current Law Expenditures (FY 2014-15)	\$556			\$556
Governor's Recommended Expenditures (FY2014-15)	\$556			\$556
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Constitutional Office**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
TRANSFERS IN	\$40			\$40
APPROPRIATION	\$516			\$516
SOURCES OF FUNDS	\$556			\$556
EXPENDITURES	\$556			\$556
PAYROLL EXPENSE	\$504			\$504
OPERATING EXPENSES	\$47			\$47
OTHER FINANCIAL TRANSACTIONS	\$6			\$6
USES OF FUNDS	\$556			\$556

State Auditor Tax Increment Financing Division

<http://www.auditor.state.mn.us>

Statewide Outcome(s):

The Tax Increment Financing Division (Division) supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Efficient and accountable government services.

Context:

The Division works to ensure compliance with the Tax Increment Financing (TIF) Act. The TIF Act was created to help businesses and communities redevelop blighted areas, expand the property tax base, create jobs, construct housing, and assist development where it would not otherwise occur "but for the use of tax increment." The Division works with approximately 2000 TIF districts. The Division is the sole source of comprehensive comparable data on TIF use in the state. Some of this data is used to issue the annual TIF Legislative Report to inform lawmakers and the public on the uses of TIF. The Division's oversight work serves as a deterrent to prevent misuse of tax increment revenues. The Division is funded by a special revenue fund statutory appropriation.

For more information about the Division, please visit <http://www.auditor.state.mn.us/whatwedo.htm>

Strategies:

The Division works to ensure compliance with the TIF Act by:

- Reviewing financial information submitted annually to the OSA to identify non-compliance, and working to help communities come into compliance;
- Conducting desk reviews and targeted field reviews of TIF districts;
- Educating a broad audience on the TIF Act by issuing Statements of Position, webinars, monthly newsletters and legislative updates, and by responding to requests for information. That audience includes local officials, lawmakers, financial consultants, state agencies, the public and the media;
- Consulting with local government associations, legislative staff and others to identify ambiguities and technical errors in the TIF Act, and assisting with drafting of legislation when needed;
- Consulting with the Department of Revenue when working with cities and counties in the Correction of Errors; and
- Comparing reported data with Department of Revenue data to confirm accuracy.

Results:

Recent upgrades and updates to technology for the Division have allowed staff to find TIF Act compliance issues earlier in the process. The measures below show that the Division is very effective.

Performance Measures	Previous	Current	Trend
1. Non-Compliance Findings Resolved	100%	100%	Stable
2. Annual TIF Reports Filed on Time	96%	97%	Stable
3. TIF Statements of Position Accessed on the Website	2,293	2,889	Improving

Performance Measures Notes:

1. "Previous" refers to calendar year 2010, and "Current" refers to calendar year 2011.
2. "Previous" refers to calendar year 2009, and "Current" refers to calendar year 2010.
3. "Previous" refers to calendar year 2010, and "Current" refers to calendar year 2011.

Budget Activity: Tax Increment Financing
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$1,235		\$1,235
Current Law Expenditures (FY 2014-15)		\$1,342		\$1,342
Governor's Recommended Expenditures (FY2014-15)		\$1,342		\$1,342
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

Budget Activity: Tax Increment Financing**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$2,404		\$2,404
TRANSFERS IN		\$1,600		\$1,600
SOURCES OF FUNDS		\$4,004		\$4,004
BALANCE FORWARD OUT		\$2,662		\$2,662
EXPENDITURES		\$1,342		\$1,342
PAYROLL EXPENSE		\$1,155		\$1,155
OPERATING EXPENSES		\$175		\$175
CAPITAL OUTLAY-REAL PROPERTY		\$12		\$12
USES OF FUNDS		\$4,004		\$4,004

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Mission:

The mission of the judicial branch is to provide justice through a system that assures equal access for the fair, competent, and timely resolution of cases and controversies.

Statewide Outcome(s):

Supreme Court supports the following statewide outcome(s).

Strong and stable families and communities.

People in Minnesota are safe.

Efficient and accountable government services.

Context:

Minnesota's Supreme Court is the state's court of last resort, serving as the final guardian of the Minnesota Constitution and interpreting/applying the United States Constitution. The Court, made up of seven justices, reviews nearly 800 cases a year. Sitting en banc (before the entire bench), it hears appeals from the Minnesota Court of Appeals, the Workers Compensation Court of Appeals, and the Tax Court. The Court also hears and decides attorney and judicial discipline matters, election contest disputes, and all first-degree murder conviction appeals from the district courts. The Supreme Court's supervisory jurisdiction includes the authority to prescribe, amend, and modify the rules of practice in all courts; the rules governing the examination and admission of attorneys to the state bar; and, the rules governing judicial and attorney professional misconduct.

The adjudicative and supervisory functions of the Supreme Court have an impact on all Minnesota citizens.

For FY 2012-13, the funding for the Supreme Court is 83.4 percent from General Fund direct appropriations. Federal grants represent 11.6 percent of funding for the court. The balance of funding, 5.0 percent is from special revenue funds, most of which are disbursed as grants to non-profit agencies that provide civil legal services for those in need of assistance. The Supreme Court's Legal Services Advisory Committee (LSAC) administers these funds.

Strategies:

The Supreme Court conducts its adjudicative and administrative functions in support of three strategic goals to deliver its mission and to support the statewide outcomes:

Access to Justice – Ensuring the justice system is open, affordable, effective, and accountable to the people it serves.

Administering Justice for Effective Results – Working across branches of government and with other stakeholders to improve outcomes for and the delivery of services for children, families, and alcohol and other drug (AOD) addicted offenders who come into the courts.

Public Trust, Accountability and Impartiality – Through education, outreach to diverse communities and a commitment to system-wide customer service and accountability, improving citizens' understanding of and confidence in the Third Branch of government.

To further these three strategic goals, the branch's strategic plan outlines future priorities. Each of the specific priorities addresses challenges facing the court system by targeting judicial branch resources in a focused manner on achievable and measurable strategies. Implementation of these priorities will take place over the life of the strategic plan with specific performance measures to evaluate their success. The FY 2012-2013 Judicial Branch Strategic Plan can be found on the branch's website <http://www.mncourts.gov>.

Measuring Success:

It is the policy of the Minnesota Judicial Branch to establish core performance goals and to monitor key results that measure progress toward meeting these goals in order to ensure accountability of the branch, improve overall operations of the court, and enhance the public's trust and confidence in the judiciary. The six core performance goals of the Judicial Branch are as follows: Access to Justice; Timeliness; Integrity and Accountability; Excellence; Fairness and Equity; Quality Court Work Environment. Each of the goals is accompanied by corresponding performance measures. Regular review of these measures enables the Branch to identify what is doing well and what it needs to improve.

The full report entitled, "Judicial Branch 2012 Performance Measures –Key Results and Measures Report" can be found on the branch's website <http://www.mncourts.gov>.

Supreme Court**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$83,249	\$6,817	\$7,876	\$97,942
Current Law Expenditures (FY 2014-15)	\$83,550	\$6,868	\$7,226	\$97,644
Governor's Recommended Expenditures (FY2014-15)	\$87,203	\$6,868	\$7,226	\$101,297
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$3,653	\$0	\$0	\$3,653
% Change from FY 2014-15 Current Law to Governor's Rec	4%	0%	0%	4%

**Supreme Court
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$761	\$428	\$1,189
REVENUE		\$6,215	\$6,798	\$13,013
APPROPRIATION	\$87,203	\$0	\$0	\$87,203
SOURCES OF FUNDS	\$87,203	\$6,976	\$7,226	\$101,405
BALANCE FORWARD OUT		\$107		\$107
EXPENDITURES	\$87,203	\$6,868	\$7,226	\$101,297
PAYROLL EXPENSE	\$43,467	\$885	\$2,946	\$47,298
OPERATING EXPENSES	\$19,386	\$637	\$4,278	\$24,301
OTHER FINANCIAL TRANSACTIONS	\$1,118		\$2	\$1,120
GRANTS, AIDS AND SUBSIDIES	\$23,232	\$5,346		\$28,578
USES OF FUNDS	\$87,203	\$6,975	\$7,226	\$101,404

Supreme Court

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Maintain Core Justice Operations

The Governor recommends funding to maintain core justice operations, including compensation increases for court staff and judges, increased employer-paid pension contributions to the Judge Pension Fund, and anticipated cost increases for employee health insurance. Employee-paid contributions to the Judge Pension Fund would also be increased.

Performance Measures:

Maintaining existing staff and services will allow the Court to continue to undertake initiatives designed to increase efficiency, reduce costs, improve public services and resolve cases promptly and without delay.

General Fund	Expenditure	873	1,780	2,653	1,780	1,780	3,560
	Net Change	873	1,780	2,653	1,780	1,780	3,560

Civil Legal Services (CLS) for Low-Income Minnesotans

The Governor recommends increased funding for the grant to Civil Legal Services made through the Supreme Court. Funds will be used to provide services to low-income Minnesotans for resolving civil legal matters.

Performance Measures:

At least 100 additional families/individuals faced with eviction or foreclosure will remain housed; at least 100 additional women and children who are victims of domestic violence will achieve safety; and at least 500 additional families/individuals will meet the basic human needs for safety, shelter, health, and income.

General Fund	Expenditure	500	500	1,000	500	500	1,000
	Net Change	500	500	1,000	500	500	1,000

Net All Change Items	General Fund	1,373	2,280	3,653	2,280	2,280	4,560
	Net Change	1,373	2,280	3,653	2,280	2,280	4,560

Supreme Court
All Funds FTE by Program

	Current	Forecast Base	Governor's Recommendation
Program	FY 2013	FY 2015	FY 2015
Program: Supreme Court Operations	249.5	236.3	248.1
Program: Civil Legal Services	0.4	1.0	1.0
Supreme Court	249.9	237.3	249.1

Supreme Court
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	DEPARTMENTAL EARNINGS	1,088			1,088
	Subtotal	1,088			1,088
Dedicated	FEDERAL GRANTS			6,410	6,410
	DEPARTMENTAL EARNINGS		4,170		4,170
	INVESTMENT INCOME		11		11
	ALL OTHER		2,034	388	2,422
	Subtotal		6,215	6,798	13,013
Total		1,088	6,215	6,798	14,101

Supreme Court

Supreme Court Operations

<http://www.mncourts.gov>

Statewide Outcome(s):

Supreme Court Operations supports the following statewide outcome(s).

Strong and stable families and communities.

People in Minnesota are safe.

Efficient and accountable government services.

Context:

The Minnesota Supreme Court considers appeals from decisions of the Court of Appeals, the Workers Compensation Court of Appeals, and the Tax Court. It hears special term matters, motions, and petitions for extraordinary relief. The Supreme Court also hears mandatory cases, including first-degree murder conviction appeals from the district courts, attorney and judicial discipline matters, and election contests.

The Chief Justice serves as the chair of the Minnesota Judicial Council (the branch's governing body) and is responsible for supervising the administrative operations of the state court system. She is assisted by the State Court Administrator's Office, which provides the administrative infrastructure for the judicial branch.

Working at the direction of the Judicial Council, the state court administrator is responsible for providing judicial branch finance, human resources, technology, training, communications, legal counsel and court management services.

The adjudicative and supervisory functions of Supreme Court Operations have an impact on all Minnesota citizens.

The general fund primarily funds the Supreme Court Operations budget. Federal funds are received and directed towards children's initiatives. A small amount of support from the special revenue fund is received for the State Law Library, the Court Interpreter Program and the Attorney Registration Program.

Strategies:

Supreme Court Operations conducts its adjudicative and administrative functions in support of three strategic goals to deliver its mission and to support the statewide outcomes:

Access to Justice – Ensuring the justice system is open, affordable, effective, and accountable to the people it serves.

Administering Justice for Effective Results – Working across branches of government and with other stakeholders to improve outcomes for and the delivery of services for children, families, and alcohol and other drug (AOD) addicted offenders who come into the courts.

Public Trust, Accountability and Impartiality – Through education, outreach to diverse communities and a commitment to system-wide customer service and accountability, improving citizens' understanding of and confidence in the Third Branch of government.

Results:

It is the policy of the Minnesota Judicial Branch to establish core performance goals and to monitor key results that measure progress toward meeting these goals in order to ensure accountability of the branch, improve overall operations of the court, and enhance the public's trust and confidence in the judiciary.

Throughout the year, the Supreme Court reviews performance measures results on certain timing objectives, based on defined reporting periods. This review of results is shared with the Judicial Council twice a year.

The performance objectives measure timeliness as an indication of whether the Supreme Court is achieving efficient, productive, and quality case flow management. The Supreme Court measures timeliness by reviewing the number of days to accomplish certain tasks, at the 50th percentile and the 90th percentile. The event categories measured are as follows:

- Filing of Petition for Review (PFR) to Disposition of PFR Standard
- Submission (oral argument) to Circulation of Majority Standard
- Submission to Disposition with or without Dissent Standard

The event categories are taken from the American Bar Association (ABA) recommended standards, and the points of measurement conform to the ABA recommended timing objectives at the 50th percentile and the 90th percentile for state supreme courts. The Supreme Court reviews its performance on these timing objectives for cases within its mandatory (Murder 1, Professional Regulation) and discretionary jurisdiction (Review Granted/Denied, Child Protection, Criminal Pre-Trial).

The Supreme Court is generally meeting its timing objectives at the 50th percentile for the three event categories. For several years, the Supreme Court has consistently met or exceeded the timing objective for Filing of PFR to Disposition of PFR, at both the 50th and 90th percentile. At the 90th percentile the performance goal for this event category is 60 days. In the both previous and current periods, the Court took 56 days and is maintaining performance within the timing objective.

The Supreme Court continues to look at ways to improve services to lawyers and litigants and improve the timeliness of case processing. The Supreme Court convened the Civil Justice Reform Task Force in January 2011. The task force was charged with examining case processing of both complex and simple civil litigation to determine if and how these cases can be handled more effectively, more efficiently and at less expense through changes in court rules and court processes. The task force submitted its report in December 2011, and representatives presented the report to the Supreme Court in January 2012. The Supreme Court has the report under advisement. Follow-up tasks are underway. These efforts will have benefits that reach beyond the Judicial Branch from our justice partners to civil litigants.

Performance Measures	Previous	Current	Trend
Number of Days Elapsed at 90% of Supreme Court Cases – Filing of PFR to Disposition of PFR	56	56	Maintaining performance within timing objectives

Performance Measures Notes:

Data are from the [Judicial Branch 2012 Performance Measures – Key Results and Measures Annual Report](http://www.mncourts.gov). The data range used 2010 for the previous period and 2011 for the current period. The report can be found at <http://www.mncourts.gov>.

Program: Supreme Court Operations
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$61,217	\$3,216	\$7,876	\$72,309
Current Law Expenditures (FY 2014-15)	\$61,518	\$3,157	\$7,226	\$71,901
Governor's Recommended Expenditures (FY2014-15)	\$64,171	\$3,157	\$7,226	\$74,554
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$2,653	\$0	\$0	\$2,653
% Change from FY 2014-15 Current Law to Governor's Rec	4%	0%	0%	4%

Program: Supreme Court Operations**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$577	\$428	\$1,005
REVENUE		\$2,615	\$6,798	\$9,413
APPROPRIATION	\$64,171	\$0	\$0	\$64,171
SOURCES OF FUNDS	\$64,171	\$3,192	\$7,226	\$74,589
BALANCE FORWARD OUT		\$34		\$34
EXPENDITURES	\$64,171	\$3,157	\$7,226	\$74,554
PAYROLL EXPENSE	\$43,467	\$690	\$2,946	\$47,103
OPERATING EXPENSES	\$19,386	\$623	\$4,278	\$24,287
OTHER FINANCIAL TRANSACTIONS	\$1,118		\$2	\$1,120
GRANTS, AIDS AND SUBSIDIES	\$200	\$1,844		\$2,044
USES OF FUNDS	\$64,171	\$3,191	\$7,226	\$74,588

Supreme Court Civil and Family Legal Services

<http://www.mnlegalservices.org>

Statewide Outcome(s):

Civil and Family Legal Services supports the following statewide outcome(s).

Strong and stable families and communities.

People in Minnesota are safe.

Efficient and accountable government services.

Context:

The statewide civil legal services network (CLS) is a core function of the justice system. It ensures access to justice for vulnerable Minnesotans and efficiency in the justice system. CLS focuses on resolving civil legal matters that directly affect basic human needs for safety, shelter and household sustenance. All CLS clients have low incomes, disabilities or are elderly. Network reforms over the past decade include improved and expanded public access to services through technology, and controlled cost through shared service coordination. Capacity to deliver core services has been significantly reduced since the beginning of the recession, even though the number of vulnerable Minnesotans eligible for and needing CLS services has increased.

The Supreme Court administers CLS funding. There are three sources of state-administered funding: general fund, Interest on Lawyers Trust Accounts (IOLTA) and attorney registration fees. These funds are administered through the Supreme Court's Legal Services Advisory Committee (LSAC). By statute, 85 percent of general fund support is distributed on a poverty population basis to the Minnesota Legal Services Coalition, six regional CLS organizations that provide a full range of legal help in all 87 counties. The remaining 15 percent of general fund support is awarded on a competitive basis to organizations addressing special populations or specific legal needs. A limitation imposed in 2011 prioritizes the state appropriation to be used for addressing legal issues within state jurisdiction. CLS is also supported by federal and local government grants, foundations, the United Way, corporations, law firms, and individual private donors. The Judicial Branch has shown continued support for CLS through the attorney registration fee increase, but all other sources of funding have declined over the past five years.

Strategies:

CLS opens the doors of the justice system to the most vulnerable in our community. In 2011, CLS provided direct legal representation and advice services to 49,079 families and individuals. Additionally, CLS provided education and self-help services to more than 220,000 Minnesotans. CLS attorneys and advocates work from offices throughout the state, providing services in all 87 Minnesota counties. CLS creates strong and stable families and communities by helping families and individuals find solutions to civil legal disputes. Priorities are helping victims of domestic violence escape from abuse and find safety, preventing homelessness due to improper eviction or foreclosure, protecting vulnerable Minnesotans from financial exploitation, and maximizing the ability of people who are elderly or have disabilities to live safely and independently in the community.

An essential part of the state's domestic violence intervention system, CLS delivers legal services to women and children served by the state's network of domestic violence shelters and support programs. CLS has a similar relationship with social service systems that address homelessness or independent living for seniors or people with disabilities. CLS's partnership with the justice system is two-fold. CLS creates efficiencies in the court system by redirecting cases that are without merit or can be resolved in another manner and by ensuring efficient use of the court's time and resources when low-income clients come before a judge. CLS also creates efficiency in the justice system by providing statewide training and web-based resources on legal issues affecting basic human needs. The web service <http://www.ProJusticeMN.org>, along with training for private attorneys, provides essential infrastructure to leverage and support volunteer attorney services. The court system, public libraries, and social service agencies rely on CLS' <http://www.LawHelpMN.org> web service to provide the public with self-help resources and easy-to-use legal forms.

Results:

CLS partners with the Supreme Court, Minnesota State Bar Association (MSBA), and its federal and private funders to monitor, evaluate and improve services. CLS services reduce domestic violence, prevent homelessness, and ensure access to health care and independent living resources for seniors and people with disabilities. According to a recent MSBA assessment, Minnesota judges cite CLS legal representation as a critical service allowing the courts to perform the core function of administering justice and assuring fairness.

However, Minnesota faces a widening “justice gap”. From 2008 to 2010, the number of Minnesotans eligible for CLS services increased by 20.6 percent, to 1.4 million. During the same period, CLS financial resources decreased by 16 percent. In 2009, the already strained CLS network met the legal need for only one of every two eligible clients seeking services. In 2012, CLS is meeting the need for only one of every three eligible clients seeking help.

CLS seeks to narrow the expanding “justice gap” by increasing service capacity to respond to the growing needs. CLS will also continue creating efficiencies through coordination within the CLS network, recruiting and training volunteer attorneys, and launching technological innovations which provide Minnesotans greater access to legal representation, advice, and legal self-help tools.

Performance Measures	Previous	Current	Trend
Number of eligible clients seeking services who are served	1 out of every 2	1 out of every 3	declining
Percentage of families and individuals served who successfully resolved critical legal problems.	89% of 52,852 households	89% of 49,079 households	stable
Number of children and women who are victims of domestic violence who achieved safety.	1,942 households	1,879 households	declining
Number of families and individuals faced with foreclosure or eviction who remained housed.	2,925 households	3,112 households	improving
Number of seniors and people with disabilities who continue to live safely and independently in the community.	3,433 people	3,235 people	declining
Number of people obtaining education and self-help resources about legal rights and responsibilities through technological innovation.	187,164 people	258,837 people	improving

Performance Measures Notes:

Performance measure “Number of eligible clients seeking services who are served” uses calendar year 2009 data for the previous period and calendar year 2012 data for the current period. All other measures use data that compares calendar year 2009 for the previous period to calendar year 2011 for the current period. Performance measure “Percentage of families and individuals served who successfully resolved critical legal problems” is stable in that the success rate has remained stable, however the number of households served has declined by 3,773.

Program: Civil Legal Services

Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$22,032	\$3,601		\$25,633
Current Law Expenditures (FY 2014-15)	\$22,032	\$3,711		\$25,743
Governor's Recommended Expenditures (FY2014-15)	\$23,032	\$3,711		\$26,743
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$1,000	\$0		\$1,000
% Change from FY 2014-15 Current Law to Governor's Rec	5%	0%		4%

Program: Civil Legal Services

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$184		\$184
REVENUE		\$3,600		\$3,600
APPROPRIATION	\$23,032	\$0		\$23,032
SOURCES OF FUNDS	\$23,032	\$3,784		\$26,816
BALANCE FORWARD OUT		\$73		\$73
EXPENDITURES	\$23,032	\$3,711		\$26,743
PAYROLL EXPENSE		\$195		\$195
OPERATING EXPENSES		\$14		\$14
GRANTS, AIDS AND SUBSIDIES	\$23,032	\$3,502		\$26,534
USES OF FUNDS	\$23,032	\$3,784		\$26,816

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Mission:

The Tax Court's mission is to provide timely and equitable disposition of appeals of orders issued by the Commissioner of the Department of Revenue, and petitions from local property tax valuation, classification, equalization and/or exemption issues.

Statewide Outcome(s):

Tax Court supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The Minnesota Tax Court is a specialized, executive branch court specifically established by the Minnesota Legislature to hear only tax related cases. M.S. 271 sets forth the authority and jurisdiction of the Tax Court. The Tax Court aims to:

- Process and resolve all tax disputes throughout the State of Minnesota; and
- Develop a consistent and uniform body of tax case law.

Trends that influence the Tax Court include local real estate market changes, and state and national economic changes, which can influence the volume of filings with the court.

Strategies:

The Tax Court docket, schedules and resolves all tax cases filed. The judges have expertise in the tax laws. Although the Tax Court is located in the Minnesota Judicial Center, the judges travel throughout Minnesota to conduct trials where taxpayers are located. The Court provides the following services during the process of resolving and adjudicating tax disputes:

- Accepts filings and notifies parties;
- Schedules and conducts hearings (including trials, motions, continuances, and other pre-trial and post-trial hearings);
- Tracks status of case movement; providing information as needed;
- Provides information and searchable court decisions on its web site.
- Produces procedural handbooks for self-represented (pro se) litigants, which are made available on the court's website.
- Maintains correct and current records, as statutorily required;
- Coordinates with and educates district courts on managing tax petitions;
- Functions as a model for other states and other tax courts through presentations, speeches, and conferences.

Results:

The Tax Court continues to take proactive steps to improve the appeals and litigation process including:

- Resolution of complex procedural and substantive issues which provide parties with an efficient and impartial disposition of a case; and
- Ensuring that every litigant has a fair trial and their case is resolved in a timely manner.

Performance Measures	Previous	Current	Trend
Commissioner of Revenue cases filed	102	100	Stable
Property Tax Cases filed	3,578	5,160	Increasing

Performance Measures Notes:

Number of cases filed compares the average number of case filed from calendar years 2006 - 2010 (previous) and calendar year 2011 (current).

Tax Court**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$1,650			\$1,650
Current Law Expenditures (FY 2014-15)	\$1,649			\$1,649
Governor's Recommended Expenditures (FY2014-15)	\$1,971			\$1,971
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$322			\$322
% Change from FY 2014-15 Current Law to Governor's Rec	20%			20%

Tax Court**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$1,972			\$1,972
SOURCES OF FUNDS	\$1,972			\$1,972
EXPENDITURES	\$1,971			\$1,971
PAYROLL EXPENSE	\$1,620			\$1,620
OPERATING EXPENSES	\$341			\$341
CAPITAL OUTLAY-REAL PROPERTY	\$10			\$10
USES OF FUNDS	\$1,971			\$1,971

Tax Court

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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New Funding for Additional Staff and Resources

The Governor recommends an increase to the Tax Court operating budget. This funding increase would support the addition of 2 law clerks, support continuing legal education costs and fund access to WestLaw.

Performance Measures:

This proposal will allow the Tax Court to more efficiently carry out its mission to provide timely and equitable disposition of appeals of orders issued by the Commissioner of Revenue and local property tax valuations, classification, equalization and/or exemptions.

General Fund	Expenditure	161	161	322	161	161	322
	Net Change	161	161	322	161	161	322
Net All Change Items	General Fund	161	161	322	161	161	322
	Net Change	161	161	322	161	161	322

Tax Court
All Funds FTE by Activity

Activity	Current	Forecast Base	Governor's Recommendation
	FY 2013	FY 2015	FY 2015
Budget Activity: Tax Court	5.5	5.5	7.5
Tax Court	5.5	5.5	7.5

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Mission:

Tax Aids and Credits include various property tax relief programs established by the state, such as property tax refunds and aids to local governments. These programs are administered by the Department of Revenue.

Statewide Outcome(s):

Tax Aids and Credits supports the following statewide outcome(s).

Strong and stable families and communities.

Efficient and accountable government services.

Context:

Property taxes are a primary source of funding for local governments. Property tax amounts are not linked to ability to pay and can be a significant cost relative to income for some taxpayers.

Tax Aids and Credits programs provide property tax relief for individual taxpayers, land owners and local taxing jurisdictions, including counties and cities.

Funding Source: State General Fund

Strategies:

Target property tax relief based on income and ability to pay to reduce regressivity of the property tax.

Provide general support aid and property tax relief to help make services provided by local governments more affordable.

Help mitigate sudden property tax spikes due to unforeseen circumstances or state tax policy decisions.

Incentivize behavior which the state deems beneficial to achieving statewide outcomes.

Measuring Success:

Track measures of tax progressivity and regressivity (e.g. Incidence Study and Suits Index)

Study property tax burdens relative to income (e.g. Voss Report)

Analyze local government costs to provide services to taxpayers (e.g. local tax rates, financial reporting)

Tax Policy Aids and Credits**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$2,799,696	\$84,543		\$2,884,239
Current Law Expenditures (FY 2014-15)	\$2,719,932	\$81,898		\$2,801,830
Governor's Recommended Expenditures (FY2014-15)	\$2,837,052	\$81,898		\$2,918,950
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$117,120	\$0		\$117,120
% Change from FY 2014-15 Current Law to Governor's Rec	4%	0%		4%

**Tax Policy Aids and Credits
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN		\$3,075		\$3,075
REVENUE		\$110,653		\$110,653
TRANSFERS IN	\$51,927	\$288		\$52,215
APPROPRIATION	\$2,805,570	\$45,785		\$2,851,355
SOURCES OF FUNDS	\$2,857,497	\$159,802		\$3,017,299
BALANCE FORWARD OUT		\$2,477		\$2,477
TRANSFERS OUT	\$20,445	\$75,422		\$95,867
EXPENDITURES	\$2,837,052	\$81,898		\$2,918,950
PAYROLL EXPENSE				
OPERATING EXPENSES	\$10,286			\$10,286
OTHER FINANCIAL TRANSACTIONS	\$29,502	\$80,686		\$110,188
GRANTS, AIDS AND SUBSIDIES	\$2,797,264	\$1,212		\$2,798,476
USES OF FUNDS	\$2,857,497	\$159,797		\$3,017,294

Tax Policy Aids and Credits

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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New Bracket on Top Two Percent

The Governor recommends creating a new 4th tier income tax bracket for upper incomes at a marginal income tax rate of 9.85 percent beginning in tax year 2013. The new marginal rate will apply only to taxable income above \$250,000 for married joint filers, \$125,000 for married separate filers, \$150,000 for single filers, and \$200,000 for head of household filers. Taxable income is less than total household income because it is calculated after deductions. The new bracket would be adjusted yearly for inflation. For tax year 2013, an estimated 53,600 returns, or 2.1 percent of all Minnesota resident returns, would pay an average of \$7,240 more tax.

Performance Measures:

The Department of Revenue's Tax Incidence Study shows that the state and local tax system in Minnesota is regressive. That is higher income households pay a smaller share of their income to support state and local services than do lower- and middle-income households. Among the major tax types, the state income tax is the only progressive tax. A new 4th tier income tax bracket for the top 2 percent of Minnesota income earners is progressive.

General Fund	Revenue	585,100	513,700	1,098,800	540,500	575,100	1,115,600
	Net Change	(585,100)	(513,700)	(1,098,800)	(540,500)	(575,100)	(1,115,600)

Sales and Use Tax Reform

The Governor recommends adjusting the sales tax base to better align it with the 21st century economy. Under the change, the state sales tax rate would be reduced by 20 percent to 5.5 percent and the sales tax base would be expanded in FY2014-15. Revenues from the base expansion will be used to reduce the existing sales tax rate on all items. Broadening the sales tax base will help stabilize the state budget by providing a more reliable revenue source for funding public services. Adjustments to the sales tax base include applying the sales tax to: 1) affiliate nexus sales, digital goods, parallel taxation of direct satellite services and remote access software for an increase in General Fund revenue of \$31.2 million in FY 2014-15; 2) selected goods and consumer services, including clothing on items over \$100, admissions and memberships, over-the-counter drugs, personal care services and instruction, legal, accounting, and auto and other repair services for an increase in General Fund revenue of \$1.06 billion in FY 2014-15; and 3) business services, such as legal, accounting, architecture, specialized design, computer, management consulting, advertising, employment, and business support services for an increase in General Fund revenue of \$3.2 billion in FY 2014-15. In addition, tax exemptions for selected items will be repealed, such as telecommunications equipment, court reporter documents, advertising materials and publications, for an increase in General Fund revenue of \$134.5 million in FY 2014-15. The sales and use tax changes will be effective for purchases made after January 1, 2014.

Performance Measures:

Reforming the sales tax base makes possible a reduction in the sales tax rate. It is estimated that Minnesota's sales tax rank among states will decline from 7th highest to 27th. The change will reduce the number and amount of tax expenditures thereby simplifying Minnesota's tax code.

General Fund	Revenue	1,197,690	3,023,520	4,221,210	3,264,830	3,523,545	6,788,375
Other Funds	Revenue	69,100	174,436	243,536	188,360	203,279	391,639
	Net Change	(1,266,790)	(3,197,956)	(4,464,746)	(3,453,190)	(3,726,824)	(7,180,014)

Tax Policy Aids and Credits

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Sales and Use Tax Rate Reduction

The Governor recommends reducing the overall sales and use tax rate from 6.875 percent to 5.5 percent effective January 1, 2014. This will be a 20 percent reduction in the state sales tax paid by Minnesota consumers on items currently subject to the sales tax. The General Fund sales tax rate will be reduced from 6.5 percent to 5.266 percent. The statewide rate for the constitutionally dedicated funds will be reduced from 0.375 percent to 0.234 percent, resulting in these funds being held harmless.

Performance Measures:

Updating the sales tax base to reflect today's economy makes possible a reduction in the sales tax rate. It is estimated that Minnesota's sales tax rank among states will decline from 7th highest to 27th.

General Fund	Revenue	(610,900)	(1,526,600)	(2,137,500)	(1,599,400)	(1,673,900)	(3,273,300)
Other Funds	Revenue	(69,801)	(174,400)	(244,201)	(182,800)	(191,300)	(374,100)
	Net Change	680,701	1,701,000	2,381,701	1,782,200	1,865,200	3,647,400

Sales Tax Upfront Capital Equipment Exemption

The Governor recommends replacing the existing capital equipment sales tax refund with an upfront exemption. Businesses are exempt from the sales tax for buying or leasing equipment used for manufacturing, fabrication, mining or refining. However, under current law, businesses pay the sales tax at the time of purchase and then apply for a refund. Allowing businesses to get a sales tax exemption on qualifying capital equipment at the time of purchase or lease will simplify the tax system and free up capital for business investment. The proposed change will be effective after June 30, 2015.

Performance Measures:

This proposal will reduce cost of compliance and regulation for businesses.

General Fund	Revenue	0	0	0	(81,400)	(43,400)	(124,800)
Other Funds	Revenue	0	0	0	(4,000)	(2,100)	(6,100)
	Net Change	0	0	0	85,400	45,500	130,900

Corporate Tax Rate Reduction from 9.8 percent to 8.4 percent

The Governor recommends reducing the corporate franchise tax rate from 9.8 percent to 8.4 percent effective January 1, 2013. This is a 14 percent reduction in Minnesota's corporate franchise tax rate.

Performance Measures:

Reforming the corporate tax allows a reduction in the tax rate. It is estimated that Minnesota's corporate tax rank among states will fall from 4th highest to 12th.

General Fund	Revenue	(186,800)	(132,000)	(318,800)	(133,400)	(133,100)	(266,500)
	Net Change	186,800	132,000	318,800	133,400	133,100	266,500

Tax Policy Aids and Credits

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Corporate Tax Reform

The Governor recommends several changes to the corporate franchise tax intended to level the playing field for businesses and lower the corporate tax rate. Recommended changes to the corporate tax base include: 1) Repealing the current law subtraction for foreign royalties and provisions for foreign operating corporations (FOCs). 2) Amending statutes to require that all sales to this state of a unitary business be included in the sales factor for this state. 3) Adopting statutory language requiring business transactions to meet an economic substance test to be allowed in determining Minnesota taxable income. 4) Amending statutes to conform to the federal law treatment of foreign entities in Section 701 of the Internal Revenue Code. Under federal law, the distributive share of income from all domestic and foreign partnerships flows to its domestic owners. Current Minnesota law excludes the net income and apportionment factors of foreign partnerships in calculating net income and apportionment factors for a unitary business. 5) Eliminating the unintended double-deduction by excluding dividends received from a real estate investment trust (REIT) in calculating the deduction allowed to a corporation for dividends received deduction (DRD) from another corporation.

Performance Measures:

Reforming the corporate tax promotes good tax policy by broadening the base and lowering the tax rate. It is estimated that Minnesota's corporate tax rank among states will fall from 4th highest to 12th. The change will reduce the number and amount of tax expenditures thereby simplifying Minnesota's tax code.

General Fund	Revenue	186,500	136,400	322,900	134,950	133,900	268,850
	Net Change	(186,500)	(136,400)	(322,900)	(134,950)	(133,900)	(268,850)

Property Tax Rebate

The Governor recommends creating a property tax rebate to all Minnesota homesteads. The rebate equals the lesser of \$500 or 100 percent of the homestead's previous-year property tax bill. There are approximately 1,502,000 homesteads in Minnesota. An estimated 95 percent of homesteads would receive the maximum \$500 rebate. A \$500 rebate represents 20 percent of the average 2013 homestead tax burden. Homeowners would apply for the property tax rebate when filing their Minnesota personal income tax return. Homeowners who do not otherwise file an income tax return would need to do so to get the rebate. The rebate will first appear on 2013 income tax forms filed in calendar year 2014. The rebate will be based on 2013 property taxes paid.

Performance Measures:

This proposal will reduce homestead property tax burdens for homeowners across the state. It will help restore the balance among three main tax types supporting state and local government—income, sales and property—and it will reduce reliance on property taxes.

General Fund	Revenue	(718,400)	(720,200)	(1,438,600)	(723,500)	(729,300)	(1,452,800)
	Net Change	718,400	720,200	1,438,600	723,500	729,300	1,452,800

Tax Policy Aids and Credits

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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State Business Levy Reduction

The Governor recommends preventing an increase in state property tax for all businesses by suspending the inflation adjustment for the commercial/industrial portion of the state property tax levy for two years, taxes payable in 2014 and 2015. Beginning with taxes payable in 2016, an inflation adjustment for commercial/industrial property will resume but at half the rate as current law. By 2017, the state property tax levy will be 5 percent lower than under current law.

Performance Measures:

This proposal will increase the competitiveness of Minnesota businesses by reducing business property taxes below current law levels.

General Fund	Revenue	(5,800)	(19,300)	(25,100)	(31,200)	(40,500)	(71,700)
	Net Change	5,800	19,300	25,100	31,200	40,500	71,700

Local Government Aid Increase / New Formula

The Governor recommends increasing the annual appropriation for Local Government Aid (LGA) for cities, and adjusting the distribution formula to make the program more understandable and more stable. The annual appropriation will increase by \$80 million, or 19 percent, to \$506 million beginning with aids payable in calendar year 2014 (state FY2015). Further, recognizing how repeated cuts in LGA funding from a high of \$565 million to the current law level of \$426 million has destabilized the existing formula and the reliability of the program, the Governor recommends a simplified new distribution formula.

Performance Measures:

This proposal will reduce city property taxes in recipient cities. Cities across the state are better able to offer their residents access to comparable services at a relatively similar tax cost.

General Fund	Expenditure	0	80,000	80,000	80,000	80,000	160,000
	Net Change	0	80,000	80,000	80,000	80,000	160,000

County Program Aid Increase

The Governor recommends increasing the annual appropriation for County Program Aid by \$40 million per year to \$205.6 million beginning with aids payable in calendar 2014 (state FY2015). This program has been cut repeatedly over the past decade. The proposal nearly returns County Program Aid to its 2005 level of \$206 million.

Performance Measures:

This proposal will reduce county property taxes. Counties across the state are better able to offer their residents access to comparable services at a relatively similar tax cost.

General Fund	Expenditure	0	40,000	40,000	40,000	40,000	80,000
	Net Change	0	40,000	40,000	40,000	40,000	80,000

Tax Policy Aids and Credits

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Part Year Residents Maintaining a Minnesota Abode

The Governor recommends extending the income tax to persons who are present in the state for more than 60 days but less than 183 days and who maintain an abode in Minnesota for at least six months. Individuals who meet these criteria will be considered "part-year residents." Part-year residents will be subject to tax on their Minnesota-sourced income (as they are now) and a pro-rata share of all other income based on the number of days they are present in the state. A credit will be granted for income taxes paid on the same income to other states if the other state does not allow a credit for tax paid to Minnesota. An exception is made for days an individual is in the state for the purpose of receiving medical services. The proposed change will be effective beginning in tax year 2013.

Performance Measures:

This proposal will make Minnesota's overall tax system more fair by requiring those who benefit from Minnesota state and local public services for a substantial portion of the year to also contribute to the cost of providing those services.

General Fund	Revenue	15,000	15,000	30,000	15,000	15,000	30,000
	Net Change	(15,000)	(15,000)	(30,000)	(15,000)	(15,000)	(30,000)

Increase Cigarette and Tobacco Products Excise Tax

The Governor recommends increasing the cigarette excise tax from 48 cents per pack to \$1.42 per pack, an increase of 94 cents per pack. The additional amount would be deposited in the General Fund. No change is proposed for the cigarette health impact fee of 75 cents per pack. The total cigarette excise tax and fee would increase from \$1.23 to \$2.17 per pack. The tobacco products excise tax of 35 percent will increase 20 percentage points to a total of 55 percent of the wholesale price. The tobacco products health impact fee of 35 percent of the wholesale price would not be changed. The total tax and fee on tobacco products will increase from 70 percent to 90 percent of the whole-sale price. This proposal will reduce the amount of revenue generated by the health impact fee as increasing cigarette and tobacco taxes reduces cigarette and tobacco use overall.

Performance Measures:

Increasing cigarette and tobacco taxes has been shown to reduce the percentage of Minnesotan's who smoke or use tobacco products.

General Fund	Revenue	186,400	183,500	369,900	182,900	182,400	365,300
General Fund	Transfers In	(24,100)	(25,900)	(50,000)	(25,300)	(24,800)	(50,100)
Other Funds	Revenue	(24,079)	(25,879)	(49,958)	(25,270)	(24,770)	(50,040)
Other Funds	Transfers Out	(24,100)	(25,900)	(50,000)	(25,300)	(24,800)	(50,100)
	Net Change	(162,321)	(157,621)	(319,942)	(157,630)	(157,630)	(315,260)

Tax Policy Aids and Credits

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Motor Vehicle Rental Tax - 2.85% Increase

The Governor recommends increasing the car rental tax from 6.2 percent to 9.05 percent. The revenue from this rate increase will fund an increased appropriation to Explore Minnesota Tourism of \$15 million for the FY 2014-15 biennium. Most car rental tax revenues are captured at the Minneapolis-St. Paul International Airport and are paid primarily by out-of-state visitors.

Performance Measures:

The increase in funding for Explore Minnesota Tourism will be successful if it increases awareness of Minnesota and results in additional tourism-related economic activity.

General Fund	Revenue	7,300	7,700	15,000	8,000	8,400	16,400
	Net Change	(7,300)	(7,700)	(15,000)	(8,000)	(8,400)	(16,400)

Levy Change Interactions: Income Tax and Property Tax Refund

The Governor's budget recommendations for increases in Local Government Aid and County Program Aid, and school levy changes interact with property tax refund claims and the income tax system. It is assumed that due to the recommended changes there will be an overall reduction in property taxes levied statewide. Resulting from this is a decrease in property tax refunds paid to homeowners and an increase individual and corporate tax receipts.

Performance Measures:

The revenue and expenditure changes resulting from interaction effects are a result of the Governor's priority to provide property tax relief for Minnesotans.

General Fund	Expenditure	0	(2,880)	(2,880)	(2,880)	(2,880)	(5,760)
General Fund	Revenue	0	3,160	3,160	3,640	3,920	7,560
	Net Change	0	(6,040)	(6,040)	(6,520)	(6,800)	(13,320)
Net All Change Items	General Fund	(631,990)	(1,341,860)	(1,973,850)	(1,438,500)	(1,680,145)	(3,118,645)
	Other Funds	680	(57)	623	(1,590)	(9,909)	(11,499)
	Net Change	(631,310)	(1,341,917)	(1,973,227)	(1,440,090)	(1,690,054)	(3,130,144)

Tax Aids and Credits

Refunds – Homeowner Property Tax Refund

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Homeowner Property Tax Refund supports the following statewide outcome(s).

Strong and stable families and communities.

Context:

For some taxpayers, property taxes account for a relatively high share of household income. Property tax refunds, credits and reimbursements exist in various forms to reduce property tax burdens on homeowners and/or businesses.

Funding Source: State General Fund

Strategies:

The homeowner property tax refund program is designed to reduce regressivity of the property tax by targeting state paid refunds to households that pay high property taxes relative to their household income.

The program provides property tax relief to homeowners based on an income definition of ability to pay. If property tax exceeds a threshold percentage of income, the refund equals a percentage of the tax over the threshold, up to a maximum amount.

Results:

Property taxes are less regressive for households with lower incomes because of the property tax refund (PTR).

Performance Measures	Previous	Current	Trend
Suits index – homeowner property taxes before PTR	-0.178	-0.164	Improving
Suits index – homeowner property taxes after PTR	-0.139	-0.126	Improving
Reduction in regressivity due to PTR	22%	23%	Improving

Performance Measures Notes:

The Suits index is a summary measure of tax progressivity or regressivity. A proportional tax has a Suits index equal to zero; a progressive tax has a positive index number in the range between 0 and +1; a regressive tax has a negative value between 0 and -1.

The Suits index compares the 2009 Tax Incidence Study (previous) with the 2011 Tax Incidence Study (current).

Homeowner property taxes become less regressive after the property tax refund.

For additional information, visit the Revenue Department website (<http://www.revenue.state.mn.us/Pages/default.aspx>) and search 'property tax refund'.

Budget Activity: Prop. Tax Refund - Homeowner
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$626,656			\$626,656
Current Law Expenditures (FY 2014-15)	\$701,000			\$701,000
Governor's Recommended Expenditures (FY2014-15)	\$698,120			\$698,120
\$ Change from FY 2014-15 Current Law to Governor's Rec	(2,880)			(2,880)
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Prop. Tax Refund - Homeowner**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$698,120			\$698,120
SOURCES OF FUNDS	\$698,120			\$698,120
EXPENDITURES	\$698,120			\$698,120
PAYROLL EXPENSE				
OTHER FINANCIAL TRANSACTIONS	\$50			\$50
GRANTS, AIDS AND SUBSIDIES	\$698,070			\$698,070
USES OF FUNDS	\$698,120			\$698,120

Tax Aids and Credits

Refunds – Renter Property Tax Refund

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Renter Property Tax Refund supports the following statewide outcome(s).

Strong and stable families and communities.

Context:

For some taxpayers, property taxes account for a relatively high share of income. Property tax refunds, credits and reimbursements exist in various forms to reduce property tax burdens on homeowners and/or businesses.

Funding Source: State General Fund

Strategies:

The renter property tax refund program is designed to reduce regressivity of the property tax by targeting state paid refunds to renters that pay high property taxes relative to their household income.

The program provides property tax relief to renters based on an income definition of ability to pay. If property tax exceeds a threshold percentage of income, the refund equals a percentage of the tax over the threshold, up to a maximum amount. Property tax for renters is defined as 17 percent of rent paid.

Results:

Property taxes are less regressive for renters with lower incomes due to property tax refund (PTR).

Performance Measures	Previous	Current	Trend
Suits index – rental housing property taxes before PTR	-0.391	-0.299	Improving
Suits index – rental housing property taxes after PTR	-0.196	-0.119	Improving
Reduction in regressivity due to PTR	50%	60%	Improving

Performance Measures Notes:

The Suits index is a summary measure of tax progressivity or regressivity. A proportional tax has a Suits index equal to zero; a progressive tax has a positive index number in the range between 0 and +1; a regressive tax has a negative value between 0 and -1.

The Suits index compares the 2009 Tax Incidence Study (previous) with the 2011 Tax Incidence Study (current).

Rental housing property taxes become less regressive after the property tax refund.

For additional information, visit the Revenue Department website (<http://www.revenue.state.mn.us/Pages/default.aspx>) and search 'property tax refund'.

Budget Activity: Prop. Tax Refund - Renter
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$387,944			\$387,944
Current Law Expenditures (FY 2014-15)	\$387,200			\$387,200
Governor's Recommended Expenditures (FY2014-15)	\$387,200			\$387,200
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Prop. Tax Refund - Renter**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$387,200			\$387,200
SOURCES OF FUNDS	\$387,200			\$387,200
EXPENDITURES	\$387,200			\$387,200
PAYROLL EXPENSE				
OPERATING EXPENSES	\$300			\$300
OTHER FINANCIAL TRANSACTIONS	\$50			\$50
GRANTS, AIDS AND SUBSIDIES	\$386,850			\$386,850
USES OF FUNDS	\$387,200			\$387,200

Tax Aids and Credits

Refunds – Special Property Tax Refund

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Special Property Tax Refund supports the following statewide outcome(s).

Strong and stable families and communities.

Context:

Sudden, significant spikes in property taxes can lead to financial strain for households.

The special property tax refund program provides additional property tax relief to property owners who may be uniquely impacted by a sudden increase in property taxes due to economic conditions, property tax policy changes, or other factors.

Funding Source: State General Fund

Strategies:

The program is designed to mitigate large spikes in property tax levels.

Homesteads experiencing an increase in property tax of at least 12 percent and \$100 are eligible for a refund of 60 percent of the increase above 12 percent. The maximum refund is \$1,000.

Results:

Property taxes are more predictable and affordable for households by tempering significant annual increases.

Performance Measures	Previous	Current	Trend
Annual special refunds processed	58,000	26,000	Decreasing

Performance Measures Notes:

Results from year to year can be highly variable. Since 2002, the average annual number of special refunds processed is 95,000. In recent years, the number of special refunds has been lower due to slower growth in residential homestead property taxes.

Annual refunds processed compares calendar year 2009 (previous) to 2011 (current).

For additional information, visit the Revenue Department (<http://www.revenue.state.mn.us/Pages/default.aspx>) website and search 'property tax refund'.

Budget Activity: Prop. Tax Refund - Special
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$5,466			\$5,466
Current Law Expenditures (FY 2014-15)	\$9,460			\$9,460
Governor's Recommended Expenditures (FY2014-15)	\$9,460			\$9,460
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Prop. Tax Refund - Special**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$9,460			\$9,460
SOURCES OF FUNDS	\$9,460			\$9,460
EXPENDITURES	\$9,460			\$9,460
PAYROLL EXPENSE				
OTHER FINANCIAL TRANSACTIONS	\$2			\$2
GRANTS, AIDS AND SUBSIDIES	\$9,458			\$9,458
USES OF FUNDS	\$9,460			\$9,460

Tax Aids and Credits

Refunds – Sustainable Forest Incentive Payment

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Sustainable Forest Incentive Payment supports the following statewide outcome(s).

A clean, healthy environment with sustainable uses of natural resources.

Context:

Property is generally valued and taxed based on its highest and best use. Consequently, property taxes represent a significant annual cost that can discourage long-term forest management investments.

Funding Source: State General Fund.

Strategies:

Provide aid payments to enrolled owners of forested land to encourage sustainable forest management.

An owner of forested land who meets all of the qualifications for enrollment in the Sustainable Forest Incentive Act, and records a covenant with the county recorder's office pledging not to develop the land, is eligible for a payment-per-acre in taxable income for those enrolled acres. The annual statewide payment-per-acre rate is \$7.00 up to a maximum total payment of \$100,000 per landowner.

Results:

The payments encourage the state's private forest landowners to make long-term commitments to sustainable forest management by reducing the holding costs of the land in a non-productive state.

Performance Measures	Previous	Current	Trend
Acres of forest land enrolled	799,000	916,000	Increasing

Performance Measures Notes:

Acres of forest land enrolled compares calendar year 2009 (previous) to 2011 (current).

For additional information, visit the Revenue Department (<http://www.revenue.state.mn.us/Pages/default.aspx>) website and search 'sustainable forest'.

Budget Activity: Sust. Forest Incentive Paymnt
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$6,580			\$6,580
Current Law Expenditures (FY 2014-15)	\$7,420			\$7,420
Governor's Recommended Expenditures (FY2014-15)	\$7,420			\$7,420
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Sust. Forest Incentive Paymnt**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$7,420			\$7,420
SOURCES OF FUNDS	\$7,420			\$7,420
EXPENDITURES	\$7,420			\$7,420
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$7,420			\$7,420
USES OF FUNDS	\$7,420			\$7,420

Tax Aids and Credits

Aids - Local Government Aid to Cities

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Local Government Aid to Cities supports the following statewide outcome(s).

Strong and stable families and communities.

Context:

Cities across the state have varying service needs and revenue raising capacities. State payments to local governments exist in various forms to enhance local government revenue, assist in basic service delivery, and reduce property tax burdens on homeowners and/or businesses.

Funding Source: State General Fund.

Strategies:

Provide general support aid and property tax relief to municipal governments.

Local Government Aid (LGA) is a general purpose aid to cities that can be used for any lawful expenditure. It is also intended to be used for property tax relief by reducing the amount of revenue that is collected locally, through property tax or other means.

The LGA formula for cities has changed many times since enacted in 1971. The current formula measures city need with factors including population, age of housing, and business property market value and compares this to a city's ability to pay measured by local tax base. In general, the formula attempts to target aid to those cities with the lowest tax base and highest need.

Results:

Cities across the state are more able to offer their residents access to comparable services at a relatively similar tax cost.

Performance Measures	Previous	Current	Trend
Percentage of cities receiving LGA	93%	85%	Decreasing
LGA percentage of city spending	13.0%	12.6%	Decreasing

Performance Measures Notes:

Percentage of cities receiving LGA compares payable year 2008 (previous) to 2010 (current).

In 2008, 795 out of 854 cities received LGA. In 2010, 727 out of 854 cities received LGA. The decrease was due to legislatively approved reductions in LGA.

LGA percentage of city spending is based on State Auditor city finance reports for 2008 and 2010 and computes LGA as a percentage of total current expenditures.

For additional information, visit the Revenue Department (<http://www.revenue.state.mn.us/Pages/default.aspx>) website and search 'LGA'.

Budget Activity: Local Government Aid to Cities
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$850,579			\$850,579
Current Law Expenditures (FY 2014-15)	\$853,933			\$853,933
Governor's Recommended Expenditures (FY2014-15)	\$933,933			\$933,933
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$80,000			\$80,000
% Change from FY 2014-15 Current Law to Governor's Rec	9%			9%

Budget Activity: Local Government Aid to Cities

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$933,933			\$933,933
SOURCES OF FUNDS	\$933,933			\$933,933
EXPENDITURES	\$933,933			\$933,933
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$933,933			\$933,933
USES OF FUNDS	\$933,933			\$933,933

Tax Aids and Credits

Aids - County Program Aid

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

County Program Aid supports the following statewide outcome(s).

Strong and stable families and communities.

Context:

Counties across the state have varying service needs and revenue raising capacities. State payments to local governments exist in various forms to enhance local government revenue, assist in basic service delivery, and reduce property tax burdens on homeowners and/or businesses.

Funding Source: State General Fund.

Strategies:

Provide general purpose aid to counties in recognition of their revenue needs and tax base to better equalize revenue capacity.

County Program Aid (CPA) is a general purpose aid to counties that can be used for any lawful expenditure. It is also intended to be used for property tax relief by reducing the amount of revenue collected locally, through property tax or other means. Prior to 2004, counties received aid through a number of different programs. Beginning in 2004, the aid programs were combined into one general aid program.

The CPA appropriation is divided into two main pots: (1) need aid and (2) tax base equalization aid. The need aid is distributed proportionately based on a county's measure of crime rate, poverty, and age-adjusted population. The tax base equalization aid is distributed based on a county's population and local tax base. In general, the formula attempts to target aid to those counties with the highest need and lowest tax base.

Results:

Counties across the state are more able to offer their residents access to comparable services at a relatively similar tax cost.

Performance Measures	Previous	Current	Trend
Percentage of counties receiving CPA – Need Aid	100%	100%	Stable
Percentage of counties receiving CPA – Tax Base Equalization Aid	93%	93%	Stable
CPA percentage of county spending	3.4%	3.4%	Stable

Performance Measures Notes:

Percentage of counties receiving CPA compares payable year 2008 (previous) to 2010 (current).

In 2008 and 2010, 87 out of 87 counties received need aid and 81 out of 87 received tax base equalization aid.

CPA percentage of county spending is based on State Auditor county finance reports for 2008 and 2010 and computes CPA as a percentage of total current expenditures.

For additional information, visit the Revenue Department (<http://www.revenue.state.mn.us/Pages/default.aspx>) website and search 'CPA'.

Budget Activity: County Program Aid
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$322,212			\$322,212
Current Law Expenditures (FY 2014-15)	\$331,067			\$331,067
Governor's Recommended Expenditures (FY2014-15)	\$371,067			\$371,067
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$40,000			\$40,000
% Change from FY 2014-15 Current Law to Governor's Rec	12%			12%

Budget Activity: County Program Aid**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$372,495			\$372,495
SOURCES OF FUNDS	\$372,495			\$372,495
TRANSFERS OUT	\$1,428			\$1,428
EXPENDITURES	\$371,067			\$371,067
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$371,067			\$371,067
USES OF FUNDS	\$372,495			\$372,495

Tax Aids and Credits

Aids - Disparity Reduction Aid

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Disparity Reduction Aid supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

Disparity Reduction Aid (DRA) is a legacy aid that was created by the 1988 Legislature to provide relief for high tax rate areas as part of the conversion from mill rates and assessed values to net tax capacities. While initially paid to all qualifying local jurisdictions, the city amounts were cancelled (and shifted to Local Government Aid) beginning with aids paid in 1994. In addition, the amounts originally computed for special taxing districts were rolled into county DRA beginning with aids paid in 1995.

Funding Source: State General Fund.

Strategies:

Provide property tax relief for areas with high tax rates in 1988.

The underlying formula for distributing DRA each year is still based on tax base calculations originating in 1988, whether or not the unique taxing areas (UTA) continue to have high tax rates, or tax rates higher than other jurisdictions.

Results:

Unique taxing areas (UTA's) with high tax rates in 1988 receive state assistance to help reduce property tax rates.

Performance Measures	Previous	Current	Trend
Percentage of UTA's with a local tax rate above 90% that receive DRA	26%	32%	Stable

Performance Measures Notes:

A unique taxing area (UTA) is a geographic area subject to the same set of local tax rates levied by the same taxing districts. There are over 6,000 UTAs in Minnesota.

Currently 32 percent of UTA's with a local tax rate above 90 percent of net tax capacity receive DRA. This is due to aid distributions being based on the original 1988 calculations. UTA's with a local tax rate below the 90% threshold are not eligible to receive DRA in the current year. If a UTA's tax rate increases to above 90% but was not originally certified to receive DRA, the UTA will not receive DRA.

21 percent of all UTA's received DRA in 2002 compared to 17 percent in 2012. The change is due to fluctuations in local tax rates and eligibility for DRA.

Percentage of UTA's receiving DRA compares payable year 2002 (previous) to 2012 (current).

For additional information, visit the Revenue Department (<http://www.revenue.state.mn.us/Pages/default.aspx>) website and search 'DRA'.

Budget Activity: Disparity Reduction Aid
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$37,555			\$37,555
Current Law Expenditures (FY 2014-15)	\$36,784			\$36,784
Governor's Recommended Expenditures (FY2014-15)	\$36,784			\$36,784
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Disparity Reduction Aid**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$36,784			\$36,784
SOURCES OF FUNDS	\$36,784			\$36,784
EXPENDITURES	\$36,784			\$36,784
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$36,784			\$36,784
USES OF FUNDS	\$36,784			\$36,784

Tax Aids and Credits

Aids - Casino Aid to Counties

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Casino Aid to Counties supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Context:

Increased service demands from tax-exempt property can lead to financial strain for local governments. State payments to local governments exist in various forms to enhance local government revenue, assist in basic service delivery, and reduce property tax burdens on homeowners and/or businesses.

Funding Source: State General Fund.

Strategies:

Provide a state aid to counties where an Indian reservation is located in the county, the tribes operate a casino, and state taxes are collected under a tax agreement with the tribe.

County casino aid provides state tax revenue sharing with counties containing an Indian reservation where the tribe operates a casino and has an agreement with the state to collect taxes. The aid is equal to ten percent of the state share of the taxes collected from the Indian reservation under a tax agreement, up to a maximum of \$1.1 million per year. If the total payment exceeds \$1.1 million, reductions will be made first to counties that do not have a per capita income less than 80 percent of the same state level or have 30 percent or more of total market value of real property that is tax exempt.

Results:

The fiscal impacts of tax-exempt tribal-owned casinos are reduced for local governments.

Performance Measures	Previous	Current	Trend
Number of Counties Receiving Casino Aid	12	12	Stable

Performance Measures Notes:

Number of counties receiving casino aid compares calendar year 2009 (previous) to 2011 (current).

Budget Activity: Casino Aid to Counties
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$1,548			\$1,548
Current Law Expenditures (FY 2014-15)	\$1,739			\$1,739
Governor's Recommended Expenditures (FY2014-15)	\$1,739			\$1,739
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Casino Aid to Counties**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$1,739			\$1,739
SOURCES OF FUNDS	\$1,739			\$1,739
EXPENDITURES	\$1,739			\$1,739
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$1,739			\$1,739
USES OF FUNDS	\$1,739			\$1,739

Tax Aids and Credits

Aids - Utility Value Transition Aid

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Utility Value Transition Aid supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

Sudden, significant changes to tax base can lead to financial strain for local units of government.

A 2007 rule change pertaining to the assessment of public utility property reduced the tax base of some jurisdictions. Utility Valuation Transition Aid (UVTA) was created to help compensate cities and towns for reductions in their tax base due to the assessment rule change. The aid was first paid in calendar year 2009 to 43 cities and townships with tax base reductions greater than four percent. The aid will continue for each qualifying municipality until the current valuation of public utility property exceeds its 2007 valuation under the old utility assessment rules.

Funding Source: State General Fund.

Strategies:

Compensate cities and towns with tax base reductions greater than four percent due to the implementation of a new rule pertaining to the assessment of utility property.

Results:

Local tax rates in affected taxing jurisdictions are lower than they would be without the aid, and the aid phases out as tax base returns to previous assessment levels.

Performance Measures	Previous	Current	Trend
Number of eligible cities and towns where the current utility tax base remains lower than the old rule utility tax base	43	7	Improving

Performance Measures Notes:

Number of eligible cities and towns compares assessment year 2007 (previous) to 2011 (current).

For additional information, visit the Revenue Department (<http://www.revenue.state.mn.us/Pages/default.aspx>) website and search 'UVTA'.

Budget Activity: Utility Value Transition Aid
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$2,488			\$2,488
Current Law Expenditures (FY 2014-15)	\$873			\$873
Governor's Recommended Expenditures (FY2014-15)	\$873			\$873
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Utility Value Transition Aid**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$873			\$873
SOURCES OF FUNDS	\$873			\$873
EXPENDITURES	\$873			\$873
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$873			\$873
USES OF FUNDS	\$873			\$873

Tax Aids and Credits

Aids - State Taconite Aid

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

State Taconite Aid supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Context:

Sudden, significant changes to tax base can lead to financial strain for local units of government. Taconite production decreased 30 percent in 2001 primarily due to the closure of the LTV Steel Mining Company plant in Hoyt Lakes. This decrease had a significant impact on the local tax base.

Funding Source: State General Fund.

Strategies:

Provide additional revenue to compensate for reduced taconite production occurring in 2001.

Beginning in 2001, state aid was provided to the production tax fund to be distributed as if the aid were production tax revenues. Production tax revenues are distributed to various local governments, development agencies and for property tax relief to taxpayers within the taconite assistance area.

The state taconite aid contribution was equal to 33 cents per taxable ton of iron ore concentrates for production year 2001, and 22 cents per taxable ton of iron ore concentrates for production years 2002 and thereafter.

Results:

The potential fiscal impacts of the 2001 decrease in taconite production are reduced for the local governments.

Performance Measures	Previous	Current	Trend
Taconite Production Percentage of Base Year 2000 Production	70%	87%	Improving

Performance Measures Notes:

After dropping 30 percent between 2000 and 2001, taconite production is more than halfway back to pre-2001 levels.

The state taconite aid contribution accounted for 8.5 percent of total production tax distributions in 2011.

Base year 2000 production is for the calendar year.

Taconite production percentage compares calendar year 2001 (previous) to calendar year 2011 (current).

Budget Activity: State Taconite Aid
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$9,065			\$9,065
Current Law Expenditures (FY 2014-15)	\$9,986			\$9,986
Governor's Recommended Expenditures (FY2014-15)	\$9,986			\$9,986
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: State Taconite Aid**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$17,427			\$17,427
SOURCES OF FUNDS	\$17,427			\$17,427
TRANSFERS OUT	\$7,441			\$7,441
EXPENDITURES	\$9,986			\$9,986
PAYROLL EXPENSE				
OPERATING EXPENSES	\$9,986			\$9,986
USES OF FUNDS	\$17,427			\$17,427

Tax Aids and Credits

Aids - Payment in Lieu of Taxes

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Payment in Lieu of Taxes (PILT) supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

Increased service demands from tax-exempt property can lead to financial strain for local governments. State payments to local governments exist in various forms to enhance local government revenue, assist in basic service delivery, and reduce property tax burdens on homeowners and/or businesses.

Funding Source: State General Fund.

Strategies:

Provide compensation for the property taxes lost to local government when the DNR acquires natural resource land for the state.

The state makes payments in lieu of taxes primarily to counties for certain Department of Natural Resources (DNR) lands, county-administered other natural resource land, land utilization project land, and commissioner-administered natural land.

Results:

The potential fiscal impacts of tax-exempt state-owned land are reduced for local governments.

Performance Measures	Previous	Current	Trend
Acres of Natural Resources Land in PILT (millions)	8.41	8.42	Stable

Performance Measures Notes:

Acres of natural resources land compares calendar year 2009 (previous) to 2011 (current).

For additional information, visit the Revenue Department (<http://www.revenue.state.mn.us/Pages/default.aspx>) website and search 'PILT'.

Budget Activity: Payment in Lieu of Taxes
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$51,489			\$51,489
Current Law Expenditures (FY 2014-15)	\$51,927			\$51,927
Governor's Recommended Expenditures (FY2014-15)	\$51,927			\$51,927
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Payment in Lieu of Taxes**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
TRANSFERS IN	\$51,927			\$51,927
SOURCES OF FUNDS	\$51,927			\$51,927
EXPENDITURES	\$51,927			\$51,927
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$51,927			\$51,927
USES OF FUNDS	\$51,927			\$51,927

Tax Aids and Credits

Credits - Market Value Agricultural Land Credit

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Market Value Agricultural Land Credit supports the following statewide outcome(s).

Strong and stable families and communities.

Context:

For some taxpayers, property taxes are a significant cost to owning agricultural land. Property tax refunds, credits and reimbursements exist in various forms to reduce property tax burdens on homeowners and/or businesses.

Funding Source: State General Fund.

Strategies:

Provide a credit to reduce the tax for owners of property classified as an agricultural homestead.

The agricultural market value land credit was designed to reduce the tax on agricultural homestead land beyond the house, garage and immediately surrounding one acre of land (or HGA). The credit is based on a percentage of land market value, with a maximum credit of \$345 per homestead which reduces to \$230 for agricultural land of \$345,000 or more.

Credit reimbursements from the state to local governments have been reduced in eight of the ten years between 2002 and 2011.

Results:

Property taxes are more affordable for agricultural homesteads across the state.

Performance Measures	Previous	Current	Trend
Average market value agricultural land credit amount	\$244	\$244	Stable

Performance Measures Notes:

Approximately 96,000 homesteads receive the credit.

Average credit amount compares payable year 2011 (previous) to 2012 (current).

For additional information, visit the Revenue Department (<http://www.revenue.state.mn.us/Pages/default.aspx>) website and search 'mvcredits'.

Budget Activity: Market Value Ag. Land Credit
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$47,512	\$302		\$47,814
Current Law Expenditures (FY 2014-15)	\$46,766	\$288		\$47,054
Governor's Recommended Expenditures (FY2014-15)	\$46,766	\$288		\$47,054
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		0%

Budget Activity: Market Value Ag. Land Credit**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
TRANSFERS IN		\$288		\$288
APPROPRIATION	\$46,766	\$0		\$46,766
SOURCES OF FUNDS	\$46,766	\$288		\$47,054
EXPENDITURES	\$46,766	\$288		\$47,054
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$46,766	\$288		\$47,054
USES OF FUNDS	\$46,766	\$288		\$47,054

Tax Aids and Credits

Credits - Prior Year Credit Adjustments

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Prior Year Credit Adjustments supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

Prior Year Credit Adjustments are paid to account for abatements, court orders, omissions, and other adjustments to credits. Adjustments for the Agricultural Preserve, Homestead Disaster, Local Option Disaster, and Disparity Reduction Credits are currently included. The Homestead Market Value Credit was to be included prior to its repeal.

Funding Source: State General Fund.

Strategies:

Payments are made for accounting corrections.

Results:

The correct amount of credits is paid.

Performance Measures	Previous	Current	Trend
Adjustment amounts (\$ millions)	\$0.71m	\$0.73m	Stable
Prior year credit adjustment percentage of total credits	0.022%	0.022%	Stable

Performance Measures Notes:

Adjustment amount compares payable year 2010 (previous) to 2012 (current).

Adjustments will drop in future years due to the repeal of homestead market value credit.

Budget Activity: Prior Year Credit Adjustments
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$1,338			\$1,338
Current Law Expenditures (FY 2014-15)	\$30			\$30
Governor's Recommended Expenditures (FY2014-15)	\$30			\$30
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Prior Year Credit Adjustments**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$30			\$30
SOURCES OF FUNDS	\$30			\$30
EXPENDITURES	\$30			\$30
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$30			\$30
USES OF FUNDS	\$30			\$30

Tax Aids and Credits

Credits - Disparity Reduction Credit

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Disparity Reduction Credit supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Context:

Property taxes tend to be lower in North Dakota, putting some Minnesota businesses in bordering communities at a competitive disadvantage. Property tax refunds, credits and reimbursements exist in various forms to reduce property tax burdens on homeowners and/or businesses.

Funding Source: State General Fund.

Strategies:

Provide property tax relief for businesses in certain border cities.

The Disparity Reduction Credit reduces property tax burden for commercial/industrial, public utility and apartment property to 2.3 percent of taxable market value. Eligibility requirements for receiving the credit are defined in statute. The credit provides property tax relief to the border cities of Breckenridge, Dilworth, East Grand Forks, and Moorhead.

Results:

Benefiting business property taxes are lower due to the program.

Performance Measures	Previous	Current	Trend
Average property tax reduction due to credit	\$4,693	\$5,197	Increasing

Performance Measures Notes:

Approximately 1,300 parcels receive the credit annually.

Average credit amount compares payable year 2011 (previous) to 2012 (current).

Budget Activity: Disparity Reduction Credit
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$13,253			\$13,253
Current Law Expenditures (FY 2014-15)	\$14,477			\$14,477
Governor's Recommended Expenditures (FY2014-15)	\$14,477			\$14,477
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Disparity Reduction Credit**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$14,477			\$14,477
SOURCES OF FUNDS	\$14,477			\$14,477
EXPENDITURES	\$14,477			\$14,477
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$14,477			\$14,477
USES OF FUNDS	\$14,477			\$14,477

Tax Aids and Credits

Credits - Supplemental Taconite Homestead Credit

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Supplemental Taconite Homestead Credit supports the following statewide outcome(s).

Strong and stable families and communities.

Context:

For some taxpayers, property taxes are a significant cost to owning a home. Property tax refunds, credits and reimbursements exist in various forms to reduce property tax burdens on homeowners and/or businesses.

Funding Source: State General Fund.

Strategies:

Provide credits that are equivalent to the regular taconite credits to certain areas that are adjacent to the taconite relief area but face similar issues.

The supplemental taconite homestead credit was created by the 1980 Legislature. The credit is equal to either 57 percent or 66 percent of the homestead tax depending on the area of the taconite taxing district in which it is located. The maximum amount of this credit is \$289.80 for homesteads receiving the 57 percent credit and \$315.10 for those receiving the 66 percent credit.

Results:

Property taxes are more affordable for residential homesteads adjacent to the taconite relief area.

Performance Measures	Previous	Current	Trend
Average property tax reduction due to credit	\$275	\$281	Stable

Performance Measures Notes:

86% of homesteads receiving the credit get the maximum amount.

The effective tax rate (ETR) for a property is equal to the net property tax divided by its market value. The ETR can be interpreted as a measure of how much property tax is paid per \$1,000 in market value. The ETR for homesteads receiving the supplement taconite homestead credit was 0.65 percent for taxes payable in 2012. Without the supplemental taconite homestead credit, the ETR for homesteads would have been 0.82 percent (assuming all other factors held constant). The average ETR for homesteads statewide was 1.28 percent for taxes payable in 2012.

Average property tax reduction compares payable year 2011 (previous) to 2012 (current).

Budget Activity: Supp Taconite Homestead Credit
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$11,087			\$11,087
Current Law Expenditures (FY 2014-15)	\$10,803			\$10,803
Governor's Recommended Expenditures (FY2014-15)	\$10,803			\$10,803
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Supp Taconite Homestead Credit**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$10,803			\$10,803
SOURCES OF FUNDS	\$10,803			\$10,803
EXPENDITURES	\$10,803			\$10,803
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$10,803			\$10,803
USES OF FUNDS	\$10,803			\$10,803

Tax Aids and Credits

Pension Aids - Police Aid

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Police Aid supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

For some local governments, pension obligations may account for a significant amount of local expenditures.

Police Aid was established in 1971 to help support retirement pensions of local peace officers.

Funding Source: State General Fund, however the amount paid out through police aid is equal to revenue deposited into the general fund primarily from the auto insurance premiums tax.

Strategies:

The program is designed to provide pension aid to local government jurisdictions. Police State aid subsidizes the employer contributions of local units of government to the Public Employee Retirement Association. Annual aid distributions to police departments are based on the number of months worked by each licensed police officer employed by the department.

Results:

Police Aid helps increase affordability of local peace officer pensions.

Performance Measures	Previous	Current	Trend
Number of jurisdictions receiving	423	411	Stable

Performance Measures Notes:

Compares payable year 2009 (previous) to 2011 (current).

Budget Activity: Police Aid**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$111,330			\$111,330
Current Law Expenditures (FY 2014-15)	\$115,759			\$115,759
Governor's Recommended Expenditures (FY2014-15)	\$115,759			\$115,759
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Police Aid**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$127,335			\$127,335
SOURCES OF FUNDS	\$127,335			\$127,335
TRANSFERS OUT	\$11,576			\$11,576
EXPENDITURES	\$115,759			\$115,759
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$115,759			\$115,759
USES OF FUNDS	\$127,335			\$127,335

Tax Aids and Credits

Pension Aids - Fire Aid

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Fire Aid supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

For some local governments, pension obligations may account for a significant amount of local expenditures.

Fire Aid was established in 1885 and helps support retirement pensions of local firefighters.

Funding Source: State General Fund, but the amount paid out through fire aid is equal to revenue deposited into the general fund primarily from the fire insurance premiums tax ("fire, lightning, sprinkler leakage and extended coverage premiums").

Strategies:

The purpose of state fire aid is to subsidize (1) the service pensions paid to retired firefighters, (2) the disability benefits paid to disabled firefighters, and (3) the survivor benefits paid to the surviving spouses and children of deceased firefighters.

Fire aid is the state contribution funding source for non-PERA volunteer and paid-on-call firefighter pension plans. Municipalities are also required to make a minimum contribution. An additional amount of fire aid is also allocated from the annual appropriation for amortization aid.

Results:

Fire Aid helps increase affordability of fire service.

Performance Measures	Previous	Current	Trend
Number of fire relief associations receiving fire aid	715	710	Stable

Performance Measures Notes:

Compares payable year 2009 (previous) to 2011 (current).

Budget Activity: Fire Aid**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$45,698			\$45,698
Current Law Expenditures (FY 2014-15)	\$45,724			\$45,724
Governor's Recommended Expenditures (FY2014-15)	\$45,724			\$45,724
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Fire Aid**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$45,724			\$45,724
SOURCES OF FUNDS	\$45,724			\$45,724
EXPENDITURES	\$45,724			\$45,724
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$45,724			\$45,724
USES OF FUNDS	\$45,724			\$45,724

Tax Aids and Credits

Pension Aids - PERA Aid

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

PERA Aid supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

PERA aid is paid to any county, city, town or special taxing district with an account or accounts in the Public Employees Retirement Association (PERA). It is intended to offset the cost of the increase to the PERA employer contribution rates that were effective beginning in fiscal year 1998.

Funding Source: State General Fund.

Strategies:

Provide a state aid to cities, counties, towns and other non-school jurisdictions to offset a 1998 employer contribution rate increase for the Public Employees Retirement Association.

The aid is equal to 0.7 percent of the jurisdiction's fiscal year 1997 PERA payroll. The amounts paid have remained the same from year to year, but could potentially decrease in the future if the current PERA payroll drops significantly below the fiscal year 1997 level.

The aid is scheduled to terminate on June 30, 2020.

Results:

State assistance helps increase affordability of local government employee pensions.

Performance Measures	Previous	Current	Trend
Number of jurisdictions receiving aid	1,130	1,121	Stable

Performance Measures Notes:

Compares payable year 2009 (previous) to 2011 (current).

Budget Activity: PERA Aid**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$28,645			\$28,645
Current Law Expenditures (FY 2014-15)	\$28,634			\$28,634
Governor's Recommended Expenditures (FY2014-15)	\$28,634			\$28,634
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: PERA Aid**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$28,634			\$28,634
SOURCES OF FUNDS	\$28,634			\$28,634
EXPENDITURES	\$28,634			\$28,634
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$28,634			\$28,634
USES OF FUNDS	\$28,634			\$28,634

Tax Aids and Credits

Pension Aids - Insurance Surcharge Aid

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Insurance Surcharge Aid supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

For some local governments, pension obligations may account for a significant amount of local expenditures.

Insurance Surcharge Aid was established in 1934 and helps support retirement pensions of local fire fighters.

Funding Source: State General Fund, but the amount paid out through insurance surcharge aid is equal to revenue deposited into the general fund from a two percent surcharge on insurance premiums on fire, lighting, and sprinkler leakage coverage in first class cities.

Strategies:

The program is designed to provide pension aid to firefighters' relief associations in cities of the first class. Insurance surcharge aid is paid by the state to firefighters' relief associations in cities of the first class. Annual distributions are based on the total amount of the two percent surcharge on insurance premiums collected within the city.

Results:

Insurance Surcharge Aid helps increase affordability of fire service.

Performance Measures	Previous	Current	Trend
Number of jurisdictions receiving	3	4	Stable

Performance Measures Notes:

Compares payable year 2010 (previous) to 2012 (current).

Budget Activity: Insurance Surcharge Aid
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$5,418			\$5,418
Current Law Expenditures (FY 2014-15)	\$5,556			\$5,556
Governor's Recommended Expenditures (FY2014-15)	\$5,556			\$5,556
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Insurance Surcharge Aid**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$5,556			\$5,556
SOURCES OF FUNDS	\$5,556			\$5,556
EXPENDITURES	\$5,556			\$5,556
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$5,556			\$5,556
USES OF FUNDS	\$5,556			\$5,556

Tax Aids and Credits

Pension Aids - Amortization Aids

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Amortization Aids supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

For some local governments, pension obligations may account for a significant amount of local expenditures.

An annual appropriation was established in 1980 to fund amortization aids to police or salaried firefighters' pension associations that have an unfunded actuarial accrued liability. Certain aid reductions to the Minneapolis association are made annually, depending in part on investment returns. Some amortization aid is also redirected to teachers' retirement funds.

Funding Source: State General Fund.

Strategies:

Support retirement pensions of local peace officers and fire fighters.

Results:

State assistance helps increase affordability of local government employee pensions.

Performance Measures	Previous	Current	Trend
Number of jurisdictions receiving	15	4	Decreasing

Performance Measures Notes:

The number of jurisdictions receiving is decreasing as more local pensions are converted to the statewide pension systems or as local pensions become fully funded and no long qualify for aid. Also, some of the amortization aid provisions expired in 2010.

Compares payable year 2009 (previous) to 2011 (current).

Budget Activity: Amortization Aids
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$8,162			\$8,162
Current Law Expenditures (FY 2014-15)	\$9,660			\$9,660
Governor's Recommended Expenditures (FY2014-15)	\$9,660			\$9,660
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Amortization Aids**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$9,660			\$9,660
SOURCES OF FUNDS	\$9,660			\$9,660
EXPENDITURES	\$9,660			\$9,660
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$9,660			\$9,660
USES OF FUNDS	\$9,660			\$9,660

Tax Aids and Credits

Pension Aids - Firefighter Supplemental Benefits Reimbursement

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Firefighter Supplemental Benefits Reimbursement supports the following statewide outcome(s).

People in Minnesota are safe.

Context:

For some jurisdictions, pension obligations may account for a significant amount of local expenditures.

The Firefighter Supplemental Benefits Reimbursement was established in 1984 to help support retirement pensions of local fire fighters.

Funding Source: State General Fund.

Strategies:

The reimbursement payments are designed to provide pension aid to fire associations. Payments are made to volunteer firefighter relief associations to reimburse them for supplemental benefits paid in the previous year for lump sum distributions paid as retirement benefits, disability benefits, or survivor benefits. The supplemental benefit reimbursement is limited to ten percent of the lump sum distributions, not to exceed \$1,000. There is a provision for a 20 percent supplemental benefit for survivors, not to exceed \$2,000.

Results:

The program provides additional benefit to local fire fighters and general support to local jurisdictions.

Performance Measures	Previous	Current	Trend
Number of jurisdictions receiving	354	350	Stable

Performance Measures Notes:

Compares payable year 2009 (previous) to 2011 (current).

Budget Activity: Firefighter Supp. Ben. Reim.
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$1,341			\$1,341
Current Law Expenditures (FY 2014-15)	\$1,340			\$1,340
Governor's Recommended Expenditures (FY2014-15)	\$1,340			\$1,340
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Firefighter Supp. Ben. Reim.

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$1,340			\$1,340
SOURCES OF FUNDS	\$1,340			\$1,340
EXPENDITURES	\$1,340			\$1,340
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$1,340			\$1,340
USES OF FUNDS	\$1,340			\$1,340

Tax Aids and Credits

Other Local Government Payments - Senior Property Tax Deferral Reimbursement

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Senior Property Tax Deferral Reimbursement supports the following statewide outcome(s).

Strong and stable families and communities.

Context:

For some taxpayers, property taxes account for a relatively high share of income.

The Senior Citizens Property Tax Deferral Program is a voluntary program which allows eligible senior citizens to postpone paying – or defer – a portion of their homestead property taxes and special assessments. Passed in 1997 and effective for taxes payable in 1999 and following years, the state reimburses counties for the amount of property taxes deferred each year.

Funding Source: State General Fund.

Strategies:

Provide a state reimbursement to counties for property tax deferrals granted to qualified homeowners age 65 or older who have owned and occupied their home for at least 15 years and have household income less than \$60,000.

Qualifying homeowners can defer the portion of property taxes above three percent of their income. The state reimburses counties annually for the full amount of property taxes deferred. A homestead may remain eligible for deferral until a qualifying homeowner no longer resides in the property, at which point the payment of deferred taxes and interest becomes payable to the state.

Results:

Senior citizens are able to afford the property tax costs of staying in their homes by deferring the amount above three percent of their income.

Performance Measures	Previous	Current	Trend
Number of senior citizen taxpayers enrolled	170	288	Increasing

Performance Measures Notes:

Number of taxpayers enrolled compares calendar year 2009 (previous) to 2011 (current).

As the baby boomer generation continues to reach retirement age, participation in the senior property tax deferral program is expected to continue increasing.

The average amount of property taxes deferred for 2011 was approximately \$3,800.

For additional information, visit the Revenue Department (<http://www.revenue.state.mn.us/Pages/default.aspx>) website and search 'senior deferral'.

Budget Activity: Senior Prop Tax Deferral Reim.
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$2,572			\$2,572
Current Law Expenditures (FY 2014-15)	\$3,830			\$3,830
Governor's Recommended Expenditures (FY2014-15)	\$3,830			\$3,830
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Senior Prop Tax Deferral Reim.

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$3,830			\$3,830
SOURCES OF FUNDS	\$3,830			\$3,830
EXPENDITURES	\$3,830			\$3,830
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$3,830			\$3,830
USES OF FUNDS	\$3,830			\$3,830

Tax Aids and Credits

Other Local Government Payments - Performance Measurement Reimbursement

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Performance Measurement Reimbursement supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

Transparency in government finances is important for establishing the trust and understanding of taxpayers.

The Performance Measurement program was created by the 2010 legislature to assist residents, taxpayers and elected officials in determining the effectiveness of cities and counties in providing services through a set of ten performance measures (e.g. police response time, hours to snow plow complete system, citizen's rating of water quality). Participation by cities and counties is voluntary.

Funding Source: State General Fund.

Strategies:

Provide an incentive to local governments to develop performance measures through reimbursement payments of up to \$25,000 and an exemption from general levy limits.

Cities and counties submit to the state auditor annual status reports confirming their progress towards adopting and implementing a system for measuring local performance and reporting results to residents. Participating jurisdictions are eligible for a \$0.14 per capita reimbursement and exemption from levy limits (if in effect).

Results:

Taxpayers have access to additional information regarding the cost and quality of services provided by local governments.

Performance Measures	Previous	Current	Trend
Percentage of counties participating	44%	29%	Worsening
Percentage of cities participating	13%	7%	Worsening

Performance Measures Notes:

Annual participation compares calendar year 2011 (previous) to 2012 (current).

The decrease in participation from the first year to the second reflects additional requirements for implementing local performance measures in the second year. Many local jurisdictions elected to explore the program in the first year but decided against moving towards full implementation in the second year.

**Budget Activity: Performance Measurement Reim.
Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$1,092			\$1,092
Current Law Expenditures (FY 2014-15)	\$970			\$970
Governor's Recommended Expenditures (FY2014-15)	\$970			\$970
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Performance Measurement Reim.

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$970			\$970
SOURCES OF FUNDS	\$970			\$970
EXPENDITURES	\$970			\$970
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$970			\$970
USES OF FUNDS	\$970			\$970

Tax Aids and Credits

Other Local Government Payments - Mahnomen Property Tax Reimbursement

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Mahnomen Property Tax Reimbursement supports the following statewide outcome(s).

Strong and stable families and communities.

Context:

Sudden, significant changes to tax base can lead to financial strain for local units of government.

Beginning with assessment year 2007, the Shooting Star Casino land was placed into tax-exempt trust status. Annual payments are made by the state to Mahnomen County (\$450,000), the city of Mahnomen (\$80,000), and Mahnomen School District #432 (\$70,000) to compensate for property taxes not collected on the tax exempt land. The payment was first made in calendar year 2006 and became permanent in 2008.

Funding Source: State General Fund.

Strategies:

Provide payments for property tax revenue loss due to the placement of the Shooting Star Casino land into trust status.

Results:

The fiscal impacts of tax-exempt tribal-owned property are reduced for local governments in Mahnomen County.

Performance Measures	Previous	Current	Trend
City tax base percentage of pre-exemption tax base	52%	46%	Stable

Performance Measures Notes:

City tax base percentage compares assessment year 2007 (previous) to assessment year 2011 (current) for the city of Mahnomen. The pre-exemption tax base is assessment year 2006.

The total tax base for the city of Mahnomen decreased almost 50 percent following the exemption of the Shooting Star Casino. In recent years, the city tax base percentage had grown from 52 percent back to 57 percent of pre-exemption levels, but declined beginning in assessment year 2011 as a result of the market value homestead credit being converted into a market value exclusion. The exclusion reduced the taxable value of homesteads and the tax base of local taxing jurisdictions statewide.

Budget Activity: Mahnomen Pr Tax Reimbursement
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$1,200			\$1,200
Current Law Expenditures (FY 2014-15)	\$1,200			\$1,200
Governor's Recommended Expenditures (FY2014-15)	\$1,200			\$1,200
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Mahnomen Pr Tax Reimbursement**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$1,200			\$1,200
SOURCES OF FUNDS	\$1,200			\$1,200
EXPENDITURES	\$1,200			\$1,200
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$1,200			\$1,200
USES OF FUNDS	\$1,200			\$1,200

Tax Aids and Credits

Other Local Government Payments - Taconite Aid Reimbursement

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Taconite Aid Reimbursement supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The Taconite Aid Reimbursement is paid to school district #317 in Itasca County to compensate the district for the "mining occupation tax" tax reduction received before the law was changed in 1978.

Funding Source: State General Fund.

Strategies:

Provide property tax relief to a school district no longer receiving the taconite occupation tax reduction. The school district receives a reimbursement equal to the amount the district received in 1980 so this payment has remained constant at \$561,050 over the years.

Results:

The potential fiscal impacts of a 1978 occupation tax law change are reduced for the school district.

Performance Measures	Previous	Current	Trend
Number of school districts receiving	1	1	Stable

Performance Measures Notes:

Number of school districts compares calendar year 1980 (previous) to 2012 (current).

In FY 2011, the reimbursement payment accounted for approximately five percent of total school district revenues.

Budget Activity: Taconite Aid Reimbursement
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$561			\$561
Current Law Expenditures (FY 2014-15)	\$1,122			\$1,122
Governor's Recommended Expenditures (FY2014-15)	\$1,122			\$1,122
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Taconite Aid Reimbursement**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$1,122			\$1,122
SOURCES OF FUNDS	\$1,122			\$1,122
EXPENDITURES	\$1,122			\$1,122
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$1,122			\$1,122
USES OF FUNDS	\$1,122			\$1,122

Tax Aids and Credits

Other Local Government Payments - Border City Reimbursement

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Border City Reimbursement supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Context:

Property taxes tend to be lower in North Dakota, putting some Minnesota businesses in bordering communities at a competitive disadvantage. Property tax refunds, credits and reimbursements exist in various forms to reduce property tax burdens on homeowners and/or businesses.

Funding Source: State General Fund.

Strategies:

Provide property tax relief for businesses in certain border cities.

The Border City Reimbursement reduces property tax burden for commercial/industrial, public utility and apartment property. The reimbursement provides additional property tax relief to the eligible border cities of Breckenridge, Dilworth, East Grand Forks, and Moorhead.

Payments to businesses are at the discretion of cities.

Results:

Benefiting business property taxes are lower due to the program.

Cities are not required to demonstrate need when requesting state reimbursement.

Performance Measures	Previous	Current	Trend
Number of jurisdictions receiving reimbursement	2	2	Stable

Performance Measures Notes:

Number of cities receiving reimbursement compares payable year 2009 (previous) to 2011 (current).

Budget Activity: Border City Reimbursement
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$36			\$36
Current Law Expenditures (FY 2014-15)	\$36			\$36
Governor's Recommended Expenditures (FY2014-15)	\$36			\$36
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Border City Reimbursement**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$36			\$36
SOURCES OF FUNDS	\$36			\$36
EXPENDITURES	\$36			\$36
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$36			\$36
USES OF FUNDS	\$36			\$36

Tax Aids and Credits

Other Local Government Payments - Disaster Credits

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Disaster Credits supports the following statewide outcome(s).

Strong and stable families and communities.

A thriving economy that encourages business growth and employment opportunities.

Context:

Damage caused by natural disasters and other events can lead to financial strain for households and businesses.

The disaster credit reduces the property tax of the homestead in the payable year following the damage suffered within a declared disaster or emergency area. The property is reassessed after the damage, and the difference between the original and reassessed value is multiplied by the prevailing local tax rate to obtain the credit amount. The state reimburses local governments for the credit. The credit program first became effective in 1984.

A county board may grant an abatement of net tax for taxes payable in the year in which the damage occurred if 50 percent of the homestead dwelling or other building was destroyed. The county may also grant a credit for taxes payable in the year following the destruction for homestead property that does not qualify for the disaster credit and non-homestead property. The state reimburses the local jurisdictions for abatements and credits for property located in a declared disaster or emergency area.

The state legislature periodically authorizes tax base replacement aid for cities that experience a tax base reduction greater than five percent due to damage caused by a natural disaster.

Funding Source: State General Fund.

Strategies:

Provide property tax relief for property damaged in a declared disaster or emergency area.

Results:

Property tax relief helps individuals, businesses and communities recover from the impacts of damage caused by a disaster.

Performance Measures	Previous	Current	Trend
Average annual number of parcels receiving credits	370	2,222	Increasing

Performance Measures Notes:

Average number of parcels receiving credits compares payable year 2009-2010 (previous) to 2011-2012 (current).

The amount of payment is dependent on the number and severity of disasters. In 2011, the June tornado in Wadena and September flooding in Southern Minnesota resulted in approximately 3,400 parcels receiving disaster credits.

For additional information, visit the Revenue Department (<http://www.revenue.state.mn.us/Pages/default.aspx>) website and search 'disaster'.

Budget Activity: Disaster Credits
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$2,566			\$2,566
Current Law Expenditures (FY 2014-15)	\$1,236			\$1,236
Governor's Recommended Expenditures (FY2014-15)	\$1,236			\$1,236
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Disaster Credits**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$1,236			\$1,236
SOURCES OF FUNDS	\$1,236			\$1,236
EXPENDITURES	\$1,236			\$1,236
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$1,236			\$1,236
USES OF FUNDS	\$1,236			\$1,236

Tax Aids and Credits

Other Local Government Payments - Miscellaneous Payments

Website: <http://www.revenue.state.mn.us>

Statewide Outcome(s):

Miscellaneous Payments supports the following statewide outcome(s).

Strong and stable families and communities.

Context:

Unforeseen events may occur that strain local government finances.

Occasionally payments are authorized by law to local units of government experiencing an extraordinary or unusual circumstance and where other financial assistance is unavailable. Examples include \$50,000 to the city of St. Charles in 2010 for a loss of a major manufacturing facility due to fire and \$12,000 to the city of Tamarack in 2012 to compensate for sewer project issues. The payments are made outside of existing aid distribution formulas.

Funding Source: State General Fund.

Strategies:

Provide one-time support payments to local units of government.

Results:

Relief payments help communities recover from the impacts of unusual circumstances.

Performance Measures	Previous	Current	Trend
-	-	-	-

Performance Measures Notes:

The amount and frequency of payments is dependent on legislative approval.

Revenue

Tax Refund Interest

<http://www.revenue.state.mn.us>

Statewide Outcome(s):

Tax Refund Interest supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

Interest is due and paid to the taxpayer on certain tax refunds if they are not paid within a set statutory time frame. The interest rate paid on refunds is the same rate that the taxpayer would owe on underpayments. The interest rate for 2012 and 2013 is three percent. The interest rate is announced prior to the start of each calendar year and is calculated based on the prime rate charged by banks.

While the Department of Revenue works to minimize interest accruals; interest accruals can occur for various reasons, such as tax disputes that are resolved via court cases, and audits and administrative appeals. Interest payments can fluctuate greatly from year to year depending on resolution of court cases.

For individual income tax and corporate franchise tax, interest on refunds is computed starting 90 days after the due date or the date the return is filed (whichever is later). For both sales and use tax and withholding taxes, interest generally accrues from the date of payment. However, for sales tax refunds of tax paid on capital equipment, certain building materials, and purchaser refunds, interest is computed starting 90 days after the refund claim is filed.

Strategies:

Pay refunds in a timely fashion to minimize any interest payments, without risking accuracy.

Results:

Performance Measures	Previous	Current	Trend
Tax Refund Interest Paid	\$15.8 million	\$24.0 million	Increasing

Performance Measures Notes:

The measure above compares tax refund interest paid in FY 2011 compared to FY 2012.

Budget Activity: Tax Refund Interest
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$39,947			\$39,947
Current Law Expenditures (FY 2014-15)	\$29,400			\$29,400
Governor's Recommended Expenditures (FY2014-15)	\$29,400			\$29,400
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Tax Refund Interest**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$29,400			\$29,400
SOURCES OF FUNDS	\$29,400			\$29,400
EXPENDITURES	\$29,400			\$29,400
PAYROLL EXPENSE				
OTHER FINANCIAL TRANSACTIONS	\$29,400			\$29,400
USES OF FUNDS	\$29,400			\$29,400

Revenue

Political Contribution Refund Program

<http://www.revenue.state.mn.us>

Statewide Outcome(s):

Political Contribution Refund (PCR) Program supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The PCR program was enacted in 1990. The PCR program is currently suspended through fiscal year 2013. When the program resumes in FY 2014, political contributions made by Minnesotans to qualifying political candidates and political party units are eligible for a state refund of up to a total of \$50 per person (of \$100 per couple) in any calendar year. The refund program is available to political party units and legislative and state-wide candidates who agree to limit their spending by signing a Public Subsidy Agreement. Political candidates and parties are provided with special forms to document their contributions. This documentation is sent to the Department of Revenue, and a refund check is sent to the original donor. In essence, the contributor is donating state general fund money to a political candidate or party.

Strategies:

To encourage more participation in the political process and to make candidates less dependent on large dollar contributions the state reimburses donors who contribute to political candidates and political party units.

Results:

Performance Measures	Previous	Current	Trend
Number of Political Contribution Refunds	148,310	146,360	Stable

Performance Measures Notes:

The number of refunds is a comparison when the program was active. The heading "Previous" is Fiscal Years 2006-2007 biennium compared to Current, which is the FY 2008-2009 biennium.

Budget Activity: Political Contribution Refund
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$0			\$0
Current Law Expenditures (FY 2014-15)	\$12,000			\$12,000
Governor's Recommended Expenditures (FY2014-15)	\$12,000			\$12,000
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

Budget Activity: Political Contribution Refund**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$12,000			\$12,000
SOURCES OF FUNDS	\$12,000			\$12,000
EXPENDITURES	\$12,000			\$12,000
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$12,000			\$12,000
USES OF FUNDS	\$12,000			\$12,000

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Mission:

Provide retirement, disability, and survivor benefits to Minnesota public educators, assisting them in achieving future income security;

Strive to provide benefits that attract and retain competent teachers who serve communities throughout the state, building a stronger education system; and

Commit to safeguarding the financial integrity of the fund and take pride in providing exceptional, innovative services.

Statewide Outcome(s):

Teachers Retirement Association supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Minnesotans have the education and skills needed to achieve their goals.

Efficient and accountable government services.

Context:

The Teachers Retirement Association (TRA) of Minnesota administers one defined benefit retirement plan in accordance with Minnesota Statute Chapters 354 and 356. TRA's membership includes approximately 115,000 active and inactive employees and 55,000 benefit annuitants from 585 separate governmental entities, including school districts, charter schools, the Minnesota State College and Universities (MnSCU) and certain other government entities. TRA strives to ensure that contributions collected from members and employers and the investment earnings on those contributions will be sufficient to provide promised benefits to benefit recipients. TRA benefits helps teachers and other members to achieve a successful and secure retirement, thereby minimizing the risk of needing to rely on other federal and state programs for financial support. Investment income normally accounts for about 74 percent of TRA's revenues. Member contributions account for another 12 percent and employer contributions from school districts and other employers make up the difference of 14 percent. TRA receives approximately \$16.5 million in statutory State General Fund appropriations as result of the 2006 merger with the Minneapolis Teachers Retirement Fund Association.

Strategies:

TRA's commitment to safeguarding the financial integrity of the fund requires continual monitoring of actuarial funding reporting. TRA's core operational functions include collecting, recording and maintaining the accounting of retirement contributions; collecting and managing member information; issuing benefit and refund payments; and delivering member and employer education and training through counseling, workshops and publications. Benefit payments have a financial impact on the state's economy and provide benefit recipients and their families the opportunity to lead healthy, productive lives during their retirement years. Since 1980 when the State Board of Investment adjusted their asset allocation, investments have returned an annualized 9.9 percent, allowing contribution rates to remain relatively stable. TRA's administrative costs are also very low: .06 percent (less than one percent) of plan assets.

Results:

In 2008 the three statewide pension systems, MSRS, PERA and TRA were the focus of an economic impact study. We learned that in fiscal year 2007, the pension systems had a positive economic impact of \$3.3 billion on Minnesota's economy and beneficiaries' spending led to 22,500 additional jobs statewide. About 87 percent of TRA's retirees stay in Minnesota after they retire. State and local taxes paid by the beneficiaries and holders of the 22,500 new jobs exceeded the employers' contributions to the pension systems by \$80 million that year. The impact of benefits paid was larger than the gross state product attributable to several major economic sectors in Minnesota, including the mining sector; the crop and animal production sector; and the air, rail and water

transportation sector (for more information regarding this study, please visit the TRA website - <http://www.minnesotatra.org/formspub/economicimpact.html>).

The two most important measures of the health of a defined benefit retirement system are (1) the level of funding and (2) whether contribution rates are sufficient to earn enough assets to cover pension liabilities over the life time of the members. The following Performance Measures table shows the funded ratio and the contribution sufficiency/(deficiency) as a percent of payroll, along with the unfunded actuarial accrued liability as of 6/30/2007 (just before the Great Recession) and as of 6/30/2012 (the most recent data available as of the writing of this narrative).

Performance Measures	Previous	Current	Trend
TRA Plan Funding Ratio	87.5%	73.0%	Worsening
TRA Plan Contribution Deficiency (Percent of Covered Payroll)	(1.65%)	(5.04%)	Worsening
TRA Plan Unfunded Actuarial Liability	\$2.68 Billion	\$6.22 Billion	Worsening

Performance Measures Notes:

Performance measures compares valuations as of 6/30/2007 (previous) and 6/30/2012 (current).

The overall trend line has worsened since 2007 due to the largest investment market decline since World War II. The 2008-2009 market downturn was followed by two very strong investment years in fiscal years 2010 and 2011. Benefit provision changes passed by the legislature in 2010 coupled with actuarial assumption changes reduced TRA's actuarial liability by \$1.75 billion. Employee and employer contributions were increased beginning in 2011. When fully implemented in 2014, TRA employee and employer contributions will be 7.5% each. Despite the 2010 legislative actions, TRA's actuarial measures at June 30, 2012 are weaker than those five years earlier. Investment performance for fiscal year 2012 was 2.4%, lower than the 8.0% assumed by the actuary in projecting TRA assets and liabilities. The TRA Board of Trustees is closely monitoring the impacts of the 2010 plan changes and investment performance in determining whether further plan provision changes will be recommended to the Legislature.

Teachers Retirement Association
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$3,087,826		\$3,087,826
Current Law Expenditures (FY 2014-15)		\$3,201,468		\$3,201,468
Governor's Recommended Expenditures (FY2014-15)		\$3,201,468		\$3,201,468
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

Teachers Retirement Association**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION		\$3,201,468		\$3,201,468
SOURCES OF FUNDS		\$3,201,468		\$3,201,468
EXPENDITURES		\$3,201,468		\$3,201,468
PAYROLL EXPENSE		\$15,476		\$15,476
OPERATING EXPENSES		\$9,392		\$9,392
OTHER FINANCIAL TRANSACTIONS		\$3,176,030		\$3,176,030
GRANTS, AIDS AND SUBSIDIES		\$10		\$10
CAPITAL OUTLAY-REAL PROPERTY		\$560		\$560
USES OF FUNDS		\$3,201,468		\$3,201,468

**Teachers Retirement Association
All Funds FTE by Program**

Program	Current FY 2013	Forecast Base FY 2015	Governor's Recommendation FY 2015
Program: Teachers Retirement Assoc	80.5	80.5	80.5
Teachers Retirement Association	80.5	80.5	80.5

Teachers Retirement Association

Revenue Summary

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	ALL OTHER		3,169,100		3,169,100
	<u>Subtotal</u>		3,169,100		3,169,100
	Total		3,169,100		3,169,100

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Mission:

The Minnesota Department of Transportation's (MnDOT's) mission is to provide the highest quality, dependable, multi-modal transportation system through ingenuity, integrity, alliance and accountability.

Statewide Outcome(s):

Transportation supports the following statewide outcome(s).

Sustainable options to safely move people, goods, services and information.

Context:

MnDOT exists to develop and implement transportation policies, plans and programs that enhance the quality of life for Minnesota citizens and promote the safety of the traveling public. In addition to quality of life, economic development is dependent on the ability of citizens to efficiently and economically transport goods and services. MnDOT was created to build and maintain the state's transportation network.

MnDOT's vision is to be a global leader in transportation, committed to upholding public needs and collaboration with internal and external partners to create a safe, efficient and sustainable transportation system for the future.

MnDOT's strategic objectives are:

- Safety – Promote and maintain a safe, reliable and modern transportation system
- Mobility – Improve access and enhance the movement of people and freight
- Innovation – Promote a culture of innovation in the organization
- Leadership – Become the transportation leader and employer of choice for Minnesota's diverse population
- Transparency – Build public trust in MnDOT

MnDOT's investment objectives are:

- Preserve Existing Infrastructure – Preserve the state's assets and implement effective improvements that maintain the roads and bridges on the trunk highway system in a safe and sound condition.
- Improve Safety – Implement the Strategic Highway Safety Plan by investing in proactive strategies that reduce transportation-related fatalities and injuries through the use of new and improved technology and safety measures.
- Improve Mobility - Engineer solutions that reduce congestion and improve mobility. Expand multimodal transportation to create alternative means of travel.
- Regional and Community Investment Priorities – Investments that respond to regional concerns and collaboration opportunities, beyond the performance based needs of the system, in order to support economic competitiveness and the quality of life in Minnesota.

MnDOT's funding is organized across four programs with 13 budget activities, as follows:

Multimodal Systems Program

- Aeronautics
- Transit
- Freight
- Passenger Rail

Local Roads Program

- Country State Aid Roads
- Municipal State Aid Roads

State Road Program

- Program Planning and Delivery
- Operations and Maintenance
- Electronic Communications
- Debt Service
- State Road Construction

Agency Management Program

- Agency Management
- Buildings

MnDOT's primary source of funding comes from the Trunk Highway Fund which is supported by motor fuel excise taxes, motor vehicle registration tax, and motor vehicle sales taxes. Other sources of department funding include Federal Funds, the Transit Assistance Fund, the State Airports Fund, the County State Aid Highway Fund and the Municipal State Aid Street Fund. Currently less than one percent of the operating budget is from the general fund.

Strategies:

Stakeholder Involvement and Customer Research

MnDOT engages a wide variety of key partners, including internal staff, the public, other state agency staff, local communities, cultural groups, professional organizations, the media, vendors, and consultants. MnDOT collaboratively works with partners and stakeholders to meet the needs of customers, the traveling public.

Over the past three years, MnDOT has managed an Online Customer Community, consisting of 400 customers serving as "citizen advisors" to MnDOT. Community members participate in weekly online discussions and surveys, on a multitude of transportation issues. In addition, MnDOT conducts an annual Omnibus survey designed to gather longitudinal data that monitors citizen feedback of services provided (snow plowing, smooth roads, signage, etc.). MnDOT uses the information captured in both of these programs to understand the needs of the public and works to incorporate that into the level of service provided. Over the past two years MnDOT has also studied what Quality of Life (QOL) means to its citizens. This study identified what QOL is and how transportation fits as one of the 11 factors contributing to Minnesotans' quality of life. This study also identified those transportation services that contribute to the QOL of Minnesotans and the satisfaction scores for each. This information is being used to inform our service delivery and future investment decisions.

Enterprise Risk Management (ERM)

To address a number of key agency issues, MnDOT recently adopted an approach to Enterprise Risk Management (ERM) that is designed to enable decision-making at all levels. The ERM framework assists in setting priorities across the agency and provides the policy, process, and accountability structure through which risks are identified and managed to accomplish the agency's vision, mission, and business objectives.

Innovation

MnDOT is committed to creating and maintaining a culture that invites innovation and rapid adoption of new practices that improve overall efficiency and service delivery.

Multimodal Planning

MnDOT has recently led the development of a 50-year multimodal vision for transportation in Minnesota. Moving forward, MnDOT is committed to being a leader in the planning for and investing in an efficient, and dependable multimodal transportation system that maximizes the health of people, the environment, and our economy, now and for future generations.

Complete Streets

MnDOT remains committed to a Complete Street (CS) vision for our trunk highway system. The goal of CS is to develop a balanced system that integrates all modes and uses integrated planning and design to enable safe access for all users including pedestrians, bicyclists, motorists and bus riders of all ages and abilities. MnDOT continues to meet with an External Advisory Group and work on revising our processes and guidance documents.

Measuring Success:

The success of these strategies is reflected in the customer research data and corroborated through ongoing communications with MnDOT customers, who voice that they see the alignment between their feedback and the services we deliver. For example:

- Stakeholder perception of transportation leadership – 80 percent favorable partner average on their level of agreement of responding county engineers, city engineers, and metropolitan planning organizations (MPO)/regional development commissions (RDC) with the following statement: "MnDOT is respected and credible as a transportation leader in our state."
- Stakeholder perception of innovation – 77 percent favorable partner average on their level of agreement of responding county engineers, city engineers, and MPOs/RDCs with: "MnDOT is a valued, innovative technical resource..."
- Public perception of MnDOT delivering the transportation system – 84 percent of Minnesotans agree that MnDOT can be relied on to deliver Minnesota's transportation system.

Transportation**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$31,673	\$4,211,226	\$822,165	\$5,065,064
Current Law Expenditures (FY 2014-15)	\$34,291	\$4,302,993	\$945,747	\$5,283,031
Governor's Recommended Expenditures (FY2014-15)	\$54,291	\$4,653,593	\$947,747	\$5,655,631
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$20,000	\$350,600	\$2,000	\$372,600
% Change from FY 2014-15 Current Law to Governor's Rec	58%	8%	0%	7%

**Transportation
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$220,203	\$30	\$220,233
REVENUE	\$0	\$240,547	\$947,747	\$1,188,295
TRANSFERS IN	\$333	\$380,213		\$380,546
APPROPRIATION	\$54,291	\$4,727,613	\$0	\$4,781,904
SOURCES OF FUNDS	\$54,624	\$5,568,576	\$947,777	\$6,570,977
BALANCE FORWARD OUT		\$200,253	\$30	\$200,283
TRANSFERS OUT	\$333	\$709,318		\$709,651
CANCELLATIONS		\$5,411		\$5,411
EXPENDITURES	\$54,291	\$4,653,593	\$947,747	\$5,655,631
PAYROLL EXPENSE	\$769	\$737,903	\$7,034	\$745,705
OPERATING EXPENSES	\$1,174	\$525,554	\$147,310	\$674,038
OTHER FINANCIAL TRANSACTIONS	\$10	\$107,163	\$46,320	\$153,493
GRANTS, AIDS AND SUBSIDIES	\$52,332	\$1,639,209	\$729,533	\$2,421,075
CAPITAL OUTLAY-REAL PROPERTY	\$7	\$1,643,764	\$17,550	\$1,661,320
USES OF FUNDS	\$54,624	\$5,568,575	\$947,777	\$6,570,977

Transportation

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Transportation Economic Development (TED) Program

The Governor recommends funding for the Transportation Economic Development (TED) program. TED is a collaborative grant program between MnDOT, the Department of Employment and Economic Development, and the Public Facilities Authority. This multi-modal, multi-jurisdictional transportation, economic development and jobs creation program requires a local or private sector match and accelerates transportation projects in order to revitalize the Minnesota economy and improve economic competitiveness.

Performance Measures:

The methodology for evaluating projects will continue to be based on sound demographic and economic data. Project selection criteria would include the following; number of jobs created/retained, cost per job created/retained, level of local and private sector financial participation (at least 30% required) and average salary of jobs created.

General Fund	Expenditure	10,000	10,000	20,000	10,000	10,000	20,000
	Net Change	10,000	10,000	20,000	10,000	10,000	20,000

State Road Construction Appropriation

The Governor recommends increasing appropriations related to state road construction from the trunk highway fund due to changes in the new federal authorization law MAP-21. These changes make more federal funding available for projects in Minnesota.

Performance Measures:

The increased appropriation in conjunction with the request for State Road Construction Infrastructure Investments, would raise the percent of state roadway pavements in good condition from 63% to 65%. This funding will also be used to complete the funding package for projects currently in the 2013-16 State Transportation Improvement Program (STIP).

Other Funds	Expenditure	125,400	137,600	263,000	0	0	0
Other Funds	Revenue	125,400	137,600	263,000	0	0	0
	Net Change	0	0	0	0	0	0

State Road Construction Infrastructure Investments

The Governor recommends a one-time appropriation from the trunk highway fund for selected state road construction investments to improve Minnesota's transportation infrastructure, including Americans with Disability Act accommodations and the Better Roads Program. The Better Roads program is focused on improving the condition of roadway pavements.

Performance Measures:

The increased appropriations would primarily raise the percent of state roadway pavements in good condition from 63% to 65%. Besides pavement conditions, the increased appropriation would be used to address the emerging infrastructure needs (e.g., drainage structures) on existing projects, and continue investments towards Americans with Disabilities Act goals. Finally, the increased appropriation would fund a pilot program to address investments being identified through MnDOT's evolving Corridor Investment Management Strategy (CIMS).

Other Funds	Expenditure	75,000	0	75,000	0	0	0
	Net Change	75,000	0	75,000	0	0	0

Transportation

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Operations and Maintenance Increase

The Governor recommends a 2% increase to the operations and maintenance program to offset the cumulative cost increases in commodities like salt, sand and gasoline. MnDOT has experienced significant inflation in these heavily used commodities. Overall maintenance and operations inflation has been over 3% per year since 2005, and that trend is projected to continue. Some commodities have increased at higher rates.

Performance Measures:

Performance is measured by overall safety on state roads and the time it takes to clear snow and ice.

Other Funds	Expenditure	5,000	5,000	10,000	5,000	5,000	10,000
	Net Change	5,000	5,000	10,000	5,000	5,000	10,000

Economic Recovery Funds - Trunk Highway and Federal

The Governor recommends extending the authority to expend existing or new American Recovery and Reinvestment Act (ARRA) funds awarded to MnDOT from FY 2013 to the end of FY 2016. This change is consistent with the Federal Highway Administration which extended the time period that ARRA funds can be expended allowing states to move unused funds from one project to another. ARRA funds are one-time and have no base.

Performance Measures:

This date extension allows MnDOT to maximize the use of ARRA funds on trunk highway and passenger rail projects.

Federal Funds	Expenditure	1,000	1,000	2,000	1,000	0	1,000
Federal Funds	Revenue	1,000	1,000	2,000	1,000	0	1,000
Other Funds	Expenditure	1,000	1,000	2,000	1,000	0	1,000
Other Funds	Revenue	1,000	1,000	2,000	1,000	0	1,000
	Net Change	0	0	0	0	0	0

State Airport Fund Revenue/Expenditure Alignment

The 2012 November forecast fund balance for the State Airports Fund projects a negative balance assuming the current law forecast base expenditures in FY 2014 and 2015. The Governor recommends reducing the appropriated amount to eliminate the negative fund balance forecast in FY 2014-15. These are competitive grant funds going to airports across the state.

Performance Measures:

The proposed expenditure reduction would align spending with available resources.

Other Funds	Expenditure	(500)	(500)	(1,000)	0	0	0
	Net Change	(500)	(500)	(1,000)	0	0	0

Transportation

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Increase Funding to Regional Development Commission (RDC) State Planning Grants

The Governor recommends increasing the amount available to Regional Development Commissions (RDC's) to recognize that these grants have been set at \$50,000 per year since 1997, and that the RDC's have assumed additional planning responsibilities at both the state and regional levels. The RDC appropriation comes out of the Program Planning and Delivery appropriation. This proposal would increase the RDC appropriation, but leave the Program Planning appropriation the same.

Performance Measures:

Expanding MnDOT's partnership with the Regional Development Commissions is a cost-effective way to increase the Department's ability to deliver sustainable, multimodal, and interdisciplinary planning products. An outcome will be the linking of planning and programming to support the area transportation partnerships process through various RDC planning products. Additional funding will allow RDCs to assist communities with planning and implementation of various MnDOT programs as well as supporting the RDCs integral role in local public and stakeholder involvement for MnDOT planning and programming processes.

Other Funds	Expenditure	0	0	0	0	0	0
	Net Change	0	0	0	0	0	0

Grade Crossing Safety Account

The Governor recommends eliminating the requirement that any remaining balance in the Grade Crossing Safety Account be transferred to the Trunk Highway fund at the end of each fiscal year. Instead, such a balance may be transferred at the end of a biennium. The effect of this change is to minimize the need to transfer balances between funds.

Performance Measures:

This is a net zero change item that creates a more efficient process than manually transferring across funds.

Other Funds	Expenditure	0	0	0	0	0	0
	Net Change	0	0	0	0	0	0

ARMER Maintenance

This change item recognizes a Department of Public Safety initiative to increase the maintenance budget for the ARMER system. If adopted, that appropriation will be made to Public Safety, and then transferred to the Department of Transportation (DOT). This item shows the transfer going to DOT.

Performance Measures:

Performance will be measured by the amount of time the system is operational.

Other Funds	Expenditure	600	1,000	1,600	1,000	1,000	2,000
Other Funds	Transfers In	600	1,000	1,600	1,000	1,000	2,000
	Net Change	0	0	0	0	0	0
Net All Change Items	Federal Funds	0	0	0	0	0	0
	General Fund	10,000	10,000	20,000	10,000	10,000	20,000
	Other Funds	79,500	4,500	84,000	5,000	5,000	10,000
	Net Change	89,500	14,500	104,000	15,000	15,000	30,000

Transportation
All Funds FTE by Activity

	Current	Forecast Base	Governor's Recommendation
Activity	FY 2013	FY 2015	FY 2015
Budget Activity: Aeronautics	38.8	37.8	37.8
Budget Activity: Transit	50.2	49.7	49.7
Budget Activity: Freight	63.2	62.5	62.5
Budget Activity: Passenger Rail	4.2	3.8	3.8
Budget Activity: Program Planning & Delivery	1,970.4	1,869.8	1,869.8
Budget Activity: Operations And Maintenance	2,214.6	2,239.0	2,239.0
Budget Activity: Electronic Communications	88.6	88.2	88.2
Budget Activity: County State Aid Roads	49.6	45.9	45.9
Budget Activity: Municipal State Aid Roads	18.1	17.1	17.1
Budget Activity: Agency Services - Transportation	358.2	239.5	239.5
Budget Activity: Building Services	26.9	22.9	22.9
Transportation	4,882.8	4,676.2	4,676.2

Transportation**Revenue Summary**

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	TAXES	0	40,455		40,455
	FEDERAL GRANTS		1,032,065		1,032,065
	DEPARTMENTAL EARNINGS		20,316		20,316
	INVESTMENT INCOME		14,693		14,693
	ALL OTHER	170	9,790		9,960
	Subtotal		170	1,117,319	
Dedicated	TAXES		78,748		78,748
	FEDERAL GRANTS	0		947,747	947,747
	DEPARTMENTAL EARNINGS		20,867		20,867
	INVESTMENT INCOME		162		162
	ALL OTHER		140,770	0	140,770
	Subtotal		0	240,547	947,747
Total		170	1,357,866	947,747	2,305,783

Transportation Multimodal Systems/Aeronautics

<http://www.dot.state.mn.us/aero/>

Statewide Outcome(s):

Aeronautics supports the following statewide outcome(s).

Sustainable options to safely move people, goods, services and information.

Context:

Aeronautics plays an important role in the state transportation system. Consolidating the management of state and federal grants, statewide planning, aircraft registration, navigational aids, technical assistance, safety and educational information related to airplanes, airports, airline travel, and freight provides consistent administration at the lowest possible cost.

The purpose of the Aeronautics activity is to:

1. Construct, improve, and operate airports and other air navigation facilities
2. Assist municipalities in the zoning and comprehensive planning processes
3. Assist municipalities in initiating, enhancing and marketing scheduled air service
4. Promote interest and safety in aeronautics through education and information
5. Collect aircraft registration.
6. Provide safe air travel to state personnel to enhance efficiency

The aeronautics activity provides funding for safety, preservation, and expansion projects at Minnesota's airports. The aviation system allows Minnesota residents and businesses to utilize air travel as a safe, fast, and efficient mode of transportation. This furthers the economic growth of all regions of the state.

The primary customers of the aeronautics program are airport sponsors, including municipalities, counties, and airport commissions; the pilots and passengers who use of the system; and numerous aviation and non-aviation businesses.

The primary source of state funding for aeronautics is the state airports fund which is a statutorily dedicated fund. This fund has three primary revenue sources: aircraft registration fees, tax on aviation fuel, and air flight property tax.

Strategies:

The Minnesota Department of Transportation (MnDOT) administers the state airports fund and channels funds from the Federal Aviation Administration (FAA) Airport Improvement Program (AIP) to airport sponsors. The funds are used for safety, preservation, and expansion projects at airports, as well as for air navigation systems. The funded projects greatly enhance the safety of air travel, both in the air and on the ground, and improve the mobility of people and goods by creating greater economic competitiveness and opportunities. This work is accomplished in partnership with MnDOT and FAA staff, airport sponsors/owners, aircraft owners, businesses, airlines, and other stakeholders.

In addition, the Aeronautics Office administers numerous regulatory tasks including aircraft registration, airport licensing, airport safety inspections, tall tower permitting, and airport safety zoning approvals.

Results:

For over two decades MnDOT aeronautics staff have been using a variety of performance measures to analyze the aviation system and direct investment priorities to produce the greatest public benefit. These measures suggest the following trends:

1. Airport pavement conditions have been degrading slightly in recent years
2. Most residents of the state live near a paved and lighted runway, providing convenient access to the aviation system
3. The number of aviation accidents has been diminishing in the last ten years

4. Pilots have adequate weather data available to make informed decisions on when and where to fly

The 2011 Legislature provided \$3.7 million in bond funds to improve runway pavements at airports throughout the state. Airport system pavement conditions are expected to meet or exceed targets upon completion of the program for projects under construction in 2012.

Although stable, access to the aviation system as measured by the percent of population near an airport appears to have decreased because of changes used in the methodologies that determine service areas. In addition to a new census data approach, drive time analysis conducted as part of the 2012 State Aviation System Plan employed advanced Geographic Information Systems (GIS) software that was unavailable for previous analyses. The resulting changes in methodologies produced data that is more precise, but do not provide an equivalent comparison to previous years' information.

Minnesota residents who live within a 30 minute surface drive time of an airport with a paved and lighted runway have convenient access to the aviation system. The system provides access to passenger airlines, air charter providers, corporate aircraft, and package delivery services that connect Minnesota to regional, national, and international destinations. The air transportation system also supports agricultural needs in crop protection as well as the delivery of medical and emergency services such as those delivered by air ambulance providers, the Minnesota State Patrol, aerial fire fighters, the Civil Air Patrol, and local law enforcement.

The number of aviation accidents in Minnesota is trending downward. The primary tools used by MnDOT include improved weather information dissemination and outreach through pilot safety seminars. A common cause of aircraft accidents is continued flight into deteriorating weather conditions. Minnesota's continental climate provides a variety of quickly changing weather conditions from thunderstorms in spring and summer to ice storms in late fall and winter. Up-to-the-minute accurate weather reporting at airports helps pilots make good flight planning decisions. Weather stations at local airports provide instant reporting of current conditions at those airports. Providing weather stations at several airports creates a reliable network of available weather information along any flight route and enhances the safety of the flight; however, not every airport needs a weather observation station. A distance of 30 nautical miles is considered adequate spacing.

Performance Measures	Previous	Current	Trend
Airport pavement condition: Target = greater than 84% Good Target = less than 4% Poor	82.9% Good 4.5% Poor (2009)	85.9% Good 5.8% Poor (2011)	Improving Worsening
Aviation access: Percent of Minnesota population within 30 minute drive time of an airport with a paved and lighted runway	96% (2006)	71% (2011)	*Stable
Aviation accidents	45 (2002)	26 (2011)	Improving
Weather data: Percent of airports that have on-airport weather reporting stations or are within 30 nautical miles of one.	95.8% (2008)	100% (2012)	Improving

Performance Measures Notes:

Airport pavement condition: Additional information is available in the 2011 Annual Minnesota Transportation Performance Report.

*Aviation access: As referenced earlier in the document, changes in methodology resulted in a more precise set of data in 2011 that does not provide an equivalent comparison to past years' data. Additional information is available in the 2011 Annual Minnesota Transportation Performance Report. Previous data is available in the 2010 Annual Minnesota Transportation Performance Report both available at: <http://www.dot.state.mn.us/measures/>.

Aviation accidents: Aviation accidents are investigated by the National Transportation Safety Board (NTSB) further information is available at: <http://www.nts.gov/aviationquery/index.aspx>.

Weather data: Additional information is available at: <http://www.dot.state.mn.us/aero/avoffice/weather.html>.

Budget Activity: Aeronautics**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$44,022	\$149,862	\$193,883
Current Law Expenditures (FY 2014-15)		\$43,550	\$200,000	\$243,550
Governor's Recommended Expenditures (FY2014-15)		\$42,550	\$200,000	\$242,550
\$ Change from FY 2014-15 Current Law to Governor's Rec		(1,000)	\$0	(1,000)
% Change from FY 2014-15 Current Law to Governor's Rec		(2%)	0%	0%

Budget Activity: Aeronautics**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN		\$1,533		\$1,533
REVENUE		\$2,510	\$200,000	\$202,510
TRANSFERS IN		\$530		\$530
APPROPRIATION		\$40,368	\$0	\$40,368
SOURCES OF FUNDS		\$44,941	\$200,000	\$244,941
BALANCE FORWARD OUT		\$1,861		\$1,861
TRANSFERS OUT		\$530		\$530
EXPENDITURES		\$42,550	\$200,000	\$242,550
PAYROLL EXPENSE		\$6,712		\$6,712
OPERATING EXPENSES		\$9,722	\$69,790	\$79,512
OTHER FINANCIAL TRANSACTIONS		\$4,872	\$20,000	\$24,872
GRANTS, AIDS AND SUBSIDIES		\$20,919	\$101,510	\$122,429
CAPITAL OUTLAY-REAL PROPERTY		\$325	\$8,700	\$9,025
USES OF FUNDS		\$44,941	\$200,000	\$244,941

Transportation

Multimodal Systems/Transit

<http://www.dot.state.mn.us/transit/index.html>

<http://www.dot.state.mn.us/transit/reports/index.html>

Statewide Outcome(s):

Transit supports the following statewide outcome(s).

Sustainable options to safely move people, goods, services and information.

Context:

The Minnesota Department of Transportation (MnDOT) is responsible for distributing state and federal funds to public transit organizations in greater Minnesota (outside the seven county Twin Cities metropolitan area) and shares responsibility for constructing rail transit projects in the Twin Cities with the Metropolitan Council. Transit provides an alternative to driving alone and allows people to live independently and participate fully in Minnesota's communities and economy. In greater Minnesota, transit services provide critical links to jobs and needed goods and services, especially for dependent populations...aging, disabled and low-income. The goals of the state transportation system include providing transit services throughout the state to meet the needs of transit users (Minnesota Statutes (M.S.) 174.01).

MnDOT's transit offices help people and communities meet their mobility needs by supporting safe, responsive, efficient and environmentally sound transit services and by safely accommodating bicycles and pedestrians to help everyone move smarter, safer and more efficiently. They help provide access for persons who have no alternative mode of transportation available, increase the efficiency and productivity of public transit systems, maintain a state commitment to public transportation, and meet other needs of individual transit systems consistent with the objectives stated in M.S. 174.21.

Customers served include commuters (those traveling for the purpose of work) and personal travelers (those traveling to non-work destinations, including educational institutions, medical appointments, shopping centers, recreational facilities, etc.). This benefits thousands of Minnesotans in areas where public transit is often the only means of access to life-sustaining goods, services and work opportunities. The proportion of people who are dependent upon public transportation (the elderly, persons with disabilities and people with low income) is expected to increase more rapidly than the population as a whole. Transit use helps to extend investments on parallel roadways—people using transit occupy less roadway space, thereby benefiting those shoppers, commuters and travelers who must use the roadways.

In greater Minnesota, the public transit participation program (M.S. 174.24) is supported by the general fund, revenues from Motor Vehicle Sales Tax (MVST – M.S. 279B.09), revenues from sales tax on leased motor vehicles (M.S. 297A.815), and Federal Transit Administration grant funds. The program provides grants for operating and capital assistance to fund public transit service in 78 of greater Minnesota's 80 counties. Eight of those 78 counties only have service in a municipal area rather than county-wide. MnDOT's Office of Transit also maintains a statewide system plan for bicycle transportation, supports bicycle and pedestrian systems, and promotes non-travel alternatives such as teleworking.

Strategies:

MnDOT emphasizes several transit strategies to deliver its mission and support the statewide outcome of sustainable options to safely move people, goods, services and information. These include:

- Leading the development and implementation of transit, bicycle and pedestrian policies and programs within a multimodal network.
- Maximizing the value of MnDOT's investments in transit, the ABC Ramps and Safe Routes to Schools.
- Ensuring transparency and accountability in MnDOT's planning and investment decision-making.

Results:

The key measure of public transit service availability in greater Minnesota is bus service hours. A bus service hour measures the time that a vehicle is available to the general public with the expectation of carrying

passengers. Other than a small spike in 2007, greater Minnesota bus service hours have slowly trended upward since 2005. Service hours are projected to eventually flatten as inflation outpaces the combined total of federal, state and local funding sources for transit.

A methodology for estimating transit need was developed in the 2011 Greater Minnesota Transit Investment Plan. It uses demographic data about transit dependent segments of the population as inputs. To meet the transit service targets identified by the Legislature, the Transit Investment Plan estimated that 1.6 million service hours will be needed to meet 80 percent of total transit service needs in 2015. Transit systems will need to collectively operate 520,000 more service hours annually by 2015 to meet the 80 percent target.

The 2011 Greater Minnesota Transit Investment Plan also estimated passenger levels needed to meet the 80 percent ridership target in 2015 to be 15 million passenger trips. Between 2006 and 2008 ridership indicated a steady growth. Since 2008 the growth trend for greater Minnesota bus ridership appears to have slowed (11.3 million passenger trips in 2008 and 11.5 million in 2011).

Another measure of public transit service availability in greater Minnesota is the number of counties, out of 80, with county-wide public transit services. This number has increased substantially over the years, from 39 in 1994 to 66 in 2002, but has been at a more stable, slow growth rate since. An additional eight greater Minnesota counties contain public transit service at a municipal level, but not county-wide.

Performance Measures	Previous	Current	Trend
Number of greater Minnesota bus service hours ¹	950,000	1,080,000	Stable
Ridership on public transit vehicles in greater Minnesota ¹	9,800,000	11,500,000	Improving
Number of counties in greater Minnesota with county-wide public transit service ²	66	70	Stable
Satisfaction with the availability of public transit in greater Minnesota (percentage very or somewhat satisfied) ³	59%	60%	Stable
Annual rail and express transit ridership in the Twin Cities ⁴	20.3 million	24.4 million	Improving

Performance Measures Notes:

Previous is 2006 and Current is 2011

Sources of performance measure data:

¹ Public transit operating data reported by public transit providers to MnDOT's Office of Transit

² MnDOT grant contracts with public transit providers

³ MnDOT's 2010 omnibus survey, conducted by Accora Research, Inc.

⁴ Metropolitan Council

Budget Activity: Transit**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$30,046	\$71,456	\$109,641	\$211,143
Current Law Expenditures (FY 2014-15)	\$32,665	\$81,751	\$149,498	\$263,914
Governor's Recommended Expenditures (FY2014-15)	\$32,665	\$81,751	\$149,498	\$263,914
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%	0%	0%

Budget Activity: Transit**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$11,465	\$0	\$11,465
REVENUE		\$83,636	\$149,498	\$233,134
TRANSFERS IN	\$333	\$832		\$1,165
APPROPRIATION	\$32,665	\$1,550	\$0	\$34,215
SOURCES OF FUNDS	\$32,998	\$97,483	\$149,498	\$279,979
BALANCE FORWARD OUT		\$14,900		\$14,900
TRANSFERS OUT	\$333	\$832		\$1,165
EXPENDITURES	\$32,665	\$81,751	\$149,498	\$263,914
PAYROLL EXPENSE	\$153	\$5,263	\$3,171	\$8,587
OPERATING EXPENSES	\$164	\$979	\$900	\$2,042
OTHER FINANCIAL TRANSACTIONS	\$10	\$26	\$5,720	\$5,756
GRANTS, AIDS AND SUBSIDIES	\$32,332	\$75,484	\$139,707	\$247,523
CAPITAL OUTLAY-REAL PROPERTY	\$7		\$0	\$7
USES OF FUNDS	\$32,998	\$97,483	\$149,498	\$279,979

Transportation

Multimodal Systems/Freight

<http://www.dot.state.mn.us/cvo/index.html>

<http://www.dot.state.mn.us/aboutrail/>

<http://www.dot.state.mn.us/ofrw/waterways.html>

<http://www.dot.state.mn.us/ofrw/freight.html>

Statewide Outcome(s):

Freight supports the following statewide outcome(s).

Sustainable options to safely move people, goods, services and information.

Context:

This activity enhances Minnesota's economic competitiveness by improving access to regional, national and global markets through the safe and efficient movement of goods. The purpose of the program is to help ensure commercial motor carrier safety and railroad safety, including the traveling public, to mitigate damage due to large commercial vehicles on highways and bridges, as well as to improve freight mobility in the state. The primary customers are trucking companies, commercial passenger carriers, railroads, cities and counties, freight shippers, port authorities, and the traveling public. The freight activity seeks to:

1. Reduce truck crashes and truck hazardous materials incidents.
2. Reduce train-motor vehicle crashes at highway/rail grade crossings and ensure safe rail track condition.
3. Prevent highway and bridge damage from oversize/overweight trucks.
4. Support highway improvement projects involving rail.
5. Improve access, travel time and reliability of multimodal (highway, rail, water, air) goods movement in Minnesota.

Funding for projects and activities (capital and operating) is from a mix of federal funds, including the Federal Motor Carrier Administration, the Federal Highway Administration, and the Federal Railroad Administration. The state funds include the Trunk Highway Fund, the General Fund, bond appropriations, State Patrol fines, and railroad assessments. The freight activity also generates truck permit revenues for the Trunk Highway Fund.

Strategies:

- Safety reviews of regulated commercial transportation providers and shippers, administration of credentialing programs for intrastate and interstate motor carrier operations and shippers, issuance of permits with required axle configurations and routings of oversize/overweight vehicles. Motor carrier education activities are designed to ensure that drivers are properly qualified, carriers are properly insured, vehicles are properly equipped, configured and maintained, and compliance with motor carrier safety regulations. These activities help to ensure safety and to preserve roads and bridges, while supporting economic commerce.
- Highway/rail grade crossing safety improvements including gates/signals and signage, agreements with railroads to accommodate trunk highway construction projects, inspection of railroad track, investigation of railroad safety complaints, and education of the public regarding grade crossing safety helps ensure that railroads are operating safely in accordance with state and federal regulations and the general public is protected.
- Investments in rail and port infrastructure provide access to state, national and international markets for Minnesota's shippers and support local and regional economic development.
- Freight planning and development activities identify and address freight transportation system needs to eliminate bottlenecks, lower costs, mitigate freight impacts to communities, and foster an integrated, multimodal freight system.
- Key partners include other MnDOT offices including the districts, townships, cities and counties, regional planning organizations, federal government (Federal Motor Carrier Administration, Federal Highway Administration, Federal Railroad Administration), other state agencies (Minnesota State Patrol and other divisions of the Department of Public Safety, the Department of Employment and Economic Development, and the Department of Natural Resources), other states, the trucking industry, railroads, shippers moving their products, public port authorities, and rail labor.

Results:

Motor carrier (truck) crashes have been declining in Minnesota. In 2011, there were 4,025 truck-involved traffic crashes, representing a four percent decrease from 2010. There were 48 fatal truck crashes, killing a total of 51 people, versus 93 fatalities in 2010, a 45 percent decrease. In addition, there were 1,219 people injured in truck-related crashes in 2011 versus 1,385 in 2010.

Nationally, there was a 1.6 percent decrease in large truck crashes and a 5.8 percent drop in fatalities. Newly implemented comprehensive safety monitoring and compliance strategies developed by the federal government are now in active use by the states, including Minnesota. In 2011, MnDOT conducted nearly 600 motor carrier safety performance evaluations, held over 84 motor carrier safety classes, issued over 90,000 permits for oversize/overweight permits, and issued over 7,000 motor carrier credentials.

Approximately one-third of Minnesota's grade crossings on public roads have gates & signals (or flashers). In 2011, MnDOT implemented 135 grade crossing improvement projects (all types). Train-vehicle crashes have steadily declined over the years. In 1970, there were 392 crashes and 56 fatalities. In 2010, there were 45 highway/rail grade crossing crashes and two fatalities; in 2011 there were 41 crashes and five fatalities. In both 2010 and 2011, six pedestrians were killed by trains.

In 2011, shipments through the state's public ports of Duluth, St. Paul, Winona, and Red Wing were slightly below 2010 levels. Shipping volume can vary depending upon domestic and foreign demand for commodities such as taconite. Port capital projects funded through MnDOT's Port Development Assistance Program include dock wall reconstruction, road and rail access improvements, terminal upgrades and limited dredging. These projects help provide needed infrastructure capacity and condition to attract shippers. Freight shipped on the great lakes and Mississippi river helps to lessen road impacts.

Freight rail shipments increased 20 percent in 2010 from 2009 levels, reflecting improvements in the broader economy. Freight rail projects funded by the Minnesota Rail Service Improvement program address track and rail bridge condition for railroads and extend rail access to rail shippers. Fuel prices, commodity demand, and competition with other modes of transportation all affect the demand for and use of rail.

Performance Measures	Previous	Current	Trend
Truck-Related Fatalities (1)	93 fatalities	51 fatalities	Improving
Minnesota-Based Intrastate Passenger Carrier Scores (2)	97% satisfactory	96% satisfactory	Stable
Percent of Truck Permit Transactions Conducted On-Line (2)	69%	76%	Improving
Highway/Rail Grade Crossing Crashes (2)	45 Crashes	41 Crashes	Improving

Performance Measures Notes:

- (1) MN Dept. of Public Safety, Minnesota Motor Vehicle Crash Facts, 2011
<https://dps.mn.gov/divisions/ots/educational-materials/Documents/CRASH-FACTS-2011.pdf>
- (2) MnDOT Office of Freight & Commercial Vehicle Operations

Budget Activity: Freight**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$513	\$13,951	\$20,952	\$35,416
Current Law Expenditures (FY 2014-15)	\$512	\$14,466	\$18,634	\$33,612
Governor's Recommended Expenditures (FY2014-15)	\$512	\$14,466	\$18,634	\$33,612
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%	0%	0%

Budget Activity: Freight**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$2,743		\$2,743
REVENUE		\$4,896	\$18,634	\$23,530
TRANSFERS IN		\$6,422		\$6,422
APPROPRIATION	\$512	\$9,794	\$0	\$10,306
SOURCES OF FUNDS	\$512	\$23,855	\$18,634	\$43,001
BALANCE FORWARD OUT		\$2,967		\$2,967
TRANSFERS OUT		\$6,422		\$6,422
EXPENDITURES	\$512	\$14,466	\$18,634	\$33,612
PAYROLL EXPENSE	\$367	\$8,095	\$2,076	\$10,538
OPERATING EXPENSES	\$146	\$1,710	\$1,758	\$3,614
OTHER FINANCIAL TRANSACTIONS		\$4,571	\$13,480	\$18,051
GRANTS, AIDS AND SUBSIDIES			\$1,170	\$1,170
CAPITAL OUTLAY-REAL PROPERTY		\$90	\$150	\$240
USES OF FUNDS	\$512	\$23,855	\$18,634	\$43,001

Transportation

Multimodal Systems/ Passenger Rail

<http://www.dot.state.mn.us/passengerrail/>

Statewide Outcome(s):

Passenger Rail supports the following statewide outcome(s).

Sustainable options to safely move people, goods, services and information.

Context:

M.S. 174.632 charges the Minnesota Department of Transportation (MnDOT) with planning, designing, developing and constructing intercity passenger rail services. The adopted 2010 Minnesota Statewide Freight and Passenger Rail Plan further directs MnDOT to lead the development of passenger rail services and to coordinate with the Midwest Regional Rail Initiative states in the development of a multi-state passenger rail system in the Upper Midwest. The State Rail Plan can be found at: <http://www.dot.state.mn.us/planning/railplan/resources.html>.

The goal of the passenger rail program is to improve mobility for Minnesotans and connect state regional centers with passenger rail services. Connecting regional centers will provide more access to employment, educational opportunities, health care services and commercial services particularly to end point corridor populations.

The Passenger Rail Office (PRO) is working with local governments, county railroad authorities, host railroads and corridor advocates to develop a system of passenger trains that connect Minnesota communities to each other. Ultimately, the residents of Minnesota are the primary customers of the service through increased choices to meet travel needs with reliable, sustainable, and environmentally friendly travel options.

The passenger rail activity is funded through a combination of local, state, and federal funds. County Regional Railroad Authorities (RRA) provide program dollars generated through county RRA property tax levies. The 2008 Minnesota Legislature required the department to prepare the state rail plan, and provided \$26 million in state general obligation bonds to match federal passenger rail program development funds. Operating funds for passenger rail are from a direct appropriation from the General Fund as the constitution prohibits the use of the Trunk Highway Fund for passenger rail activities.

Strategies:

MnDOT's Passenger Rail Office is responsible for the planning and development of passenger rail service in Minnesota. Currently, Minnesota has one daily passenger train, the Empire Builder operated by Amtrak. The PRO is working with Midwest states to develop a system of high speed (90-110 mph) routes to connect the upper Midwest. These state-supported services will provide additional regional routes (up to six trains a day) to compliment Amtrak's national system.

PRO also works with local governments, county railroad authorities, host railroads and corridor advocates to develop a system of passenger trains that connect Minnesota communities to each other. Planning and project development activities are underway in five passenger rail corridors that will connect major economic centers with each other and national markets. PRO provides planning and project development expertise necessary to develop corridors, and is the liaison between the Federal Railroad Administration (FRA) and specific corridor development interests.

Results:

Since adoption of the state rail plan, PRO has initiated three corridor planning and project development processes, and has become involved with two additional projects that preceded the plan. Passenger rail project information may be found at: <http://www.dot.state.mn.us/passengerrail/>. Additionally, two specific projects have received capital investments at the discretion of the department, including the Minneapolis Transportation Interchange and the Saint Paul Union Depot. As a result, over \$25 million of the \$26 million GO bond appropriation made in 2009 has been committed to implementing passenger rail improvements in Minnesota, leveraging approximately \$40 million in federal funding. Projects in the state rail plan are well along in the federal development process and will be ready to accept additional state and federal funding to complete preliminary engineering, finalize environmental approval, and begin design and construction activities during the biennium.

Performance measures for passenger rail are difficult to establish and build until necessary planning and federal funding is secured. In the short term, PRO is working with Amtrak to increase frequencies of existing Chicago to Minnesota service as high speed service continues to develop. Passenger rail service miles in development over the next five years include the Northern Lights Express service from the Twin Cities to Duluth. Longer term, PRO is working to develop ZIP Rail service to Rochester and 90 Miles of high speed rail service (110mph) between the Twin Cities and La Crescent.

Performance Measures	Previous	Current	Trend
Miles of operating passenger rail service	340 miles	340 miles	stable

Performance Measures Notes:

Current Amtrak service between Moorhead and La Crescent is 340 miles. PRO is working with Amtrak to identify the addition of a second daily train between potentially St. Cloud and La Crescent and on to Chicago. Capital funding for an additional daily round trip between Minnesota and Chicago is dependent on Minnesota, Wisconsin and federal funding. Wisconsin and Minnesota are responsible for providing funding for operations. That funding is not currently identified.

Budget Activity: Passenger Rail
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$1,000	\$6,013	\$4,913	\$11,926
Current Law Expenditures (FY 2014-15)	\$1,000	\$1,235	\$2,126	\$4,361
Governor's Recommended Expenditures (FY2014-15)	\$1,000	\$1,235	\$4,126	\$6,361
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0	\$2,000	\$2,000
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%	94%	46%

Budget Activity: Passenger Rail**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$567		\$567
REVENUE	\$0	\$668	\$4,126	\$4,794
APPROPRIATION	\$1,000	\$0	\$0	\$1,000
SOURCES OF FUNDS	\$1,000	\$1,235	\$4,126	\$6,361
BALANCE FORWARD OUT				
EXPENDITURES	\$1,000	\$1,235	\$4,126	\$6,361
PAYROLL EXPENSE	\$250	\$567		\$817
OPERATING EXPENSES	\$751		\$2,126	\$2,877
CAPITAL OUTLAY-REAL PROPERTY		\$668	\$2,000	\$2,668
USES OF FUNDS	\$1,000	\$1,235	\$4,126	\$6,361

Transportation

State Roads/Program Planning and Delivery

<http://www.dot.state.mn.us>

Statewide Outcome(s):

Program Planning and Delivery supports the following statewide outcome(s).

Sustainable options to safely move people, goods, services and information.

Context:

Program planning and delivery includes all the program delivery activities of the department, including planning, program management, project development and construction project management of the Minnesota Department of Transportation's (MnDOT) road and bridge construction program.

This activity exists to plan for short and long-term capital investment on the trunk highway system and ensure all available dollars are invested as effectively as possible through projects and programs that are on time and within budget. The activity also provides for the development of projects and management of construction contracts necessary for the department to fulfill its responsibilities for constructing and maintaining a quality, dependable, multi-modal highway network.

The program planning and delivery activity serves the needs of the traveling public, local governments, public and private entities, and ensures compliance with federal and state government legislation. Funding comes from trunk highway appropriations, including federal aid reimbursement and trunk highway fund bonding.

Strategies:

The outcome of program planning and delivery is achieved through the following strategies:

Program Planning includes setting performance goals and targets, establishing priorities and policies, developing plans and strategies, evaluating outcomes, and recommending future actions.

State Road Construction (SRC) Program Management includes program financing, tracking, reporting, regulation, and the development of the State Transportation Improvement Program (STIP) and area Transportation Improvement Programs. The STIP is available online at <http://www.dot.state.mn.us/planning/program/stip.html>. In addition, the program planning and delivery activity also generates reports that track major construction investments, including the Chapter 152 Annual Inventory Report (<http://www.dot.state.mn.us/planning/program/pdf/CH152AnnualInventoryReport2012.pdf>), and the Major Projects Report (<http://www.dot.state.mn.us/planning/program/pdf/MHP2012.pdf>).

Construction Project Development and Management consists of the activities that must be done before a construction project begins, including the six milestones of scoping, construction limits, environmental documentation, right-of-way acquisition, design and plan delivery, and letting. A well scoped project reduces cost variations and allows MnDOT to better manage its overall capital program. Project management includes construction engineering, field inspection of materials, project documentation, and contractor payment approvals. In addition, Construction Project Development and Management develops and manages a program of transportation research to advance new technologies and methods by which transportation improvements are made and implemented.

Results:

MnDOT reports on the overall results of its performance in the Annual Minnesota Transportation Performance Report. This report is available online at <http://www.dot.state.mn.us/measures/index.html>.

The goal of program planning and delivery is to deliver projects on schedule and on budget. MnDOT measures on-schedule by the percentage of projects let on schedule. MnDOT measures on-budget by the percent difference between the program estimate and the contract award price.

Performance results for 2011 are as follows (see also the table below).

- 90 percent of projects were let on schedule.
- On average, projects were awarded for 15 percent less than the program estimate.

For projects that were delayed, a major cause was a delay or deficiency in plan production. Better scoping and cost estimating of projects improves MnDOT's ability to follow through on commitments made via the STIP, both on letting date and on project costs.

Cost variance measures are based on three critical milestones in project development: entry into the STIP (this is the point where the department commits to the project), the award amount (the contractor's bid amount), and construction completion. Cost variance is determined by comparing the STIP estimate to the award amount, cost at construction completion to the award amount, and cost at construction completion to the STIP estimate.

MnDOT is currently compiling the data for this more thorough measure for FY 2010 and FY 2011, and will soon be compiling data for FY 2012 after the 2012 construction season is complete. The reason for the increase in the negative cost variance between 2010 and 2011 may be due to greater uncertainty on prices reflected in the estimates and lower than expected bid prices. Additional years of data are needed to determine if there is a trend.

Performance Measures	Previous	Current	Trend
Construction Project Let on Schedule (target >90%) ¹	92% (2007)	90% (2011)	Stable
Construction Projects with Completed Scoping Documents	94% (10-13 STIP)	99% (12-15 STIP)	Improving
Cost Variance ²	-7% (2010)	-15% (2011)	NA

Performance Measures Notes:

¹ Projects let on schedule are defined as projects scheduled for the first year of the STIP that are let for construction in that fiscal year.

² The cost variance measure shown is the difference between the sum of project STIP estimates and the sum of awards, divided by the sum of estimates. More years of data will be needed before a trend for this measure is apparent.

Budget Activity: Program Planning & Delivery
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$459,402	\$43,195	\$502,597
Current Law Expenditures (FY 2014-15)		\$456,791	\$60,337	\$517,128
Governor's Recommended Expenditures (FY2014-15)		\$456,791	\$60,337	\$517,128
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%	0%	0%

Budget Activity: Program Planning & Delivery**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN		\$24,659	\$24	\$24,683
REVENUE		\$32,197	\$60,337	\$92,534
TRANSFERS IN		\$5,386		\$5,386
APPROPRIATION		\$412,940	\$0	\$412,940
SOURCES OF FUNDS		\$475,182	\$60,361	\$535,543
BALANCE FORWARD OUT		\$12,884	\$24	\$12,909
TRANSFERS OUT		\$2,702		\$2,702
CANCELLATIONS		\$2,804		\$2,804
EXPENDITURES		\$456,791	\$60,337	\$517,128
PAYROLL EXPENSE		\$325,935	\$1,107	\$327,042
OPERATING EXPENSES		\$99,972	\$58,964	\$158,936
OTHER FINANCIAL TRANSACTIONS		\$1,860	\$120	\$1,980
GRANTS, AIDS AND SUBSIDIES		\$27,871	\$146	\$28,017
CAPITAL OUTLAY-REAL PROPERTY		\$1,154		\$1,154
USES OF FUNDS		\$475,182	\$60,361	\$535,543

Transportation

State Roads/State Road Construction

<http://www.dot.state.mn.us/planning/program/stip.html>

Statewide Outcome(s):

State Road Construction supports the following statewide outcome(s).

Sustainable options to safely move people, goods, services and information

Context:

The state road and bridge construction program is the “actual construction, reconstruction and improvement of trunk highways, including design-build contracts and consultant usage to support these activities and includes actual payment to landowners for highway right of way, payment to lessees, interest subsidies and relocation expenses”, in accordance with the priorities and policies set out in the Minnesota Department of Transportation’s (MnDOT) performance-based Statewide Transportation Plan. Funding is used for contracts for construction projects to provide sustainable options to safely move people, goods, and services on the state highway system. The primary customers for this program are the travelling public, and freight and commercial transportation. Funding for State Road Construction comes from federal funds and the State Highway User Tax Distribution Fund (HUTD) via direct appropriation from the Trunk Highway Fund and is exclusively used to fund contracts for consulting and construction services for the projects.

Strategies:

State Road Construction supports a balanced approach to address sustainable investments in system preservation, safety, mobility, and regional priorities for the highway system. Investments and project selection are prioritized through the Statewide Transportation Policy Plan (<http://www.dot.state.mn.us/planning/stateplan/StPolicyPlan.html>) and Statewide Highway Investment Plan (<http://www.dot.state.mn.us/planning/statehighwayinvestmentplan/index.html>). Minnesota works closely with the Federal Highway Administration (FHWA) and local agencies in investment direction and project selection.

Results:

Minnesota’s goals for the highway system are established in the Department’s Strategic Plan and Minnesota’s Statewide Transportation Policy Plan and Statewide Highway Investment Plan and implemented through the State Transportation Improvement Program (STIP). MnDOT has a wide range of transportation system condition measures that include safety, pavement and bridge condition, congestion and travel speeds. These system condition measures are prioritized through an extensive planning and public outreach effort. Prioritization is necessary because the system needs exceed the available funding.

The State Road Construction program has led to mixed results across the various performance areas established in the Statewide Transportation Policy Plan – bridge conditions are improving, the number of traffic-related fatalities are decreasing, and the Interregional Corridors are meeting mobility targets. Meanwhile MnDOT continues to make investments to lessen the declining pavement conditions and the increase in Metro traffic congestion.

MnDOT is currently updating its 20-year highway investment plan. This plan will analyze the existing performance trends and develop new investment direction for the State Road Construction program.

This new investment direction – incorporating innovative financing and new technologies, focusing on high return-on-investment solutions, institutionalizing risk management, and continued refinement of investment prioritizing, will be used to support the positive trends in safety, Interregional mobility, and bridge preservation, and slow or reverse the negative trends in pavement preservation and Metro traffic congestion.

Results Notes:

State Transportation Improvement Program: (<http://www.dot.state.mn.us/planning/program/stip.html>)

Performance Measures	Previous	Current	Trend
Pavement Condition – Customer Ride Quality Index (RQI) – Pavements in Poor Condition – Principal Arterials	2.6% (2007)	4.8% (2011)	Declining
Pavement Condition – (RQI) – Pavement in Poor Condition – Non-Principal Arterials	6.5% (2007)	8.6% (2011)	Declining
Structural Condition of Bridges – Bridge Deck Area in Poor Structural Condition – Principal Arterials	3.1% (2007)	3.3% (2011)	Stable
Fatalities on the Trunk Highway System including interstates //(total fatalities statewide)	2007 265 (510)	2011 173 (368)	Improving
Twin Cities Urban Freeway System Congestion – Percent of Miles below 45 mph in AM or PM peak	20.9% (2007)	21.0% (2011)	Stable
Interregional Corridor (IRC) Mobility (Greater MN Mobility) – Percent of Miles +/- 2 mph of Target Speed or Faster	98% (2007)	98% (2011)	Stable

Performance Measures Notes:

Performance information taken from the 2011 Annual Transportation Performance Report, available at <http://www.dot.state.mn.us/measures/index.html>

Budget Activity: State Road Construction
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$1,553,978		\$1,553,978
Current Law Expenditures (FY 2014-15)		\$1,397,998		\$1,397,998
Governor's Recommended Expenditures (FY2014-15)	\$20,000	\$1,737,998		\$1,757,998
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$20,000	\$340,000		\$360,000
% Change from FY 2014-15 Current Law to Governor's Rec		24%		26%

Budget Activity: State Road Construction**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN		\$13,387		\$13,387
REVENUE		\$39,701		\$39,701
TRANSFERS IN		\$77,000		\$77,000
APPROPRIATION	\$20,000	\$1,687,000		\$1,707,000
SOURCES OF FUNDS	\$20,000	\$1,817,089		\$1,837,089
BALANCE FORWARD OUT		\$2,091		\$2,091
TRANSFERS OUT		\$77,000		\$77,000
EXPENDITURES	\$20,000	\$1,737,998		\$1,757,998
PAYROLL EXPENSE				
OPERATING EXPENSES		\$58,196		\$58,196
OTHER FINANCIAL TRANSACTIONS		\$72,500		\$72,500
GRANTS, AIDS AND SUBSIDIES	\$20,000	\$11,398		\$31,398
CAPITAL OUTLAY-REAL PROPERTY		\$1,595,904		\$1,595,904
USES OF FUNDS	\$20,000	\$1,817,089		\$1,837,089

Transportation

State Roads/Debt Service

<http://www.dot.state.mn.us/funding/index.html>

Statewide Outcome(s):

State Roads Program supports the following statewide outcome(s).

Sustainable options to safely move people, goods, services and information.

Context:

This activity encompasses repayment of all debt related to the Trunk Highway System. This includes the required annual payment of the principal and interest on trunk highway bonds to the state debt service fund from the trunk highway fund, as well as payments to the transportation revolving loan fund for trunk highway loan agreements, and repayments of advances from local governments. The State of Minnesota is authorized to issue general obligation bonds for trunk highway purposes under Article XIV of the constitution. MnDOT is also authorized to enter into loan agreements using the transportation revolving loan fund under M.S. 161.04, and to enter into local advance agreements under M.S. 161.361. The debt service activity is funded by a direct appropriation from the Trunk Highway Fund.

Trunk Highway Fund Bond appropriations authorized:

- Laws 2003 Chapter 19 – \$506 million*
- Laws 2007 Chapter 2 – \$20 million*
- Laws 2008 Chapter 152 – \$1.8 billion
- Laws 2009 Chapter 36 and 93 – \$42.7 million
- Laws 2010 Chapter 189 – \$26.4 million
- Laws 2010 Chapter 388 – \$100 million
- Laws 2012 Chapter 287 – \$16.1 million
- Laws 2012 Chapter 1 – \$30 million*

**First Special Session*

Strategies:

This activity contributes to statewide outcomes on the trunk highway system by leveraging low interest rates to advance the construction of road and bridge projects. These projects have a life of at least 20 years and support the safety of the traveling public, maintain and improve the freight movement, and promote the economic vitality of the state.

The Minnesota Department of Transportation (MnDOT) works closely with Minnesota Management and Budget (MMB) to coordinate activities related to selling bonds and forecasting both the debt cash flow and the debt service payments.

Results:

Minnesota's goals for the transportation system are established in the department's Strategic Plan and Minnesota's Statewide Transportation Policy Plan. The key goal for the debt service activity is to balance the needs of the transportation system by maximizing the funding resources available within a financially sound debt management policy.

Key Performance Measures:

Trunk Highway Fund Debt Management—Debt service for the Trunk Highway Fund (THF) should not exceed 20 percent of annual state revenues to the Trunk Highway Fund.

Trunk Highway Fund Balance—The Trunk Highway Fund should maintain a balance not less than the sum of:

- (a) Six percent of annual projected state revenues to the fund, plus
- (b) Two percent of authorized, unissued debt, plus
- (c) A reasonable allowance for future debt service funding shortfalls when debt service is projected to exceed 20 percent of state revenues.

Performance Measures	Previous Actual (FY11)	Current Forecast (FY14)	Trend
Trunk Highway Fund Debt Management <i>(target: <20%)</i> ¹	6%	15%	Stable
Trunk Highway Fund Balance <i>(target: >\$90M as of Feb 2012 forecast)</i> ¹	\$200M	\$237M	Stable

Performance Measures Notes:

¹February 2012 Transportation Funds Forecast <http://www.dot.state.mn.us/about/pdfs/TranspForecast2012.pdf>.

Budget Activity: Debt Service**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$17,393		\$17,393
Current Law Expenditures (FY 2014-15)		\$19,000		\$19,000
Governor's Recommended Expenditures (FY2014-15)		\$19,000		\$19,000
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

Budget Activity: Debt Service**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION		\$406,051		\$406,051
SOURCES OF FUNDS		\$406,051		\$406,051
TRANSFERS OUT		\$387,051		\$387,051
EXPENDITURES		\$19,000		\$19,000
PAYROLL EXPENSE				
OTHER FINANCIAL TRANSACTIONS		\$19,000		\$19,000
USES OF FUNDS		\$406,051		\$406,051

Transportation

State Roads/Operations and Maintenance

<http://www.dot.state.mn.us/maintenance/>

<http://www.dot.state.mn.us/trafficeng/safety/index.html>

<http://www.dot.state.mn.us/bridge/>

Statewide Outcome(s):

Operations and Maintenance supports the following statewide outcome(s).

Sustainable options to safely move people, goods, services and information.

Context:

The purpose of this activity is to maintain, operate and preserve the state's trunk and interstate highway systems including roadways, bridges, roadsides, safety equipment, traffic control and traffic management devices and the equipment and buildings associated with those tasks. This includes approximately 12,000 miles of trunk highway, over 4,500 bridges of ten-foot spans or longer, 3,000 traffic management systems (signals, electronic message boards, cameras, weight sensors, traffic counters), 28,000 lighting fixtures, 400,000 signs, 254,000 acres of right of way including wetlands and ponds, over 3,600 vehicles and approximately 800 snow plows.

Our customers include anyone who travels on the state trunk highway or interstate system or relies upon the highway system to deliver goods and services including the primary customer segments of commuters, personal travelers, carriers, shippers, farmers, emergency vehicle operators, and communities.

This activity is funded by a direct appropriation from the Trunk Highway Fund.

Strategies:

The Operations and Maintenance activity encompasses many services necessary to operate and maintain the transportation system to provide a safe, smooth trip with a reliable travel time. These include:

- **Traffic Management:** installing and repairing signs, lighting, striping and message painting, installing and repairing guardrails, operating the Regional Transportation Management Center and the District Traffic Operations Communications Centers, operating and repairing traffic signals and devices, and traveler information via updates on radio, changeable message signs, internet and telephones.
- **Regulation:** issuing permits for all work on Minnesota Department of Transportation's (MnDOT) Right of Way including utilities, entrances and outdoor advertising (outdoor advertising can extend off the right of way), MnDOT also identifies and permits safe routes for commercial vehicles with wide or overweight loads.
- **Fleet Management:** acquiring, maintaining and remarketing MnDOT vehicles and equipment as well as providing fuel and insurance for the central office fleet (units that operate within the right of way on our highways). MnDOT monitors fleet performance measures of utilization and life cycle as well as preventative and reactive maintenance. These performance measures are currently undergoing a review.
- **Inventory Control:** purchasing, receiving, warehousing, handling and issuing materials, record keeping and hazardous waste coordination.
- **Clear Roads:** clearing roadways of snow and ice and debris. Targets have been established based on customer expectations for all roadway types based on volumes (i.e., the highest traveled road target is to achieve bare lanes in zero to three hours after a snowfall has ceased). Three effective techniques that MnDOT uses to inhibit ice formation and improve roadway surface are: Anti-icing, Pre-wetting and De-icing.
- **Smooth Roads:** paving, drainage repair, shoulder repair and surface repair to ensure a smooth ride. Roads are measured for surface ride-ability annually. MnDOT is currently looking at innovative patching techniques to extend the life of existing roads.

- **Roadsides:** brush and tree removal for improved visibility and safety, mowing, spraying for noxious weed control (legally mandated), litter pickup (Adopt a Highway) and planting vegetation. Although MnDOT focuses its resources to the road area of the right of way, there are specific roadside needs that require attention.
- **Bridges:** inspecting and maintaining bridges to keep them safe and in reliable service.
- **Building Management:** providing, building operations and maintenance services for state-owned buildings and facilities under MnDOT's jurisdiction.
- **Rest Area Management:** providing general maintenance, building operations, janitorial services and property management.

Key partners to achieving this goal include the Federal Highway Administration (FHWA), other state agencies, local governments, other federal agencies, Native American tribes, and other industry professionals.

Results:

MnDOT monitors a number of performance measures to help track progress toward statewide performance goals. The most prominent measures in the areas of maintenance and operations are listed here. Together, these measures show that MnDOT's maintenance & operations strategies are resulting in more timely bridge inspections and reactive maintenance repairs, faster incident clearance times, and more reliable snow plowing and ice removal. MnDOT has successfully met its snow and ice performance target in nine of the last ten seasons. Although severity impacts how we respond, MnDOT relies on training and technology to continue to meet customer expectations.

Unfortunately, positive trends on a series of individual maintenance measures have not prevented a gradual decrease in overall customer satisfaction with highway maintenance. It should be noted, however, that this decrease is likely heavily influenced by the condition of highway pavement, which is largely the product of the level of investment dedicated to pavement.

Operations and Maintenance significantly impact the overall safety of all Minnesota roadways. For example, providing visible pavement markings and signs are key to keeping drivers from running off the roadway which is one of the leading causes of serious injury crashes in rural Minnesota. While there are other behavioral factors that effect this measure, MnDOT uses fatalities as the measure of our overall safety performance as well as participates as a lead agency in the Toward Zero Deaths program. Fatalities on Minnesota's state and local roads continue their dramatic decade long decline. The 368 fatalities experienced in 2011 is the lowest number of fatalities in a generation.

Performance Measures	Previous	Current	Trend
Fatalities on the Trunk Highway System including interstates /(total fatalities statewide)	2007 265 (510)	2011 173 (368)	Improving
Incident Clearance Time for Metro Urban Freeway ¹ (in minutes)	37.3 (2007)	33.0 (2011)	Improving
Snow & Ice Management -- Frequency of Achieving Bare Lanes within Targeted Number of Hours	75% ('07-'08)	88% ('11-'12)	Stable ²
Bridge Inspections -- Percent Completed & Logged On Time	86.3% (2007)	96.2% (2011)	Improving
Bridge Reactive Maintenance Repairs -- Percent of High-Priority Items Completed on Time ³	89% (2010)	99% (2011)	Improving
Customer Satisfaction with State Highway Maintenance (1 – 10 scale)	6.2	5.9	Declining

Performance Measures Notes:

¹ Three-year average, in minutes

² The trend for the snow and ice management measure is described as stable because performance has been above the target of 70 percent nine of the last ten years.

³ MnDOT established its bridge reactive maintenance repair measure in 2009. As a result, the 2010 and 2011 figures are not comparable to data from previous years.

Budget Activity: Operations And Maintenance
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$550,076	\$11,549	\$561,625
Current Law Expenditures (FY 2014-15)		\$583,764	\$20,548	\$604,312
Governor's Recommended Expenditures (FY2014-15)		\$593,764	\$20,548	\$614,312
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$10,000	\$0	\$10,000
% Change from FY 2014-15 Current Law to Governor's Rec		2%	0%	2%

Budget Activity: Operations And Maintenance**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN		\$10,339	\$6	\$10,345
REVENUE		\$69,648	\$20,548	\$90,196
TRANSFERS IN		\$29,278		\$29,278
APPROPRIATION		\$524,790	\$0	\$524,790
SOURCES OF FUNDS		\$634,055	\$20,554	\$654,608
BALANCE FORWARD OUT		\$11,013	\$6	\$11,018
TRANSFERS OUT		\$29,278		\$29,278
EXPENDITURES		\$593,764	\$20,548	\$614,312
PAYROLL EXPENSE		\$320,701	\$483	\$321,184
OPERATING EXPENSES		\$237,675	\$6,365	\$244,040
OTHER FINANCIAL TRANSACTIONS		\$3,631	\$7,000	\$10,631
GRANTS, AIDS AND SUBSIDIES		\$2		\$2
CAPITAL OUTLAY-REAL PROPERTY		\$31,754	\$6,700	\$38,454
USES OF FUNDS		\$634,054	\$20,554	\$654,608

Transportation State Roads/Electronic Communications

<http://www.dot.state.mn.us/oec>

Statewide Outcome(s):

Electronic Communications supports the following statewide outcome(s).

Sustainable options to safely move people, goods, services and information.

Context:

The Minnesota Department of Transportation's (MnDOT) Office of Electronic Communications (OEC) provides management, engineering and technical expertise in electronic communication systems and technologies that address the specialized needs of transportation, public safety, and other state and local agencies. The activities address mobile radio communications statewide.

- Many Minnesota government agencies have large mobile work forces that rely on radio communications. OEC provides technical services to the Department of Public Safety (DPS), The Department of Natural Resources (DNR) and other state agencies. OEC also provides technical services to regional and local agencies upon request.
- OEC supports the statewide public safety radio communications system known as Allied Radio Matrix for Emergency Response (ARMER). ARMER is currently under construction with site acquisition, construction and maintenance of radio towers statewide. ARMER serves the day to day and emergency communication needs of many state agencies, and of the majority of local and regional law enforcement agencies. This includes law enforcement, fire, emergency medical and public works services. The system currently has over 60,000 mobile and portable radio users. As the system ages, it will require additional maintenance and a replacement cycle and schedule. Ongoing upgrades need to be planned.
- Citizens of Minnesota have high expectations of their public safety and emergency service providers. Emergency operations extend around the clock, and the communications systems must provide reliable service at all times.
- Funding for the Electronic Communications activity comes from a direct appropriation from the Trunk Highway Fund, a transfer from DPS from the 911 Fees (for ARMER operations and maintenance) and lease receipts authorized in MS 174.70.

Strategies:

- Electronic Communications Investment and Planning:
 - Provide overall electrical engineering directions for the strategic and tactical planning of wireless voice and data systems for ARMER and other public safety or transportation applications
 - Provide electronic communication system engineering, design and construction expertise to MnDOT offices and districts, other state and local agencies.
 - Act as public safety radio spectrum frequency advisor for the state of Minnesota
- Electronic Communications Management:
 - Administer, own, and operate the ARMER public safety radio backbone used by state and local governments.
 - Install, repair, replace, upgrade and maintain the radio communications infrastructure.
 - Maintain the facilities (towers, shelters, generators) needed to support the states wireless infrastructure
 - Provide maintenance for electronic equipment, such as road weather information systems, traffic weight scales, vehicle location systems, etc.
 - Provide emergency service response for public safety electronic communications systems

- External Transportation Systems Support:
 - Provides for sharing of expertise and technical services with other state and local agencies, including the Department of Public Safety, the Department of Natural Resources, The National Weather Service (NWS) and other state and local agencies.
- Key Partners:
 - Department of Public Safety, Department of Natural Resources, and other state agencies, cities, counties, the Metropolitan Council, the National Weather Service, and emergency service providers.

Results:

Eighty-one percent (264) of ARMER towers are operational and on-the-air out of a planned 324. An additional 35 towers are under construction and scheduled for completion in 2013. The right of way acquisition process is ongoing for 25 additional tower sites. Construction is on schedule and on budget.

Performance Measures	Previous	Current	Trend
Build out ARMER towers by 2013	65% (2010)	81% (2012)	Increasing
Mobile and portable radio users served by ARMER	40,000 (2011)	60,000 (2012)	Increasing

Performance Measures Notes:

Annually, OEC also maintains and services over 13,000 mobile radios, over 1,600 base stations, over 650 tower sites and performs over 1,600 preventative inspections. The trend is constant and steady. OEC also provides technical support, maintenance and oversight.

Budget Activity: Electronic Communications
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$6	\$32,563		\$32,569
Current Law Expenditures (FY 2014-15)	\$6	\$32,204		\$32,210
Governor's Recommended Expenditures (FY2014-15)	\$6	\$33,804		\$33,810
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$1,600		\$1,600
% Change from FY 2014-15 Current Law to Governor's Rec	0%	5%		5%

Budget Activity: Electronic Communications**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$1,425		\$1,425
REVENUE		\$3,660		\$3,660
TRANSFERS IN		\$18,900		\$18,900
APPROPRIATION	\$6	\$10,336	\$0	\$10,342
SOURCES OF FUNDS	\$6	\$34,321	\$0	\$34,327
BALANCE FORWARD OUT		\$517		\$517
EXPENDITURES	\$6	\$33,804		\$33,810
PAYROLL EXPENSE		\$14,304		\$14,304
OPERATING EXPENSES	\$6	\$17,097		\$17,103
OTHER FINANCIAL TRANSACTIONS		\$4		\$4
CAPITAL OUTLAY-REAL PROPERTY		\$2,399		\$2,399
USES OF FUNDS	\$6	\$34,321		\$34,327

Transportation

Local Roads/County State Aid Roads

<http://www.dot.state.mn.us/stateaid/>

Statewide Outcome(s):

The local road/s county state aid roads activity supports the following statewide outcome(s).

Sustainable options to safely move people, goods, services and information.

Context:

Minnesota's constitution dedicates a portion of statewide revenues for local roads and bridges. The State Aid for Local Transportation (SALT) office was created to supervise the distribution of these funds to Minnesota's 87 counties for their use in building and maintaining the County State Aid Highway (CSAH) system. This definition of the CSAH system is found in Article 14 of the Minnesota State Constitution (<https://www.revisor.leg.state.mn.us/constitution>, Section 3).

- The CSAH system size is currently 30,590 miles.
- The primary funding is 29 percent of the 95 percent of the Highway User Tax Distribution Fund (HUTD) that is allocated to counties.
- Counties also compete for federal aid, bridge bonding and local road improvement funds.
- Counties receive money from the flexible account of the HUTD for turn-backs.
- A portion of the HUTD goes to the town bridge and the town road accounts. These accounts and the flexible account amount to five percent of the HUTD.
- Counties are generally responsible for administering the township projects and the projects for cities that have a population of less than 5,000.
- The counties select the construction projects and maintenance activities within their jurisdiction.
- SALT reviews and approves individual construction plans for compliance with standards and rules.
- The funding distribution among the counties is determined with the advice of a County Screening Board, consisting of county engineers. The money is for maintenance and construction work on their designated system of state aid highways.

Strategies:

- The SALT office works closely with local levels of government to help coordinate the provision of a safe, effective and coordinated highway network across the state.
- In addition to funding support, staff from SALT provides technical assistance in highway and bridge design, construction and maintenance. Minnesota Department of Transportation (MnDOT) SALT employees also authorize grants for bridge construction, coordinate local federally-funded projects, and provide overall management of the state aid system.
- SALT conducts a needs assessment, computes the funding allocations for each county, makes payments and maintains fiscal records.
- Safety is promoted through the development of safety plans at the county level that then assist in the decision-making process.
- Bridge safety is accomplished through a robust bridge inspection program and management of bridge replacement dollars from state bonding and federal bridge programs.
- Counties prioritize most on preservation and safety projects above other needs.
- Counties contribute some of their funding to the Local Road Research Board (LRRB, <http://www.lrrb.org>), which responds to their needs for training, best practice analysis, and information for their staffs and the public.
- Counties are responsible for developing their own rules and standards updates for approval by the Commissioner of Transportation. Recently, changes have been made to respond to changes in law and policy regarding ten ton roads and complete streets.

Results:

Fatalities on Minnesota's state and local roads continue their dramatic, decade-long decline. The 368 fatalities experienced in 2011 is the lowest number of fatalities in a generation. This positive downward trend is also true on a more granular level, as 127 fatalities were experienced on the county state aid highway system, down from a high of 236 in 2002.

There are no methods currently available to specifically measure the health of the county state aid highway system. MnDOT does monitor the number of miles constructed or reconstructed to meet standards. Most roads need substantial reconstruction every 50 years. In 2009 there were 181 miles of construction or reconstruction. In 2010, this increased to 196 miles, and dropped to 79 miles in 2011. If a 50 year reconstruction cycled were being followed, an average of 612 miles should be worked on each year. The difference between the actual number of CSAH miles constructed/reconstructed in recent years and the 612 average suggests that an increasing share of the CSAH system is in poor condition.

Performance Measures	Previous	Current	Trend
Fatalities on the county state aid highway system	170 (2007)	127 (2011)	Improving
Total crashes on the county state aid highway system	39,826 (2008/2009)	36,681 (2010/2011)	Improving
Miles of the county state aid highway system constructed or reconstructed to meet standard (612 = number of miles constructed/reconstructed if CSAH were maintained at lowest life-cycle cost) ¹	196 (2010)	79 (2011)	Worsening

Performance Measures Notes:

¹ 3-year average

Budget Activity: County State Aid Roads
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$1,020,932	\$482,054	\$1,502,986
Current Law Expenditures (FY 2014-15)		\$1,201,322	\$494,604	\$1,695,926
Governor's Recommended Expenditures (FY2014-15)		\$1,201,322	\$494,604	\$1,695,926
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%	0%	0%

Budget Activity: County State Aid Roads**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN		\$142,489		\$142,489
REVENUE		\$1,240	\$494,604	\$495,844
TRANSFERS IN		\$208,716		\$208,716
APPROPRIATION		\$1,196,872	\$0	\$1,196,872
SOURCES OF FUNDS		\$1,549,317	\$494,604	\$2,043,921
BALANCE FORWARD OUT		\$142,492		\$142,492
TRANSFERS OUT		\$205,503		\$205,503
EXPENDITURES		\$1,201,322	\$494,604	\$1,695,926
PAYROLL EXPENSE		\$8,952	\$196	\$9,148
OPERATING EXPENSES		\$18,169	\$7,408	\$25,577
OTHER FINANCIAL TRANSACTIONS		\$29		\$29
GRANTS, AIDS AND SUBSIDIES		\$1,174,172	\$487,000	\$1,661,172
USES OF FUNDS		\$1,549,317	\$494,604	\$2,043,921

Transportation

Local Roads/Municipal State Aid Roads

<http://www.dot.state.mn.us/stateaid/>

Statewide Outcome(s):

Municipal State Aid Roads supports the following statewide outcome(s).

Sustainable options to safely move people, goods, services and information.

Context:

Minnesota's constitution dedicates a portion of statewide revenues for local roads and bridges. The State Aid for Local Transportation (SALT) office was created to supervise the distribution of these funds to Minnesota's state aid cities for their use in building and maintaining the Municipal State Aid Street (MSAS) system. This definition of the Municipal State Aid Street System is found in Article 14 of the Minnesota State Constitution (<https://www.revisor.leg.state.mn.us/constitution>, Section 4. There are 147 cities that qualify for an appropriation from this fund.

- The system size is 3,598 miles.
- The primary source of funding is nine percent of the 95 percent of the Highway User Tax Distribution Fund (HUTD) that is allocated to State Aid cities.
- Cities also compete for federal aid, bridge bonding and local road improvement funds.
- Cities also receive money from the Flexible Account of the HUTD for turn-backs.
- The cities select the construction projects and maintenance activities within their jurisdiction.
- SALT reviews and approves individual construction plans for compliance with standards and rules.
- The funding distribution among the cities is determined with the advice of a Municipal Screening Board, consisting of city engineers. The money is for maintenance and construction work on their designated system of state aid streets, which typically amount to 20 percent of their city system.

Strategies:

- The SALT office works closely with local units of government to help coordinate the provision of a safe, effective and coordinated highway network across the state.
- In addition to funding support, SALT provides technical assistance in highway and bridge design, construction and maintenance. MnDOT SALT employees also authorize grants for bridge construction, coordinate local federally funded projects, and provide overall management of the state aid system.
- SALT conducts needs assessments, computes the funding allocations for each city, makes payments and maintains fiscal records.
- Safety is promoted through the development of safety plans at the county level that then assist in decision making.
- Bridge safety is supported through a robust bridge inspection program and through management of bridge replacement dollars from state bonding and the federal bridge program.
- Cities prioritize most on preservation and safety projects above other needs.
- Cities contribute some of their funding to the Local Road Research Board (LRRB, <http://www.lrrb.org>), which responds to their need for training, best practice analysis, and information for their staffs and the public.
- Cities are responsible for developing their own rules and standards updates for approval by the Commissioner of Transportation. Recently, changes have been made to respond to changes in law and policy regarding ten-ton roads and complete streets.

Results:

Fatalities on Minnesota's state and local roads continue their dramatic, decade-long decline. The 368 fatalities experienced state-wide in 2011 is the lowest number of fatalities in a generation. This positive downward trend is also true on a more granular level, as 18 fatalities were experienced on the municipal state aid streets, down from a high of 30 in 2005.

There are no methods currently available to specifically measure the health of the municipal state aid system. MnDOT does monitor the number of miles constructed or reconstructed to meet standards. Most roads need substantial reconstruction every 50 years. In 2009 there were 43 miles of construction or reconstruction. In both 2010 and 2011, there were 37 miles reconstructed in each year. If a 50-year reconstruction cycle were being followed, an average of 72 miles would be worked on every year. The difference between the actual number of MSAS miles constructed/reconstructed in 2009, 2010, and 2011 and the 72-mile number suggests that an increasing share of the MSAS is in poor condition.

Performance Measures	Previous	Current	Trend
Fatalities on the municipal state aid system	24 (2007)	19 (2011)	Improving
Total crashes on the municipal state aid system	25,950 (2008/2009)	23,957 (2010/2011)	Improving
Miles of the municipal state aid system constructed or reconstructed to meet standard (72 = number of miles constructed/reconstructed if MSAS were maintained at lowest life-cycle cost) ¹	107 (2010)	39 (2011)	Worsening

Performance Measures Notes:

¹ Three-year average

Budget Activity: Municipal State Aid Roads
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$298,246		\$298,246
Current Law Expenditures (FY 2014-15)		\$337,205		\$337,205
Governor's Recommended Expenditures (FY2014-15)		\$337,205		\$337,205
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

Budget Activity: Municipal State Aid Roads**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN		\$11,334		\$11,334
TRANSFERS IN		\$30,541		\$30,541
APPROPRIATION		\$306,664		\$306,664
SOURCES OF FUNDS		\$348,539		\$348,539
BALANCE FORWARD OUT		\$11,334		\$11,334
EXPENDITURES		\$337,205		\$337,205
PAYROLL EXPENSE		\$3,310		\$3,310
OPERATING EXPENSES		\$4,523		\$4,523
OTHER FINANCIAL TRANSACTIONS		\$7		\$7
GRANTS, AIDS AND SUBSIDIES		\$329,364		\$329,364
CAPITAL OUTLAY-REAL PROPERTY		\$2		\$2
USES OF FUNDS		\$348,539		\$348,539

Transportation

Agency Management/Agency Services - Transportation

<http://www.dot.state.mn.us/strategicvision/vision.html>

<http://www.dot.state.mn.us/about/index.html>

<http://www.dot.state.mn.us/ombudsman>

Statewide Outcome(s):

Agency management supports the following statewide outcome(s).

Sustainable options to safely move people, goods, services and information.

Context:

Agency Services provides executive leadership, sets policy, and determines strategic direction to ensure that the Minnesota Department of Transportation (MnDOT) delivers a safe and effective transportation network. Agency management directs the department's administrative, financial, human and capital resources, and serves all of MnDOT's approximately 4,800 employees.

Agency Services ensures that MnDOT's workforce is skilled, productive, and diverse so that it can effectively serve citizens. Department leadership provides an array of planning, policy and administrative services, including financial, communications, government relations, transportation ombudsman, internal and external audit functions, and management of partnerships that make the transportation system responsive to stakeholder needs.

Financial services provided include planning, forecasting, analysis, budgeting and management of federal and state funds, and innovative finance initiatives. Communication services help MnDOT gather customer input for improved decision making, and provide transportation-related information to the public. General administrative support incorporates a wide range of services including materials management, contracting accounting, payroll services, administrative rule-making, occupational safety, health services, and business processes. Corporate services staff coordinate technology products and services with Information Technology for Minnesota Government (MnIT) and oversees agency IT management.

Key issues include recruitment and retention of a skilled, diverse workforce, due to a lack of competitive advantage with the private sector, and effective knowledge transfer as large numbers of experienced employees retire from the agency.

Agency Services is funded by direct appropriation from the Trunk Highway Fund.

Strategies:

Staffing:

- In response to concerns about the retirement of many experienced MnDOT employees along with a shrinking applicant pool, Human Resources staff developed and implemented innovative staffing strategies, including student worker and internship programs, and the Graduate Engineer and Land Surveyor program.
- District offices have developed and implemented strategic staffing plans to identify skills and competencies that match the current and future needs of the agency.
- To recruit more diverse candidates, MnDOT has developed partnerships with other entities. This includes MnDOT's Community Advisors on Recruitment and Retention Solutions (MnCARRS), a community partnership composed of MnDOT employees and community leaders representing minority communities, women, veterans and people with disabilities. The group was created to build recruitment partnerships between MnDOT and communities underrepresented in MnDOT's workforce to assist the agency in recruiting and retaining qualified candidates from a variety of backgrounds. (Key technical positions are critically evaluated when they become vacant to assure that the agency is making the right hire at the right location at the right time.)

Knowledge Transfer:

MnDOT has a dedicated Business Process section that assists the department in streamlining and managing various processes, records, and administrative policies. To date, the group has facilitated 7 LEAN Kaizen events and 18 process improvement workshops Finance:

- In response to ongoing financial constraints and recent state legislation, MnDOT has initiated an Efficiency Measures project to identify and/or create, track, and report on the efficiency of MnDOT's products and services. The outcomes of this project will assist MnDOT in continuing to provide the public with the most effective and efficient transportation system possible.
- MnDOT is also in the process of implementing a more formal and robust internal control program, called Safeguarding MnDOT. This includes conducting financial risk assessments, staff training and certification, the creation of an internal control board, and the development of a three year program plan.

Ombudsman:

- MnDOT offers an external ombudsman service to ensure fairness when businesses or members of the public cannot resolve a dispute with the agency through other processes. These strategies for engaging stakeholders and responding to citizen needs are designed to increase transparency and build public trust.

Results:

Key factors affecting the Agency Management area include challenges in recruiting and retaining qualified staff for key positions, and managing the uncertainty of ongoing federal funding levels.

Additional performance measures are under development.

Performance Measures	Previous	Current	Trend
Employee turnover – separations from MnDOT ¹	FY 2009 – 420	FY 2011 - 929	Increasing
Overall ethnic and gender diversity ²	7-8% - minority 22% - women	8% - minority 22% - women	Stable
Trunk Highway Fund Debt Management ³ (target: <20%)	12.6% (FY 2013)	15.1% - 16.8% (FY 2014-2015)	Increasing
Trunk Highway Fund Balance ⁴ (target: >\$90M as of Feb 2012 forecast)	\$219M (FY 2013)	\$237M-246M (FY 2014-2015)	Stable
Ombudsman cases received & resolved	FY 2009 – 113	FY 2011– 20151	Increasing

Performance Measures Notes:

1. The FY 2011 count for employee separations includes 410 MnDOT employees who departed under the Early Retirement Incentive authorized by the 2010 Minnesota Legislature.
2. MnDOT regularly compares the gender and minority composition of its workforce to the composition of available candidates in specific employment categories. MnDOT's goal is to increase the multicultural competency of all of its employees to attract and retain a diverse workforce to better serve the increasingly diverse population of the state. MnDOT's overall minority employment has remained relatively constant over the past four years, between seven and eight percent. Women continue to comprise 22 percent of the MnDOT workforce. These results reflect the availability of qualified applicants, the constraints imposed by the civil service system and the competition for the best applicants from other governmental agencies and the private sector.
3. Trunk Highway Fund Debt Management—Debt service for the Trunk Highway Fund (THF) should not exceed 20 percent of annual state revenues to the Trunk Highway Fund.
4. Trunk Highway Fund Balance—The Trunk Highway Fund should maintain a balance not less than the sum of:
 - (a) Six percent of annual projected state revenues to the fund, plus
 - (b) Two percent of authorized, unissued debt, plus
 - (c) A reasonable allowance for future debt service funding shortfalls when debt service exceeds 20 percent of state revenues.

Budget Activity: Agency Services - Transportation
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$104,946		\$104,946
Current Law Expenditures (FY 2014-15)		\$96,568		\$96,568
Governor's Recommended Expenditures (FY2014-15)		\$96,568		\$96,568
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

Budget Activity: Agency Services - Transportation**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$71		\$71
REVENUE		\$820	\$0	\$820
APPROPRIATION		\$95,680	\$0	\$95,680
SOURCES OF FUNDS		\$96,571	\$0	\$96,571
BALANCE FORWARD OUT		\$3		\$3
EXPENDITURES		\$96,568		\$96,568
PAYROLL EXPENSE		\$40,015		\$40,015
OPERATING EXPENSES		\$56,204		\$56,204
OTHER FINANCIAL TRANSACTIONS		\$200		\$200
GRANTS, AIDS AND SUBSIDIES		\$1		\$1
CAPITAL OUTLAY-REAL PROPERTY		\$148		\$148
USES OF FUNDS		\$96,571		\$96,571

Transportation Agency Management/Building Services

<http://www.dot.state.mn.us/maintenance/facilities/facility.html>

Statewide Outcome(s):

Building Services supports the following statewide outcome(s).

Sustainable options to safely move people, goods, services and information.

Context:

This activity provides uniform management of buildings owned or operated by MnDOT. Major services include: (1) planning, designing, and constructing MnDOT facilities; and (2) facility repair, operation and maintenance. The building services activity allows MnDOT to maximize consistency in administration and minimize costs.

This activity is governed by Minnesota Statute (M.S.) 174.03 Duties of the Commissioner, Subd. 4 (1), construct and maintain transportation facilities as authorized by law, and M.S. 161.20 Powers of the Commissioner, Subd 2.

The Building Services activity is funded by direct appropriation from the trunk highway fund and from trunk highway bonds. MnDOT often uses trunk highway direct operating dollars to fund small capital projects under a certain threshold (typically \$1.5 to \$2.0 million in total cost), minimizing the need to request numerous small projects in bonding bills. However, it can be challenging to complete complex, capital projects within the constraints of biennium spending requirements for operating appropriations.

Strategies:

MnDOT facilities are built and maintained to support and meet transportation systems user expectations (Safely move people) and quickly respond to environmental and safety concerns. Space is required for vehicle storage and repairs, ancillary and installed supporting equipment. Facilities placed in strategic locations allow MnDOT employees to respond efficiently and promptly to customer needs, such as quick deployment of snow clearance equipment during a snow or ice event.

MnDOT owns and operates – 1,072 buildings with a total of 5,745,426 square feet, including:

- 138 truck station sites
- 18 regional/headquarters maintenance sites
- Five special service sites: MNRoad Research Facility, Arden Hills Training Center, Central Shop, Maplewood Materials Lab and the Aeronautics building
- 173 salt/sand storage sites
- Estimated facilities replacement cost of \$746,905,380 (at \$130 per square foot)

This activity supports MnDOT through two product and service lines.

Facilities Investment and Planning: Provides planning, programming, budget development, design and construction of MnDOT facilities. Every year, MnDOT uses the building budget process to review and plan future building space requirements. The process generally results in a six-year construction plan. This process also identifies annual maintenance and repair projects that require plans and/or specifications developed by licensed architects and engineers. Over 90 major maintenance and repair projects were planned, bid and awarded for completion in FY 2012. Wherever and whenever possible, MnDOT partners with local government subdivisions to construct facilities that will leverage opportunities for cost savings and efficiencies through co-location of facilities and operations.

Facilities Operations and Maintenance: Keeps facilities useful for their intended purpose. It includes development and enforcement of facility standards, building codes, other regulatory requirements compliance and partnership agreements with other political subdivisions. It also includes the administrative functions associated with custodial work, supplies and services, and telecommunications support.

Results:

In recent years, MnDOT has tracked the degree to which building services strategies are working by measuring building adequacy, quantified as the percentage of MnDOT buildings meeting functional needs. The measure is based on the "Facilities Assessment Report" developed by MnDOT Facilities Management Services and performed by the district physical plant supervisors. Facility assessments provide MnDOT planners with information concerning building primary and secondary systems, site conditions, safety concerns, functional standards, energy conservation, barrier-free access and environmental conditions. MnDOT's target is to have 80 percent of its buildings meet functional needs.

Going forward, MnDOT will be one of 19 state agencies to implement a new Enterprise Real Property Facilities Condition Assessment. When fully implemented, this tool will monitor over 30 million square feet of space at over 5,000 building locations. A Request for Proposal is currently being prepared for the integration of the condition assessment with the current Archibus software application system. These efforts are being led by the Department of Administration. A comprehensive assessment of the condition of MnDOT's facilities is expected to start in the spring of FY 2013.

Performance Measures	Previous	Current	Trend
Building Adequacy: percent of truck stations meeting functional needs ¹ (based on Facility Assessment Report)	65.6% (2006)	77.6% (2011)	Improving
Building Adequacy: percent of buildings meeting functional needs (based on Enterprise Facilities Condition Assessment)	Under Development		

Performance Measures Notes:

¹ Although MnDOT use the facility assessment report to measure the adequacy of many different types of buildings, a comprehensive, statewide data set is only available for truck stations.

Budget Activity: Building Services
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$108	\$38,247		\$38,355
Current Law Expenditures (FY 2014-15)	\$108	\$37,139		\$37,247
Governor's Recommended Expenditures (FY2014-15)	\$108	\$37,139		\$37,247
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		0%

Budget Activity: Building Services**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN		\$191		\$191
REVENUE		\$1,571		\$1,571
TRANSFERS IN		\$2,607		\$2,607
APPROPRIATION	\$108	\$35,568		\$35,676
SOURCES OF FUNDS	\$108	\$39,938		\$40,046
BALANCE FORWARD OUT		\$191		\$191
CANCELLATIONS		\$2,607		\$2,607
EXPENDITURES	\$108	\$37,139		\$37,247
PAYROLL EXPENSE		\$4,050		\$4,050
OPERATING EXPENSES	\$108	\$21,306		\$21,414
OTHER FINANCIAL TRANSACTIONS		\$462		\$462
CAPITAL OUTLAY-REAL PROPERTY		\$11,320		\$11,320
USES OF FUNDS	\$108	\$39,938		\$40,046

Transportation Department - Federal Funds Summary

Federal Award Name	New Grant	Purpose / People Served	2012 Actual	2013 Budget	2014 Base	2015 Base	Required State Match Yes / No	Required State MOE Yes / No	State-wide Outcome
Multimodal									
Aeronautics									
Federal Airports		To assist local units of government maintain and improve Minnesota publically owned airports. Funds are sub-granted to the local government units who oversee their projects.	49,489	100,000	100,000	100,000			Mobility
Recovery FAA Aeronautics		Federal Stimulus funding for runway and other improvements at eleven Minnesota airports.	373	-	-	-			Mobility
Budget Activity: Aeronautics			49,862	100,000	100,000	100,000			
Transit									
Rideshare - Federal		Coordinate rideshare opportunities in Greater Minnesota. Programs include, but not limited to: the Commuter Challenge and the "Try It" campaign.	108	272	148	148			Mobility
Transit Vehicle Disposition		Transit vehicle disposition receipts for mass transportation purposes.	94	160	50	50			Mobility
FTA Section 5310		Capital assistance grants for organizations that serve elderly and/or persons with disabilities.	1,806	2,138	4,231	4,231			Mobility
FTA Section 5311		Capital and operating funding for small urban and rural areas; including intercity bus. RTAP funding for research, training and technical assistance for transit operators in non-urbanized areas. Administration for technical oversight of programs.	12,939	30,832	31,576	31,576			Mobility
FTA Section 5303/5304		Metropolitan Planning Organization (MPO) and statewide planning activities and technical assistance for public transit services.	3,895	8,787	8,689	8,689			Mobility
Bike/Ped Coordinators		Funding to support bike and pedestrian coordinators includes, but not limited to: bicycle safety programs, statewide bicycle maps, complete streets and pedestrian ADA implementation within MNDOT.	136	150	150	150			Mobility
Transit Bike/Ped PR		Metro Ped/Bike planner senior position responsible for the State Planning & Research project part I.	38	82	60	60	x		Mobility
Mississippi River Trail Bike Route		Statewide: Bicycle Policy Planning Study & Mississippi River trail U.S. Bicycle Route Implementation.	250	65	-	-	x		Mobility
Veterans Transportation and Community Living Initiative		To implement, expand, or increase access to one-call/one-click transportation resource centers that improve access to transportation resources for veterans, military families, and other clients.	-	2,376	1,722	1,723	x		Mobility
FTA JARC		Funding for projects that transport low-income individuals to employment.	836	1,690	1,690	845			Mobility
FTA New Freedom		Funding for transportation projects that go beyond ADA requirements for persons with disabilities.	542	1,049	1,049	503			Mobility
Northfield Environmental Assessment		Assess environmental effects to ensure compliance with National Environmental Policy Act (NEPA) requirements prior to building the Northfield Transit Hub.	14	242	121	-			Mobility
FTA Cedar Valley/Albert Lea		Construction of Albert Lea transit facility	-	646	300	50			Mobility

Transportation Department - Federal Funds Summary

Federal Award Name	New Grant	Purpose / People Served	2012 Actual	2013 Budget	2014 Base	2015 Base	Required State Match Yes / No	Required State MOE Yes /No	State-wide Outcome
Transitways /Red Rock/Northstar		Federal Transit Authority (FTA) Grant #MN-03-0088 closed 8-31-12	291	-	-	-			Mobility
FTA Northstar Construction		Northstar Commuter Rail project	6,367	25,160	18,792	18,793			Mobility
ARRA Vehicle		Administration funds to support the remaining American Recovery and Reinvestment Act (ARRA) Transit projects	156	243	-	-			Mobility
FTA - Trailblazer		FTA Grant #MN-86-X002 closed 4-9-12	24	-	-	-			Mobility
FTA - ITS Project		ARRA rural ITS projects for Arrowhead Transit and Meeker County Public Transit	493	115	-	-			Mobility
FTA - Three Rivers Facility		ARRA funded Three Rivers transit hub and facility	174	423	-	-			Mobility
Mankato Transit Facility		New Transit Facility in Mankato, MN		2,800	2,800	2,800			Mobility
Section 5339 Bus & Bus Facilities Programs (MAP-21)	x	Provide funding for transit buses & bus facilities	-	4,250	4,252	4,250			Mobility
Budget Activity: Transit			28,161	81,480	75,630	73,868			
Freight									
Federal/Local Rail Project		To promote grade crossing safety on Minnesota railroads	3,341	11,000	7,000	7,000			Mobility
Motor Carrier Safety Assistance Program		Assistance Program (MCSAP) is a Federal Motor Carrier Safety Administration (FMCSA) program that provides grants to states to reduce the number and severity of accidents and hazardous materials incidents involving commercial motor vehicles (CMV).	930	1,380	1,380	1,380	x		Mobility
Truck Parking Availability Study		To provide funding to improve transportation safety, traffic congestion, and air quality by implementing and deploying a comprehensive system for identifying trucks and truck parking spaces through the dissemination of parking availability information to truck drivers and carriers, through the use of ITS video technology.	291	1,273	684	20			Mobility
Southern Rail Corridor Alternatives Analysis		To perform an alternatives analysis of relocating or mitigating the freight railroad line in and around Rochester, MN	53	434	-	-	x		Mobility
Minnesota Valley Regional Rail Authority Rehabilitation Project FFY 2009		Provides funding to Minnesota Valley Regional Rail Authority (MVRRA) to complete railroad rehabilitation activities	7	943	-	-	x		Mobility
Non-Trunk Highway Projects		ARRA Non-trunk highway projects	1	-	-	-			Mobility
Minnesota Valley Regional Rail Authority Rehabilitation Project FFY 2010		Provides funding to MVRRA to complete railroad rehabilitation activities	18	982	-	-	x		Mobility
K-Line Rail Improvement-Wadena	x	To improve and extend municipally owned rail spur to an existing industrial park.	-	300	585	585	x		Mobility
Budget Activity: Freight			4,640	16,312	9,649	8,985			

Transportation Department - Federal Funds Summary

Federal Award Name	New Grant	Purpose / People Served	2012 Actual	2013 Budget	2014 Base	2015 Base	Required State Match Yes / No	Required State MOE Yes /No	State-wide Outcome
Passenger Rail									
Hi-Speed Intercity Pass Rail (NLX PE/NEPA)		To conduct Preliminary Engineering and the National Environmental Policy Act (NEPA) process	-	3,000	2,000	2,000	x		Mobility
Duluth Passenger Rail (2009 - EA)		To conduct environmental review to meet the conditions of NEPA.	278	187	-	-	x		Mobility
MN WI NEPA Service (Tier 1 EIS)		To conduct environmental review to meet the conditions of NEPA.	173	400	26	-	x		Mobility
Northern Lights Express (2010 - LiDAR, Mapping & SDP)		To create mapping for preliminary engineering & complete a Service Development Plan (SDP)	240	260	-	-			Mobility
Northern Lights Express (2009 - Hinckley Loop Study)		To Conduct an alternatives analysis, engineering and feasibility study	-	375	100	-	x		Mobility
Budget Activity: Passenger Rail			691	4,222	2,126	2,000			
Program: Multimodal Systems			83,354	202,014	187,405	184,853			
State Roads									
Pooled Fund Project (190830)		State planning/research-MnRoad research activities regarding pavement performance	17	28	-	-			Mobility
Wadena Transportation Study		Wadena Transportation Study	135	45	-	-			Mobility
I-94-TH280 Value Pricing Study		To consider design and operational alternatives that will enhance MnPASS performance in the corridor	-	320	80				Mobility
Snelling TH51 Value Price Study		To study multi-modal transportation issues along Snelling Avenue-Trunk Highway (TH) 51	-	450	-	-			Mobility
Survey Mileage Based User Fee		Study potential designs of Mileage Based User Fee systems	1,185	443	-	-			Mobility
Great River Road-Burns Avenue Overlook		Partially fund historic restoration of this site on MnDOT right of way, eligible for the National Register of Historic Places, on the Great River Road National Scenic Byway	-	103	-	-		x	Mobility
Hazard Elimination NHTSA		Construct cable median barriers and county & district road safety design planning	1,083	12,000	12,000	12,000			Mobility
Road Research	x	Implementation of Intelligent Construction Systems to provide for the continuous monitoring of equipment location, activities, and quality.	34	4,750	3,750	3,750			Mobility
Seat Belt Performance Grant		Construct cable median barriers and Department of Public Safety (DPS) Heightened Enforcement of Aggressive Traffic (HEAT)	866	157	-	-			Mobility
ITS Special Projects		Intelligent Transportation Systems Research		100	-	-			Mobility
MN Technology Transfer Funds		To strengthen the skills and knowledge of local and state transportation providers through training programs, the exchange of best practices, information referral, and the implementation of transportation research results.	141	140	140	140	x		Mobility
MnROAD LVR Support		To support the MnROAD low volume road section at the MnROAD test facility.	9	46	46	46	x		Mobility
Towards Zero Deaths HSIP FLEX		Fund regional Toward Zero Deaths (TZD) coordinators salaries, Federal Highway Administration (FHWA) and Road Safety Public Service announcements	51	1,500	1,500	1,500	x		Mobility
Integrated Corridor Management Stage One		Integrated Corridor Management FHWA Paid Engineering Out of State Travel	-	19	-	-			Mobility
Parking-Pricing Demonstration		To demonstrate parking pricing incentives that might change travel behavior	59	166			x		Mobility

Transportation Department - Federal Funds Summary

Federal Award Name	New Grant	Purpose / People Served	2012 Actual	2013 Budget	2014 Base	2015 Base	Required State Match Yes / No	Required State MOE Yes / No	State-wide Outcome
County/Municipal State Aid Roads									
Federal County Road & Bridge (Includes: Safe Routes to School-Infrastructure Projects Only)		Provides road construction dollars to the local county and city governments for their road systems.	187,142	225,006	215,000	250,000	x		Mobility
ARRA TIGR Union Depot		ARRA TIGER Grant provided to the Union Depot Restoration Project.	28,282	7,046	-	-			Mobility
County Mini Grants NHTSA		Funding for construction of county road safety improvements	74	1,000	1,000	1,000			Mobility
Safe Routes to School		To coordinate improvement of safety and facilities in and around school zones.	71	1,939	1,912	1,912			Mobility
Federal County Road and Bridge Cultural Resources Grants		Funding for special interest projects providing historical, technical or other information pertinent to mobility.	1,067	1,727	1,890	1,890	x		Mobility
ARRA Funding for Local Governments		Provides road construction dollars to the local county and city governments for their road systems.	7,046	1,654					Mobility
Federal Rail Authority		Funding for the Union Depot restoration project.	-	20,000	20,000		x		Mobility
Program: Local Roads			223,683	258,371	239,802	254,802			
Reimbursement for Municipal Grant Expenses (Non Dedicated Receipts)		Reimbursement for Municipal Grant Expenses	252	252	252	252			Mobility
Reimbursement for County Grant Expenses (Non Dedicated Receipts)		Reimbursement for County Grant Expenses	297	300	300	300			Mobility
Federal Funds - Agency Total			713,030	1,004,835	986,784	993,027			
Federal Funds Total - Net of Federal Formula Highway Agreements and Local Roads Non Dedicated Receipts			318,488	503,676	467,352	480,395			

Mn/DOT Federal Funds Narrative

The major federal fund accounts include federal grants revenue deposited in the federal fund, either on an advance or reimbursement basis. Federal Highway Administration (FHWA) federal aid, the agency's largest federal program, is on a cost reimbursement basis, with a significant portion of program reimbursements deposited directly into the Trunk Highway Fund for the department's state road construction program.

Maintenance Level of Effort:

The regular formula federal funds are typically split 80% federal 20% state. One of the federal fund appropriations relates to the restoration of historical sites along the Minnesota section of the Great River Road. These sites require ongoing site maintenance comparable to that typically afforded MnDOT Class IV rest areas.

Related State Spending:

Federal funds are matched by varying state funds depending on the program. For example, the major FHWA program is matched by a combination of trunk highway fund, municipal and county state aid funds, and local government funds depending on the project. The major Federal Aviation Administration program is matched by local government funds. General funds, revenues from the motor vehicle sales tax and local government funds match the federal funding from the Federal Transit Administration (FTA) programs.

Basis for Estimates:

Estimates are based on the best funding information currently available to MnDOT program managers. Overall, federal funds anticipated during the FY2014-15 biennium will be a reduction from the 2012-13 biennium due to American Recovery and Reinvestment Act (ARRA) projects nearing completion.

Potential Impact of Sequestration:

The Gramm-Rudman-Hollings (GRH) sequester process is written in Part C of the Balanced Budget and Emergency Deficit Control Act of 1985 and sequestration provides for automatic, across-the-board budget cuts in many programs beginning in 2013 and continuing until 2021.

The Budget Control Act of 2011 imposed caps on discretionary spending that will reduce their funding by \$1 trillion from 2012 to 2021. This act also established the Joint Select Committee on Deficit Reduction (the "Super Committee") to propose legislation reducing deficits by another \$1.2 trillion over the same period, and established a backup "sequestration" procedure to ensure that \$1.2 trillion in deficit reduction would be achieved in the event the Super Committee failed to pass legislation reducing the deficit. The Super Committee failed to enact a bill, so sequestration is scheduled to take effect in March 2013 (unless superseding legislation is passed) and would cover the period of time from 2013 to 2021.

Transportation Impact:

Contract authority programs that receive obligation limitation, like the highway and transit formula programs supported by the Highway Trust Fund, are exempt from sequestration. Beyond the Highway Trust Fund programs and Social Security, however, almost everything else is subject to sequestration in March 2013.

Specifically for highway and transit programs, this translates to the following (national) spending cuts due to sequester:

- Transportation Investment Generating Economic Recovery (TIGER) program: 8.2% or \$41M out of \$500M
- FHWA Emergency Relief Program: 8.2% or \$136M out of \$1.662B
- First federal General Fund transfer to the Highway Account of the Highway Trust Fund occurred in October 2012 as contained in Moving Ahead for Progress in the 21st Century (MAP-21): 7.6% or \$471M out of \$6.2B
- FHWA Budget Authority Exempt from Obligation Limitation (traditionally a portion of Equity Bonus): 7.6% or \$56M out of \$739M
- FTA administrative expenses: 8.2% or \$8M out of \$99M
- FTA Capital Investment Grants: 8.2% or \$156M out of \$1.906B
- FTA research: 8.2% or \$4M out of \$44M

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2014-15 Governors Budget - Uniform Laws Commission

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Mission:

The ten unpaid Minnesota Commissioners on Uniform State Laws, as members of the National Conference of Commissioners on Uniform State Laws (NCCUSL or ULC), work with commissioners from all fifty states to prepare uniform acts for introduction in the Minnesota and other state legislatures. Most uniform acts address complex and technical issues of commercial and other private laws.

Statewide Outcome(s):

Uniform Laws Commission supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

Each year the ULC promulgates several uniform acts (most commonly four to seven acts). When a uniform act is enacted by the Minnesota legislature, it is likely to remain in the Minnesota Statutes for decades, so the cumulative impact of the ULC work is substantial. Currently, there are approximately 71 uniform acts included in the Minnesota Statutes, including such significant statutes as the Uniform Commercial Code, the Uniform Probate Code, the Uniform Anatomical Gift Act, the Uniform Arbitration Act, the Uniform Child Custody Jurisdiction and Enforcement Act, the Uniform Condominium Act, the Uniform Conservation Easements Act, the Uniform Fraudulent Transfers Act, the Uniform Gift to Minors Act, the Uniform Partnership Act, and the Uniform Limited Partnership Act.

The body of ULC work reflected in Minnesota Statutes is based on continuous ULC efforts since 1892. For Minnesota, and all other states, the ratio of benefit to costs cannot be matched, for all commissioners donate their time. All commissioners are lawyers. For many commissioners, their donated time adds up to a few hundred hours each year. The total cost to Minnesota covers just two items: state dues and the travel expenses for the Minnesota commissioners to attend the week-long annual meeting of the ULC. (In Nashville in 2012, in Boston in 2013, and in Williamsburg in 2014.) For Minnesota, dues and travel expenses together are a fraction of the cost of one professional employee. All state support is provided through the general fund.

Strategies:

The Minnesota Commissioners are active in the drafting efforts of the ULC, all having served on multiple drafting committees over the years. Each drafting committee meets for frequent two and a half day drafting meetings (Friday and Saturday all day and Sunday morning) over two, three, or four years. Expenses for these meetings are paid from the ULC budget portion that is used for state dues.

In addition, Minnesota commissioners have held leadership positions including two as president, with another, Harriet Lansing, scheduled to be president for a two year term commencing in July 2013.

A major responsibility of commissioners is to bring uniform acts to the legislature and work for enactment. They have been successful, for Minnesota's enactment record is amount the best in the nation. The Minnesota Bar Association has been consistently helpful in enactment efforts. Legislative respect for the ULC acts is very high.

Measuring Success:

Approximately seventy-one uniform acts are in effect in Minnesota. Five uniform acts are ready for consideration in the 2013 legislative session.

Performance Measures	Previous	Current	Trends
Uniform acts presented to the legislature	5	5	Stable

Performance Measures Notes:

Acts presented to the 2012 legislature and expected to be presented to the 2013 legislature.

Uniform Laws Commission**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$98			\$98
Current Law Expenditures (FY 2014-15)	\$98			\$98
Governor's Recommended Expenditures (FY2014-15)	\$98			\$98
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0			\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%			0%

**Uniform Laws Commission
Sources and Uses**

(Dollars in Thousands)

Biennium FY14-FY15				
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$98			\$98
SOURCES OF FUNDS	\$98			\$98
EXPENDITURES	\$98			\$98
PAYROLL EXPENSE				
OPERATING EXPENSES	\$98			\$98
USES OF FUNDS	\$98			\$98

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Mission:

The statutory mission of the University of Minnesota is to offer undergraduate, graduate, and professional instruction through the doctoral degree, and be the primary state supported academic agency for research and extension services (Minnesota Statute (M.S.) 135A.052). The University's mission, carried out on multiple campuses and throughout the state, is threefold: research and discovery, teaching and learning, and outreach and public service.

<http://www1.umn.edu/twincities/history-mission/index.html>

Statewide Outcome(s):

University of Minnesota supports the following statewide outcome(s).

Minnesotans have the education and skills needed to achieve their goals.

Context:

The University of Minnesota is the state's only land grant and research institution, and operates to better the lives of Minnesotans through education, research, and public engagement. As one of the state's most important economic and intellectual assets - and one of the nation's top research institutions - the university is a venue where human talent, ideas and innovations, and discoveries and services converge to advance Minnesota's economy and quality of life.

The University of Minnesota operates on five campuses (Crookston, Duluth, Morris, Rochester, Twin Cities), with approximately 25,000 faculty and staff employees system-wide, and over 60,000 students enrolled at all levels. Through its programs, the University provides services to students and citizens of the state and beyond to better position them for lifelong learning and success.

The University's fiscal year 2013 \$3.2 billion budget is built on revenue support from a variety of sources: tuition (26 percent), sponsored research grants (19 percent), state appropriation (18 percent), miscellaneous income-sales, fees, etc. (16 percent), restricted gifts/contracts (13 percent), and auxiliary business operations (eight percent). Institutional priorities include the availability of extraordinary education, breakthrough research; and dynamic public engagement.

<http://supporttheu.umn.edu/assets/pdf/2012-AtAGlance.pdf>

Strategies:

The University of Minnesota's strategic plan, adopted by the Board of Regents in 2005, is organized around four essential strategies:

- **Exceptional Students** - Recruit, educate, challenge, and graduate outstanding students who become highly motivated lifelong learners, leaders, and global citizens.
 - Recruit highly prepared students from diverse populations
 - Challenge, educate and graduate students
 - Develop lifelong learners, leaders, and global citizens
 - Ensure affordable access for students of all backgrounds
- **Exceptional Faculty and Staff** - Recruit, mentor, reward, and retain world-class faculty and staff who are innovative, energetic, and dedicated to the highest standards of excellence.
 - Recruit and place talented and diverse faculty and staff to best meet organizational needs
 - Mentor, develop, and train faculty and staff to optimize performance
 - Recognize and reward outstanding faculty and staff
 - Engage and retain outstanding faculty and staff
- **Exceptional Innovation** - Inspire exploration of new ideas and breakthrough discoveries that address the critical problems and needs of the University, state, nation, and the world.
 - Increase sponsored research support, impact, and reputation

- Promote peer-leading research and scholarly productivity
- Accelerate the transfer and utilization of knowledge for the public good
- **Exceptional Organization** - Be responsible stewards of resources, focused on service, driven by performance, and known as the best among our peers.
 - Ensure financial strength
 - Be responsible stewards of resources
 - Promote performance, process improvement, and effective practice
 - Foster peer-leading competitiveness, productivity, and impact
 - Ensure a safe and healthy environment for the university community
 - Focus on quality service

http://www1.umn.edu/systemwide/strategic_positioning/

Results:

In 2011, the Minnesota Legislature approved five performance measures (Minnesota Laws 2011, 1st Special Session, Chapter Five) for the University of Minnesota and mandated that one percent of funding for fiscal year 2013 be retained until the Board of Regents demonstrates to the Commissioner of Management and Budget that the University has met at least three of the five performance goals identified in the legislation. The Board of Regents and the Minnesota Office of Higher Education agreed to the specific numerical indicators and definitions for the goals on September 9, 2011.

The five performance goals relate to:

- Institutionally provided financial aid to students
- Degrees awarded
- Twin Cities campus undergraduate graduation rates
- Research and development expenditures
- Sponsored expenditures funded by business and industry

Below is the information assembled on the progress of the University of Minnesota on the specific numerical indicators and definitions developed in consultation with the Minnesota Office of Higher Education, and approved by the Board of Regents (<http://govrelations.umn.edu/assets/pdf/022912-PerformanceMeasuresUpdate.pdf>).

Performance Measures	Previous	Current	Trend
1. Amt. of Institutional Financial Aid	\$151 million	\$176.6 million	Improving
2. Total Degrees Awarded	13,591	14,836,	Improving
3a. Four-year Graduation Rate	45.4%	54.0%	Improving
3b. Six-year Graduation Rate	64.0%	70.5%	Improving
4. National Science Foundation R&D Expenditures	\$595 million	\$786 million	Improving
5. Business & Industry Sponsored Exp.	\$38.4 million	\$42.4 million	Improving

Performance Measures Notes:

For measures 1, 2 and 5, "Previous" = FY 2007 data and "Current" = FY 2011 data (the most recent closed fiscal year)

For measure 3a, "Previous" = students entering fall 2003 and "Current" = students entering fall 2007

For measure 3b, "Previous" = students entering fall 2001 and "Current" = students entering fall 2005

For measure 4, due to the timing of submitted information to NSF, "Previous" = FY 2006 and "Current" = FY 2010

Finally, within the University's charter, 1851 Territorial Laws, Chapter 3, Section 16, it is stated that "...[the regents shall] make a report annually, to the Legislature...exhibiting the state and progress of the university...and such other information as they may deem proper, or may from time to time be required of them." Consequently, the University of Minnesota publishes annually the "University Plan, Performance, and Accountability Report", which provides a performance baseline for the institution around its key strategic goals, progress appraisal, and identification of areas for improvement.

http://www.academic.umn.edu/accountability/pdf/2011/2011_UMN_Accountability_Report.pdf

University Of Minnesota**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$1,073,288	\$76,373	\$15	\$1,149,676
Current Law Expenditures (FY 2014-15)	\$1,090,688	\$68,048		\$1,158,736
Governor's Recommended Expenditures (FY2014-15)	\$1,090,688	\$68,048		\$1,158,736
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		0%

University Of Minnesota**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
TRANSFERS IN	\$34,800	\$19,234		\$54,034
APPROPRIATION	\$1,090,688	\$48,814	\$0	\$1,139,502
SOURCES OF FUNDS	\$1,125,488	\$68,048	\$0	\$1,193,536
TRANSFERS OUT	\$34,800	\$0		\$34,800
EXPENDITURES	\$1,090,688	\$68,048		\$1,158,736
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$1,090,688	\$68,048		\$1,158,736
USES OF FUNDS	\$1,125,488	\$68,048		\$1,193,536

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Mission:

Dedicated to serving Minnesota Veterans and their families.

Statewide Outcome(s):

Veterans Affairs supports the following statewide outcome(s).

Minnesotans are healthy.

Minnesotans have the education and skills needed to achieve their goals.

Strong and stable families and communities.

Context:

The Minnesota Department of Veterans Affairs (MDVA) was created by the 1943 state Legislature at the height of World War II to consolidate the services provided to the increasing number of returning soldiers. The Minnesota Veterans Homes came under the jurisdiction of MDVA in 2007 when Governor Pawlenty merged the Minnesota Veterans Homes Board with the agency. Today, there are approximately 381,300 veterans in Minnesota (or seven percent of the state population). Since 9/11, 60,053 Minnesotans have been discharged from active duty and 38,308 have served in one of the combat zones. The challenges they face include higher unemployment rates than their civilian counterparts, short and long-term medical issues as a result of their military duty, and both the veterans and their families have mental fatigue and injuries associated with military deployments. Additionally, there is an aging veteran population in Minnesota with a unique long-term care needs. Given this context, MDVA exists to fulfill the needs of these veterans and their families by providing innovative programs and services to maximize quality of life.

MDVA is funded approximately 50 percent from the general fund, 30 percent from federal funds and 20 percent from special revenue funds.

Strategies:

MDVA strives to enhance the lives of those it serves through the development and implementation of services that are tailored to meet the current and ongoing needs of veterans and their families. It does this through its two divisions: Programs & Services and the Minnesota State Veterans Homes.

The Programs & Services division collaborates with its partners in the veterans service community to assist veterans in obtaining the financial, educational and/or medical benefits they have earned through their service to the United States armed forces. Many veterans are not aware of the benefits that they have earned through their service to the country. With an estimated 669 veterans experiencing homelessness on any given night in Minnesota (<http://www.wilder.org/Wilder-Research/Research-Areas/Homelessness/Pages/statewide-homeless-study-most-recent-results.aspx>) and veterans experiencing unemployment at a higher rate than the population at large, the programs also assist veterans at risk for homelessness, unemployment or untreated medical conditions.

MDVA operates state veterans homes in Luverne, Fergus Falls, Silver Bay, Hastings and Minneapolis to ensure that veterans and their families have appropriate options for meeting their long-term care needs through high quality care. The homes offer 24-hour skilled nursing, dementia and domiciliary care. The homes also offer rehabilitation, work therapy, transportation and psychological, spiritual and recreational services to improve the health and quality of life of its residents.

Measuring Success:

As an agency, one measure of success is the number of federal dollars brought into the state for veterans as a result of the efforts of the MDVA. In 2011, for every \$1 of general funds invested, the federal return on investment was \$35.

The MDVA also measures the success of its strategies by:

- Programs & Services
 - Statistics on veterans served through agency programs are maintained to understand trends and usage in different areas of the state.
- Veterans Homes
 - Surveys are routinely conducted by the Minnesota Department of Health and the Federal Department of Veterans Affairs, and the veterans homes are free of major defects or material non-compliance. If there are findings, they are corrected in a timely manner.
 - Resident surveys are completed periodically to assess the satisfaction with services provided.

Veterans Affairs**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$27,948	\$168,922	\$28,241	\$225,112
Current Law Expenditures (FY 2014-15)	\$28,185	\$176,148	\$26,650	\$230,982
Governor's Recommended Expenditures (FY2014-15)	\$36,100	\$176,148	\$26,650	\$238,897
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$7,915	\$0	\$0	\$7,915
% Change from FY 2014-15 Current Law to Governor's Rec	28%	0%	0%	3%

Veterans Affairs
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN	\$0	\$4,490	\$943	\$5,433
REVENUE	\$0	\$81,973	\$26,586	\$108,559
TRANSFERS IN	\$24,994	\$97,916		\$122,910
APPROPRIATION	\$129,155	\$0	\$0	\$129,155
SOURCES OF FUNDS	\$154,149	\$184,379	\$27,529	\$366,057
BALANCE FORWARD OUT		\$1,283	\$879	\$2,162
TRANSFERS OUT	\$118,049	\$6,945		\$124,994
EXPENDITURES	\$36,100	\$176,148	\$26,650	\$238,897
PAYROLL EXPENSE	\$10,614	\$137,581	\$753	\$148,949
OPERATING EXPENSES	\$12,617	\$33,661	\$6,736	\$53,014
OTHER FINANCIAL TRANSACTIONS	\$0	\$1,162	\$500	\$1,662
GRANTS, AIDS AND SUBSIDIES	\$12,869	\$3,578		\$16,447
CAPITAL OUTLAY-REAL PROPERTY		\$166	\$18,660	\$18,826
USES OF FUNDS	\$154,149	\$184,376	\$27,529	\$366,054

Veterans Affairs

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Veterans Affairs and Health Care IT Improvement

The Governor recommends investing in the information technology infrastructure of the Minnesota Department of Veterans Affairs. Doing so will help the department achieve industry standards of care and ensure the safety of the Minnesotans they care for. This proposal funds the infrastructure investment as well as ongoing staff to support it.

Performance Measures:

This proposal will prevent network power outages, delays to provision of benefits, and / or serious life safety events

General Fund	Expenditure	3,090	1,910	5,000	1,910	1,910	3,820
	Net Change	3,090	1,910	5,000	1,910	1,910	3,820

Operating Funding for Southeast Minnesota Veterans Cemetery

The Governor recommends establishing start-up and ongoing operational funds for a new Veterans Cemetery in southeastern Minnesota. The Department of Veterans Affairs received a land donation from Fillmore County to establish a cemetery that will provide burial space for nearly 40,000 veterans. This proposal supplements federal funding to design and construct the cemetery, which will become operational in FY15.

Performance Measures:

This proposal will ensure the proper maintenance and care for the final resting place for generations of Minnesotan veterans

General Fund	Expenditure	0	425	425	425	425	850
	Net Change	0	425	425	425	425	850

Permanent Honor Guard Funding

The Governor recommends establishing ongoing funding of the Honor Guard program. The Honor Guard program supports veterans and their families by providing for military burial honors earned by their service and sacrifice. This proposal reflects an anticipated apex of veteran deaths in 2014, an estimated 400 annually.

Performance Measures:

This proposal will support nationally chartered veterans organizations to provide military burial honors for those who are entitled

General Fund	Expenditure	200	200	400	200	200	400
	Net Change	200	200	400	200	200	400

Minnesota GI Bill Expansion

The Governor recommends expanding eligibility for the Minnesota GI Bill program to all generations of veterans. Currently, only those veterans serving on or after September 11th, 2011 are eligible for benefits. The goal of this proposal is to ensure that all generations of veterans will have the opportunity for education and training, which lead to good jobs.

Performance Measures:

This proposal will help put unemployed Minnesotan veterans of all ages back to work.

General Fund	Expenditure	500	500	1,000	500	500	1,000
	Net Change	500	500	1,000	500	500	1,000

Veterans Affairs

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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County Veterans Service Office Grant Expansion

The Governor recommends increasing funding for the County Veteran Service Office (CVSO) grant program. The program provides grants to CVSOs for basic office operations and to achieve programmatic goals to help veterans and their families obtain benefits and services accrued through military service.

Performance Measures:

This proposal will help Minnesota's veterans access the benefits to which they are entitled by their service

General Fund	Expenditure	500	500	1,000	500	500	1,000
	Net Change	500	500	1,000	500	500	1,000

Permanent Gold Star Program Funding

The Governor recommends establishing ongoing funding of the Gold Star program. The Gold Star program supports the families of those service members who lost their lives in combat as they heal from their loss. This proposal provides funding for a program previously, but no longer, supported by Federal funding.

Performance Measures:

This proposal will help Gold Star families heal from their loss

General Fund	Expenditure	100	100	200	100	100	200
	Net Change	100	100	200	100	100	200

Veteran Lottery Ticket

The Governor recommends creating, in collaboration with the Minnesota Lottery, a Veteran scratch off lottery ticket. Proceeds from this ticket will support grassroots community organizations that serve the emerging needs of veterans. This proposal provides for a method to collect and distribute the proceeds.

Performance Measures:

This proposal will provide financial assistance for Minnesota's grassroots veterans support organizations

Other Funds	Revenue	840	0	840	0	0	0
Other Funds	Transfers Out	840	0	840	0	0	0
	Net Change	0	0	0	0	0	0

Veteran License Plates

The Governor recommends creating, in collaboration with the Department of Public Safety, an opportunity for individuals to purchase one of five new specialty license plates, the proceeds of which will go to grassroots community organizations that support the emerging needs of veterans. This proposal provides for a method to collect and distribute the proceeds.

Performance Measures:

If approved, this initiative will provide financial assistance for Minnesota's grassroots veterans support organizations.

Other Funds	Revenue	250	500	750	500	500	1,000
Other Funds	Transfers Out	250	500	750	500	500	1,000
	Net Change	0	0	0	0	0	0

Veterans Affairs

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Eliminate Minnesota Ambulance Association Grant

The Governor recommends cancelling the \$110,000 remainder of a 2009 one-time appropriation for a grant contract with the Minnesota Ambulance Association to administer a Military to Medic program. The contract has expired and the terms of the contract were never fulfilled, as no veterans completed the program due to the availability of other educational / training programs for veterans.

Performance Measures:

This proposal will provide savings to the overall budget solution through re-alignment of current resources.

General Fund	Expenditure	(110)	0	(110)	0	0	0
	Net Change	(110)	0	(110)	0	0	0

Encourage Federal Reimbursement for Veteran Care

The Governor recommends that the Department of Veterans Affairs (DVA) seek opportunities to reduce general fund expenditures for veterans' care by maximizing federal reimbursement of Medicare eligible expenses. This will allow DVA to maintain high quality care for Minnesota's veterans at lower state cost. To accomplish this without risk to quality and quantity of veterans' care, the Governor is instructing DVA to begin consistently monitoring and reporting Medicare related federal reimbursements at its facilities. The Governor is also recommending an adjustment to general fund spending at DVA contingent upon future federal Medicare receipts.

Performance Measures:

This proposal will continue Minnesota's commitment of quality care for older veterans while positively impacting the state's general fund.

General Fund	Expenditure	0	0	0	0	0	0
	Net Change	0	0	0	0	0	0

Net All Change Items	General Fund	4,280	3,635	7,915	3,635	3,635	7,270
	Other Funds	0	0	0	0	0	0
	Net Change	4,280	3,635	7,915	3,635	3,635	7,270

Veterans Affairs
All Funds FTE by Program

	Current	Forecast Base	Governor's Recommendation
Program	FY 2013	FY 2015	FY 2015
Program: Veterans Programs And Services	76.0	76.0	85.0
Program: Veterans Health Care	1,024.0	976.0	980.0
Veterans Affairs	1,100.0	1,052.0	1,065.0

Veterans Affairs
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	TAXES	10			10
	ALL OTHER	4			4
	Subtotal	15			15
Dedicated	FEDERAL GRANTS		4,020	26,586	30,606
	DEPARTMENTAL EARNINGS		73,388		73,388
	INVESTMENT INCOME		23		23
	ALL OTHER	0	4,541		4,541
	Subtotal	0	81,973	26,586	108,559
Total		15	81,973	26,586	108,573

Veterans Affairs Programs & Services

<http://www.mdva.state.mn.us/stateprgms.htm>

Statewide Outcome(s):

MDVA's Programs and Services supports the following statewide outcome(s).

Minnesotans are healthy.

Minnesotans have the education and skills needed to achieve their goals.

Strong and stable families and communities.

Context:

The Minnesota Department of Veterans Affairs (MDVA) is experiencing an increased demand for services due to the aging of the veteran population and the large number of veterans recently returning from Iraq and Afghanistan. Since 9/11, over 60,000 Minnesotans have served on active duty or have been activated, of which over 38,300 have served in a combat zone. The demand for services will continue to increase over the next months and years as the federal Department of Defense implements an anticipated reduction in force.

As a state, we want veterans to return to Minnesota, and when they do, the MDVA must be ready to meet their needs. Many veterans will return with visible combat injuries such as amputated limbs, while many more will carry the invisible wounds of war, such as traumatic brain injury and post-traumatic stress disorder. As such, the agency must be prepared to meet their needs through providing assistance in accessing higher education, obtaining their earned educational benefit, securing earned federal benefits, and accessing state resources. Veterans may also require employment support as they transition from the military to their civilian careers, and some will need emergency financial assistance.

Therefore, the purpose of MDVA's Programs & Services division is to fill voids that exist in the veterans services community through providing veteran-focused services to Minnesota veterans, their dependents and survivors.

MDVA's Programs & Services are funded primarily funded through the general fund (96 percent), with the remaining funding coming from the federal government to support the Minnesota State Approving Agency.

Strategies:

MDVA administers the following programs to meet the needs of eligible veterans, their dependents and survivors. These programs increase education, advocacy and outreach, which increases the utilization of benefits and services:

- **Claims and Outreach** program staff represent veterans and their family members by acting as their advocate in matters pertaining to the U.S. Department of Veterans Affairs (VA) benefits and entitlements (<http://www.mdva.state.mn.us/claims.htm>).
- **Tribal Veteran Service Officers** provides services to the traditionally under-served group of veterans located on Minnesota's Native American Reservations (<http://www.mdva.state.mn.us/PDFs/TVSObrochure2009.pdf>).
- **Higher Education Veterans Program** assists veterans and eligible family members navigate the complicated educational benefits system. It also staffs campus veterans assistance offices to work with colleges to enhance or develop "veteran friendly" policies and procedures, such as: payment deferments while awaiting educational benefits, military transfer credit, registration flexibility due to deployments, referrals to appropriate service providers, and facilitation of communication between departments at the college (<http://www.mdva.state.mn.us/campusreps.htm>).
- **Minnesota GI Bill Program** provides post-secondary education assistance to eligible Minnesota veterans, and to the children and spouses of deceased or severely disabled veterans. The assistance is

also available to eligible veterans enrolled in on-the-job training or apprenticeship programs (<http://www.minnesotaveteran.org>).

- **Minnesota State Approving Agency (SAA)** reviews, evaluates and approves programs of education and training to verify it meets state and federal criteria for use of benefits.
- **Military Funeral Honors Program** provides stipends to military honor guards, which supports dignified burials of deceased veterans (<http://www.mdva.state.mn.us/mfh/index.htm>)
- **Minnesota State Veterans Cemetery**, located in Little Falls, is owned and operated by the MDVA (<http://www.mdva.state.mn.us/cemetery/index.htm>).
- **State Soldiers Assistance Program (SSAP)** provides direct, emergency financial assistance to veterans, their dependents and survivors. The program makes provisions for shelter and utilities, optical and dental benefits, and cash grants for food and personal needs (<http://www.mdva.state.mn.us/SSAP/index.htm>).
- **LinkVet** is a toll-free, one-stop customer service line for all Minnesota veterans (<http://www.minnesotaveteran.org>).
- **Minnesota Services C.O.R.E.** (Case Management, Outreach, Referral & Education) works in partnership with Lutheran Social Services to bring essential, community-based services directly to veterans, military members and their families across Minnesota at no cost to them (<http://www.mdva.state.mn.us/core/index.htm>).
- **Minnesota Veterans Preference** provides administrative support to state agencies and veterans to ensure the state granted veterans preference rights – a limited preference over non-veterans in hiring and promotion for most Minnesota public employment positions – are upheld and enforced (<http://www.mdva.state.mn.us/vetspref.htm>).
- **Women Veterans Program** strives to ensure women veterans have equitable access to federal and state benefits and services, and ensures response to gender-specific needs of women veterans (<http://www.mdva.state.mn.us/women/>).
- **Partners** - The MDVA partners with the U.S. Department of Veterans Affairs (VA) to provide claims, benefits. Another close partner is the County Veteran Service Officers (CVSO), who are the first point of contact for veterans in their community for receiving services and benefits. The department also partners with the Minnesota Assistance Council for Veterans (MACV), a non-profit organization, to provide housing employment and legal assistance to veterans in need, and local and national chapters of chartered Veteran Service Organizations.

Results:

MDVA's Programs and Services division collects data through a variety of methods to track the number of veterans served, claims filed, services provided, outreach visits conducted, and calls received. This data is used to measure division results and gauge success. Overall, the division has seen an increase in the number of veterans served through the various programs, and continues to receive positive feedback on the services provided.

Performance Measures	Previous	Current	Trend
New power of attorney assignments	9,751	10,110	Improving
VA rating decisions obtained	8,266	17,391	Improving
Number of new individuals served in Veterans Resource Centers through the Higher Education Veterans Program	1,679	5,505	Improving
Percent of customers satisfied or extremely satisfied with burial services at Little Falls Veterans Cemetery	99%	100%	Stable
Percent of C.O.R.E. program participants that were satisfied with the services received, and the services met their needs	91%	91%	Stable

Performance Measures Notes:

- Claims and Outreach data are from fiscal years 2011 and 2012. The Claims and Outreach staff track office and outreach visits, claims filed and VA ratings decisions. The office has seen an increase in the number of veterans that choose to have the MDVA represent them in their claim for benefits (performance indicated above as "new power of attorney assignments").

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- Higher Education Veterans Program data is from the 2006 (<http://www.mdva.state.mn.us/reports/legislative/highereducationcampusrepsreportyear2007.pdf>) to 2011 (<http://www.mdva.state.mn.us/reports/legislative/HigherEducationVeteransProgramDivision2012.pdf>) reports to the legislature.
 - Burial data compares survey results from customers that responded to surveys sent out six months after a burial service in fiscal year 2011 vs. 2012. The cemetery also received the prestigious Excellence of Appearance honor from the National Cemetery Administration in 2011. This is one of the highest honors a state cemetery can receive from the federal VA. Minnesota is currently one of only three states in the country to be recognized and receive this accolade.
 - The C.O.R.E. performance measure compares FY 2012 second and third quarter survey responses. LSS only recently began surveying participants, so a longer period of time to demonstrate trend could not be achieved.

Program: Veterans Programs And Services
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$27,948	\$1,624	\$1,681	\$31,253
Current Law Expenditures (FY 2014-15)	\$28,185	\$1,511	\$9,364	\$39,060
Governor's Recommended Expenditures (FY2014-15)	\$32,100	\$1,511	\$9,364	\$42,975
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$3,915	\$0	\$0	\$3,915
% Change from FY 2014-15 Current Law to Governor's Rec	14%	0%	0%	10%

Program: Veterans Programs And Services**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN	\$0	\$197	\$220	\$416
REVENUE		\$522	\$9,300	\$9,822
TRANSFERS IN	\$24,994	\$2,600		\$27,594
APPROPRIATION	\$35,184	\$0	\$0	\$35,184
SOURCES OF FUNDS	\$60,178	\$3,319	\$9,520	\$73,017
BALANCE FORWARD OUT		\$218	\$156	\$374
TRANSFERS OUT	\$28,078	\$1,590		\$29,668
EXPENDITURES	\$32,100	\$1,511	\$9,364	\$42,975
PAYROLL EXPENSE	\$10,614	\$521	\$753	\$11,888
OPERATING EXPENSES	\$8,617	\$573	\$6,736	\$15,926
OTHER FINANCIAL TRANSACTIONS	\$0	\$10	\$500	\$510
GRANTS, AIDS AND SUBSIDIES	\$12,869	\$407		\$13,277
CAPITAL OUTLAY-REAL PROPERTY			\$1,374	\$1,374
USES OF FUNDS	\$60,178	\$3,319	\$9,520	\$73,017

Veterans Affairs

Veterans Health Care/Minnesota Veterans Homes

<http://www.mvh.state.mn.us>

Statewide Outcome(s):

The Veterans Health Care program supports the following statewide outcome(s).

Minnesotans are healthy.

Context:

The first Minnesota veterans home was established in 1887 as the Minnesota Soldiers Home to “reward the brave and deserving.” This first Soldiers Home in Minneapolis was not primarily designed to be a medical facility; rather, it was seen as a monument to the contributions of veterans. As the needs of returning veterans changed, so did the homes. The shift in focus to making the health care needs of veterans the homes’ primary concern began in the 1960s. Today, MDVA operates five veterans homes in Fergus Falls, Hastings, Minneapolis, Luverne, and Silver Bay, and one adult day care facility in Minneapolis. With the number of veterans over the age of 75 expected to increase by approximately nine percent over the next 20 years, the Minnesota veterans homes strive to respond to the needs of the aging veteran population in Minnesota.

The homes are financed by three primary sources: state general fund appropriation (60 percent), federal VA per diem (30 percent) and maintenance charges paid by residents (ten percent). The maintenance charges are based on the residents’ ability to pay.

Strategies:

- The five Minnesota veterans homes provide care designed and delivered according to the individual needs of each resident. The homes have the goal of restoring, optimizing and/or maintaining each resident’s level of function, personal autonomy, and dignity while recognizing the individual’s service to the country. The goal is achieved through operating 24/7 facilities that provide skilled nursing care, special care units for the treatment of dementia and Alzheimer’s, and domiciliary (boarding) care.

The homes also provide the following services:

- Rehabilitation services, including occupational, physical therapy and physical fitness;
 - Social services, recreational therapy and behavioral services;
 - Transportation to medical visits;
 - Volunteer programs;
 - Drug and alcohol treatment;
 - Dental and optometry care; and
 - Work therapy.
- In recent years, the Homes have undergone a number of changes to improve the quality of care and gain operational efficiencies. These changes include: the implementation of a person-centered care model at all of the homes. This has required staff retraining, facility remodeling, and the ongoing implementation of a central pharmacy. Additionally, the Homes are in the process of becoming compliant with the Centers for Medicare & Medicaid Services (CMS) standards for the purpose of billing services to the federal government under the Medicare Parts A & B programs. The process to become CMS compliant is a multi-departmental, multi-functional effort that is beginning with the agency’s largest home in Minneapolis.
 - The MDVA partners with the U.S. Department of Veterans Affairs (VA) to provide services to veterans. The VA provides construction grants that fund 65 percent of the veterans homes capital projects, and the VA hospitals provide acute and ambulatory care to veterans homes residents. The Homes also partner with veteran service organizations, which provide donations, entertainment and special events to residents.

Results:

In fiscal year 2012, customer satisfaction surveys were conducted at all five Veterans Homes by Pinnacle Quality Insight. The company surveyed residents and families on a number of key indicators, including: nursing, response to individual needs, therapy, safety, and cleanliness. The results were then compared to other veterans homes and nursing homes across the country. The average for the homes was 4.59, which is higher than the national average of 4.23 and the company national average of 4.58. The high scores earned the Minnesota Veterans Homes 49 "Best in Class" certificates.

Also, over the past two years Minnesota Veterans Homes have been free of any material violations from regulators (i.e., Minnesota Department of Health and the VA).

MDVA faces several challenges that influence the results of the Homes' strategies:

- Recruitment and retention of trained staff.
- Shift in technology and culture within the Homes for the conversion to CMS compliance.
- Obtaining funds to improve and maintain aging Veterans Homes (particularly in Minneapolis and Hastings) and equipment.

Performance Measures	Previous	Current	Trend
Resident satisfaction	-	4.59	

Performance Measures Notes:

Resident satisfaction was measured on a scale from one to five, with five being the highest, for the first time in FY 2012. This score serves as the baseline, and the agency intends to survey residents into the future.

Program: Veterans Health Care
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$167,299	\$26,560	\$193,859
Current Law Expenditures (FY 2014-15)		\$174,637	\$17,286	\$191,923
Governor's Recommended Expenditures (FY2014-15)	\$4,000	\$174,637	\$17,286	\$195,923
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$4,000	\$0	\$0	\$4,000
% Change from FY 2014-15 Current Law to Governor's Rec		0%	0%	2%

Program: Veterans Health Care**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$4,293	\$723	\$5,017
REVENUE	\$0	\$81,450	\$17,286	\$98,737
TRANSFERS IN		\$95,316		\$95,316
APPROPRIATION	\$93,971	\$0	\$0	\$93,971
SOURCES OF FUNDS	\$93,971	\$181,060	\$18,009	\$293,040
BALANCE FORWARD OUT		\$1,065	\$723	\$1,788
TRANSFERS OUT	\$89,971	\$5,355		\$95,326
EXPENDITURES	\$4,000	\$174,637	\$17,286	\$195,923
PAYROLL EXPENSE		\$137,060		\$137,060
OPERATING EXPENSES	\$4,000	\$33,089	\$0	\$37,089
OTHER FINANCIAL TRANSACTIONS		\$1,152		\$1,152
GRANTS, AIDS AND SUBSIDIES		\$3,170		\$3,170
CAPITAL OUTLAY-REAL PROPERTY		\$166	\$17,286	\$17,452
USES OF FUNDS	\$93,971	\$181,057	\$18,009	\$293,037

Federal Funds Summary

Federal Award Name	New Grant	Purpose / People Served	2012 Actual	2013 Budget	2014 Base	2015 Base	Required State		State-wide Outcome
							Match Yes / No	Required State MOE Yes / No	
State Approving Agency		Promotes and safeguards quality education and training programs for veterans; ensures greater educational training opportunities to meet the changing needs of veterans; and assists the U.S. Department of Veterans Affairs in preventing fraud, waste and abuse in the administration of the federal GI Bill.	393	426	435	443	No	No	Education
Little Falls Cemetery Expansion		To develop new burial sections within the MN State Veterans Cemetery in Little Falls. The project will create over 4,500 additional gravesites, provide landscaping, and expand the existing irrigation system.	-	362	724	362	No	Yes	Communities
SE Minnesota Cemetery		To develop a new veterans cemetery in southeastern MN to provide burial space for the nearly 51,000 veterans who reside within a 75-mile radius of the Preston area. *Federal award included in BPAS in the Little Falls Cemetery federal appropriation.	-	500	5,500	1,900	No	Yes	Communities
Veteran Burial Federal Reimbursement		Federal reimbursement for the burial of eligible veterans at the Veterans Cemetery in Little Falls, MN.	165	215	215	215	No	No	Communities
Veterans Programs and Services Total			558	1,503	6,874	2,920			
Silver Bay Veterans Home Renovation		Renovation of interior of the home, with additions of new single occupancy resident rooms, dining room expansion, and an addition to accommodate a pharmacy.	241	-	-	-	Yes	Yes	Health
Fergus Falls		Created 21 new, single occupancy resident rooms.	589	2,274	-	-	Yes	Yes	Health
Mpls Building 4 Adult Daycare		Renovation of building on the Minneapolis campus to accommodate an Adult Day Care program for up to 35 Veteran clients daily.	44	170	-	-			Health
Mpls Building 9		New replacement building provides 100 single occupancy nursing care rooms for Veteran residents.	17,711	313	-	-	Yes	Yes	Health
Mpls Buildings 16 & 17		Phase 2 of nursing unit replacement renovations.	-	4,000	8,618	8,618	Yes	Yes	Health
Mpls Generator		New generator for Mpls Veterans Home.	767	452	50	-	Yes	Yes	Health
Veterans Homes Program Total			19,352	7,209	8,668	8,618			
Federal Fund - Agency Total			19,910	8,712	15,542	11,538			

* Above dollars in thousands.

Narrative:

Federal funds play a significant role in both the operational and construction budgets of the MDVA. Besides the U.S. Department of Veterans Affairs (VA) per diem paid to the Veterans Homes to help cover the cost of care of Veteran residents (revenue in Departmental Earnings report), MDVA also receives federal funding to reimburse Veteran burials at the State Veterans Cemetery and to manage the ongoing operational needs of the State Approving Agency. Additionally, MDVA received VA construction grants to expand or replace buildings at the Veterans Homes, to expand the Little Falls Cemetery, and to develop a new cemetery in Southeastern Minnesota. The federal funds estimates indicated above are based on past fiscal years' receipts and federal grant awards.

The VA's construction grant program for State Veterans Homes requires a 35 percent state match for funding. VA construction grants come with a maintenance of effort requirement of continuing to operate the facilities as State Veterans Homes. There is a recapture provision in federal regulations, which entitles the United States to recover 65 percent of the current value of the facility.

The MDVA does not anticipate any changes to the federal operational funding that it receives from the VA, primarily because the federal Office of Management and Budget (OMB) determined the federal VA to be exempt from the sequestration provisions of the Budget Control Act. However, the MDVA has learned from the VA that its construction budget has been reduced by two-thirds for FFY 2013. Therefore, the availability of federal funds for State Veterans Homes construction grants has been greatly diminished, and it is expected that this will be true in the next biennium as well.

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Mission:

The mission of the Board is to promote, preserve, and protect the health, safety and welfare of the public and animals through the effective control and regulation of the practice of veterinary medicine.

Statewide Outcome(s):

Veterinary Medicine, Board of supports the following statewide outcome(s).

People in Minnesota are safe

Context:

Regulation of the practice of Veterinary Medicine exists to protect the health, safety and welfare of the public and the animals they own when they receive veterinary services. The Board of Veterinary Medicine holds veterinarians accountable for conduct based on legal, ethical and professional standards and achieves its mandate of public protection by outlining these standards and issuing a license to practice veterinary medicine. Once a license is issued, the Board's job continues by monitoring licensees' compliance to state laws and taking action against the licenses of those veterinarians who have exhibited unsafe and/or incompetent veterinary practice and present a risk of harm to the public. Primary customers are members of the public, employers, applicants, licensees, veterinary education programs, and agencies of local, state, and federal government. The Board is funded by fees and receives no general fund dollars. Minnesota Statutes (M.S.) section 214.06, subd. 1(a) compels the Board to collect fees in the amount sufficient to cover expenditures.

Strategies:

The Board of Veterinary Medicine achieves the statewide outcome that the citizens of Minnesota are safe by ensuring that individuals who seek to practice veterinary medicine in Minnesota have met the educational, moral and competency requirements to be a licensed veterinarian. The board investigates complaints from the public regarding a licensee's competency, standard of care and health or chemical impairment. If it is determined that a licensee has violated the Veterinary Practice Act (M.S.156) or Rule (9100), corrective action or disciplinary action may be required by the board. In addition to the regulation of licensed veterinarians in Minnesota, the board responds to requests from the public and licensees for information, concerns and guidance. The Board of Veterinary Medicine has an interactive website available 24/7/365 that allows veterinarians to apply for and renew their veterinary license in addition to other electronic government services. The website allows citizens to verify their veterinarian's license status and identify if that veterinarian has had any disciplinary or corrective action by the board. The Board of Veterinary Medicine works collaboratively with 17 other Health Licensing and Regulatory Boards. The boards have adopted best practices which has resulted in significantly increased efficiency and cost savings through the use of a shared Administrative Services Unit (ASU). ASU provides and performs common back office functions and duties to the 18 Health Licensing and Regulatory Boards

Results:

- In the time period from 2004 to 2011, of licensees who had a complaint addressing their practice of veterinary medicine, 91 percent did not have any subsequent complaints. Thirty-nine percent of the individuals who had more than one complaint resulted in Board action. Sixty-seven percent of the individuals who had more than one Board action were removed from practice for a period of time.
- In FY 2012, the average length of time from when a complaint was received until the complaint was resolved was 97 days.
- There is a continuing trend of an increasing number and complexity of complaints that are received.
- Increasing numbers of licensees regulated, the increasing trend of the number and complexity of complaints that are received, and the increasing services requested by licensees and citizens has resulted in what is believed to be an increased turnaround time for complaint resolution. Performance measures to quantify complaint turnaround time were implemented in FY 2011.

Performance Measures	Previous	Current	Trend
Number of Licensees	3,130	3,182	Improving
Number of Complaints	78	68	Stable
Days from Complaint Receipt to Complaint Resolution	Not measured	97 days	
Percent of Multiple Complaints for a Licensee Over a Ten year Time Period	Not measured	8.8%	
Percent of License Renewals Done Online/Electronically	82%	84%	Improving

Performance Measures Notes:

For all measures, previous year data (where available) is FY 2011. Current year data is FY 2012. Source is the Small Board Licensing System.

Additional Board of Veterinary Medicine information can be obtained at:

<http://www.vetmed.state.mn.us>

Sunset Review Commission Report – 2011

<http://www.vetmed.state.mn.us/portals/22/Sunset%20Review%20Commission%20Report%202011.pdf>

2010 Biennial Report (<http://www.asu.state.mn.us/Portals/0/Biennial%20Report%202008-2010.pdf>)

2008 Biennial Report (http://www.asu.state.mn.us/Portals/0/2008_Biennial_Report_Part4.pdf)

2006 Biennial Report (http://www.asu.state.mn.us/Portals/0/26_Vet_Med.pdf)

Veterinary Medicine, Board of
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$469		\$469
Current Law Expenditures (FY 2014-15)		\$472		\$472
Governor's Recommended Expenditures (FY2014-15)		\$472		\$472
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

**Veterinary Medicine, Board of
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION		\$473		\$473
SOURCES OF FUNDS		\$473		\$473
EXPENDITURES		\$472		\$472
PAYROLL EXPENSE		\$360		\$360
OPERATING EXPENSES		\$112		\$112
USES OF FUNDS		\$472		\$472

**Veterinary Medicine, Board of
All Funds FTE by Program**

Program	Current FY 2013	Forecast Base FY 2015	Governor's Recommendation FY 2015
Program: Veterinary Medicine, Board Of	2.0	2.0	2.0
Veterinary Medicine, Board of	2.0	2.0	2.0

Veterinary Medicine, Board of
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	DEPARTMENTAL EARNINGS		694		694
	ALL OTHER		0		0
	Subtotal		694		694
	Total		694		694

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Mission:

To improve and protect Minnesota's water and soil resources by working in partnership with local organizations and private landowners.

Statewide Outcome(s):

Water and Soil Resources, Board of supports the following statewide outcome(s).

A clean, healthy environment with sustainable uses of natural resources.

Context:

The Board of Water and Soil Resources (BWSR) business model is designed to operate as a state-level source of technical and financial assistance utilizing a large local government delivery system. This partnership is focused on putting conservation practices and projects on-the-ground. BWSR's staff balances local resource needs with state plans and objectives, and works to leverage federal, state and local dollars. Achieving Minnesota's public goals is best achieved with a strong cooperative partnership that works with the 78 percent of the state land that is in private ownership.

BWSR's clientele have a voice in the oversight provided by the 20 member board that consists of three citizens, 11 local government officials, four commissioners of state agencies, and one representative of the University of Minnesota Extension Service. The board's mix of perspectives leads to practical and credible conservation policy and program development. The board provides a means for citizens and local governments to take direct ownership of conservation issues and assures the balance of private and public interests needed to achieve and sustain significant conservation advances.

BWSR has a unique role as a bridge to local government units. Working through the agency's primary customers, local government partners and others, BWSR's key issues and agency priorities include:

- Funding for conservation activities with a mix of state and federal funds. BWSR has enjoyed great success in leveraging federal funds to amplify state conservation funds. Additionally, the outcome reporting system eLINK operated by BWSR and used by local government units captures fiscal data on local projects including non-state funds leveraged federal, landowner, non-profits, and local government sources.
- Putting land and water conservation projects on-the-ground in the best location for multiple benefits. Conservation measures are implemented throughout the state via local governments that work with landowners who voluntarily adopt conservation practices or enroll their land in a permanent protection conservation easement.
- Providing for targeted resource planning and evaluating the effectiveness of both the local governments implementing conservation efforts as well as the environmental outcomes.
- Ensuring compliance with environmental laws, rules, and regulations. BWSR is responsible for administering the Wetland Conservation Act (WCA) and providing oversight to drainage authorities operating under the drainage law.
- Implementing agency operations through board and administrative leadership, internal business systems, and operational support. This includes the board and board management, financial and accounting services, legislative and public relations, communications, and human resources.

Passage of the Clean Water, Land, and Legacy Amendment in 2008 brought high expectations for the outcomes achieved through Legacy funds. BWSR is committed to obtaining the best environmental outcomes through technical capacity at the local level and is providing transparent data and information that shows progress toward protecting and improving the state's natural resources.

BWSR currently receives the majority of its funding from the general fund, Clean Water Fund and Outdoor Heritage Fund. In the FY 2012-13 biennium, total revenue is projected at \$125,842,000. Of this amount, 20 percent is general fund, 44 percent is Clean Water Fund and 25 percent is Outdoor Heritage Fund. Both the Clean Water and Outdoor Heritage Funds are from the Legacy Constitutional Amendment.

Strategies:

The agency utilizes five major strategies to accomplish its mission and address its key issues:

- Develop and implement targeted conservation and clean water grant programs that encourage voluntary adoption of land management practices and projects that protect and improve the environment. This strategy addresses priority state and local resource concerns such as keeping water on the land; maintaining healthy soils; reducing pollutants in ground and surface water; assuring biological diversity; reducing flooding potential; and maintaining stream integrity.
- Oversee and assist local units of government in the development of comprehensive water and resource planning and implementation programs that target investments in conservation to obtain the greatest ecological benefit. This strategy is carried out by providing technical, administrative, and financial support to more than 240 local governments.
- Administer the state's WCA through coordinating the regulatory functions of federal and state agencies. The agency provides oversight of local implementation through annual reporting and adjudicating or mediating disputes elevated through an appeals process of local government decisions; managing and administering the state wetland bank system; and coordinating inter-agency funding to local governments for implementation of the WCA.
- Provide an essential interface between the state and local units of governments so that water, soil and habitat conservation and protection programs are integrated.
- Administer the Reinvest in Minnesota (RIM) Reserve program with private landowners through local Soil and Water Conservation Districts, USDA Natural Resources Conservation Service (NRCS), and other partners. Once permanent easements are secured and restored they provide substantial environmental benefits including increased wildlife habitat, improvements to water quality, improvements to flood mitigation efforts, and other benefits.

Measuring Success:

Agency programs, primarily delivered through local units of government, have resulted in:

- Less sediment and nutrients entering our lakes, rivers and streams; as tabulated in eLINK and Minnesota Pollution Control Agency (PCA) water quality monitoring
- Greater fish, wildlife and native plant habitat; as measured by wetland reporting, wetland and prairie restoration and multi-agency wetland monitoring of Minnesota Department of Natural Resources (DNR) and PCA
- Conservation measures on private land with landowner contributions; as recorded in eLINK
- No net loss protection for the state's wetland resources; as measured by wetland reporting, wetland and prairie restoration, and multi-agency wetland monitoring of DNR and PCA
- Securing over 5,500 permanent conservation easements on 245,000 acres of environmentally sensitive land that remain in private ownership.

These outcomes are achieved despite intensification of agriculture, greater demands for forest products, and urbanization in many parts of the state.

**Water and Soil Resources, Board of
Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$37,325	\$116,249	\$3,669	\$157,243
Current Law Expenditures (FY 2014-15)	\$25,116	\$8,064	\$1,112	\$34,292
Governor's Recommended Expenditures (FY2014-15)	\$26,266	\$76,032	\$1,112	\$103,410
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$1,150	\$67,968	\$0	\$69,118
% Change from FY 2014-15 Current Law to Governor's Rec	5%	843%	0%	202%

**Water and Soil Resources, Board of
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$933		\$933
REVENUE	\$0	\$8,119	\$1,111	\$9,230
APPROPRIATION	\$26,266	\$67,968	\$0	\$94,234
SOURCES OF FUNDS	\$26,266	\$77,020	\$1,111	\$104,397
BALANCE FORWARD OUT		\$371		\$371
TRANSFERS OUT		\$620		\$620
EXPENDITURES	\$26,266	\$76,032	\$1,112	\$103,410
PAYROLL EXPENSE	\$6,353	\$1,227	\$854	\$8,434
OPERATING EXPENSES	\$2,711	\$507	\$49	\$3,268
OTHER FINANCIAL TRANSACTIONS			\$4	\$4
GRANTS, AIDS AND SUBSIDIES	\$17,202	\$74,131		\$91,333
CAPITAL OUTLAY-REAL PROPERTY		\$167	\$205	\$371
USES OF FUNDS	\$26,266	\$77,023	\$1,112	\$104,401

Water and Soil Resources, Board of

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Clean Water Legacy - Surface and Drinking Water Protection/Restoration Projects

The Governor recommends funding for grants and incentive funding to local units of government for clean surface and source water best management practices and projects.

Performance Measures:

This funding will increase the number of practices and projects that restore and protect water quality.

Other Funds	Expenditure	18,000	18,000	36,000	0	0	0
	Net Change	18,000	18,000	36,000	0	0	0

Clean Water Legacy - Targeted Local Resource Protection and Enhancement Grants

The Governor recommends funding to enhance local government efforts to develop and implement water resource protection and management measures that go beyond state minimum standards for wetlands, shorelands, stormwater, sewage treatment, etc. and to undertake related projects to restore impaired waters and protect high quality resources.

Performance Measures:

This funding will assist local governments in implementing water protection measures.

Other Funds	Expenditure	4,000	4,000	8,000	0	0	0
	Net Change	4,000	4,000	8,000	0	0	0

Clean Water Legacy - Measures, Results and Accountability

The Governor recommends funding for conservation quality assurance, which the board of water and soil resources (BWSR) provides through oversight, assessment, assistance and reporting of local government performance and results.

Performance Measures:

This funding will report financial and conservation outcomes accomplished.

Other Funds	Expenditure	900	900	1,800	0	0	0
	Net Change	900	900	1,800	0	0	0

Clean Water Legacy - Conservation Drainage Management and Assistance

The Governor recommends funding for the conservation drainage program which aims to improve surface water management by providing grants for pilot projects to retrofit existing drainage management systems with water quality improvement and retention practices.

Performance Measures:

This funding will continue to improve water quality by providing grants to increase the number of drainage systems with water quality improvement practices.

Other Funds	Expenditure	1,700	1,700	3,400	0	0	0
	Net Change	1,700	1,700	3,400	0	0	0

Water and Soil Resources, Board of

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Clean Water Legacy - Permanent Conservation Easements: Riparian Buffers

The Governor recommends funding for the purchase of permanent conservation easements on riparian lands adjacent to public waters, except wetlands. Restoration of land with buffers of native vegetation is used to exceed shoreland program requirements.

Performance Measures:

This funding will increase the number of permanent conservation easements which act as buffers to protect adjacent lakes, rivers and streams.

Other Funds	Expenditure	6,500	6,500	13,000	0	0	0
	Net Change	6,500	6,500	13,000	0	0	0

Clean Water Legacy - Technical Evaluation

The Governor recommends funding for the evaluation of a sample of up to 10 habitat restoration projects, which is statutorily mandated.

Performance Measures:

This funding will evaluate existing projects and will provide useful recommendations for future projects.

Other Funds	Expenditure	84	84	168	0	0	0
	Net Change	84	84	168	0	0	0

Clean Water Legacy - Community Partners Clean Water Program

The Governor recommends funding to increase citizen participation in implementing water quality projects and programs to increase long term sustainability of water resources. Support will be provided to community groups, such as lake associations, non-profits, and conservation groups using a new 'small grants partners' program.

Performance Measures:

This funding will continue work on local water management plans by increasing the number of land and water treatment practices and pollution reduction amounts.

Other Funds	Expenditure	1,500	1,500	3,000	0	0	0
	Net Change	1,500	1,500	3,000	0	0	0

Clean Water Legacy - Permanent Conservation Easements: Wellhead Protection

The Governor recommends funding for permanent conservation easements on wellhead protection areas. The targeted wellheads will be in drinking water supply management areas designated as high or very high by the commissioner of health.

Performance Measures:

This funding will protect the area adjacent to wells to prevent groundwater contamination.

Other Funds	Expenditure	1,300	1,300	2,600	0	0	0
	Net Change	1,300	1,300	2,600	0	0	0

Water and Soil Resources, Board of

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Watershed Management Transition

The Governor recommends additional funding and staff to unite and simplify water planning across the state by planning and coordinating efforts of the State, counties, soil and water conservation districts, and watershed districts.

Performance Measures:

This investment will simplify the current water planning system by reducing the number of local water plans produced from 245 to 120.

General Fund	Expenditure	450	450	900	450	450	900
	Net Change	450	450	900	450	450	900

Internal Control Compliance

The Governor recommends funding for the board of water and soil resources to comply with recommended internal controls.

Performance Measures:

This investment will bring the board into compliance with the office of grants management policy and management and budget best practices.

General Fund	Expenditure	125	125	250	125	125	250
	Net Change	125	125	250	125	125	250

Net All Change Items

General Fund	575	575	1,150	575	575	1,150
Other Funds	33,984	33,984	67,968	0	0	0
Net Change	34,559	34,559	69,118	575	575	1,150

**Water and Soil Resources, Board of
All Funds FTE by Program**

	Current	Forecast Base	Governor's Recommendation
Program	FY 2013	FY 2015	FY 2015
Program: Land & Water Cons. Projects	1.4	1.4	1.4
Program: Resource Protection Rules/laws	8.1	8.1	8.1
Program: Board Admin & Agency Ops	54.1	52.8	54.4
Program: Permanent Resource Protection	17.3	17.2	17.2
Program: Local Water Management	18.1	2.2	25.3
Water and Soil Resources, Board of	99.1	81.7	106.4

Water and Soil Resources, Board of

Revenue Summary

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Dedicated	FEDERAL GRANTS			911	911
	DEPARTMENTAL EARNINGS		506		506
	ALL OTHER	0	7,613	200	7,813
	Subtotal	0	8,119	1,111	9,230
	Total	0	8,119	1,111	9,230

Water and Soil Resources, Board of Land and Water Conservation Projects

<http://www.bwsr.state.mn.us>

Statewide Outcome(s):

Land and Water Conservation Projects supports the following statewide outcome(s).

A clean, healthy environment with sustainable uses of natural resources.

Context:

The goal of this activity is to meet state objectives for clean water, productive soil, and abundant fish and wildlife habitat through partnerships with local governments. Local governments in turn enter into agreements with private landowners to implement conservation practices and other projects that make progress toward state objectives.

In order to meet public goals, Minnesota needs businesses, citizens and local governments to adopt voluntary resource protection and improvement activities. The Board of Water and Soil Resources (BWSR) develops and delivers programs and projects by providing grants for targeted activities. An example of a targeted activity is a buffer installed along a stream to prevent sediment or pollutant laden runoff from reaching the water. These types of practices reduce the damage to Minnesota resources from soil erosion and the transport of pollutants into surface and groundwater. Environmental damage is reduced by keeping water on the land, or where this is not possible, treating runoff prior to entering a body of water. Sedimentation fills rivers and lakes, destroys habitat, carries pollutants, increases flood damages and reduces recreational value of water bodies. Soil erosion also reduces farm productivity, increases the costs of farming, and generates sediment for downstream communities to address.

Practices and projects are implemented via grants to a decentralized conservation delivery network of 250 local governments, including Soil and Water Conservation Districts, Counties, Cities, Watershed Districts, and Watershed Management Organizations.

Funding sources include the General Fund and the Clean Water Fund.

Strategies:

Conservation Project and Practice Grants: State objectives for clean water, healthy soil, and abundant habitat are achieved by on-the-ground implementation of projects that address a wide range of conservation concerns, which include:

- *Keeping water on the land:* restoring natural hydrology and reducing runoff is addressed by restoring wetlands, installing raingardens, developing stormwater treatment ponds, and implementing conservation drainage practices
- *Maintaining healthy soils:* healthy soils are necessary for a thriving agricultural economy and are supported through conservation tillage and erosion control projects
- *Reducing pollutants in ground and surface water:* targeted activities to reduce pollution in sensitive ecological settings are accomplished by upgrading feedlots, subsurface sewage treatment systems, and sealing abandoned wells
- *Insuring biological diversity:* native buffers and cooperative weed management programs address invasive species management and the abundance of native plants to improve water quality
- *Maintaining stream integrity:* healthy stream hydrology and abundant fish and biota are accomplished through implementing streambank and shore stabilization
- *Improving drainage management* water quality is protected and improved through implementation of best management practices and planning on public and private drainage systems

Funds are provided to local governments for the costs of constructing conservation practices and projects in addition to the costs of project design, construction oversight, and required fiscal and outcomes reporting. Local governments also leverage substantial federal funds that are used in project development and implementation.

Eligibility for these funds is contingent on a state approved and locally adopted water management plan as required by Minn. Stat. 103B.3369. These plans link scientific information and community priorities and ensure that state funded projects are targeted to address water quality restoration or protection in concert with local funding.

Grant Management Services: BWSR uses a comprehensive grant management system to track the use of state funds in the most efficient manner possible. BWSR establishes eligibility criteria, determines grant program policies, reviews work plans, issues contracts, and conducts close-out reviews upon completion. The grant management system is compliant with the policies adopted by the Department of Administration.

BWSR seeks opportunities to coordinate the delivery of grant programs to local governments with other state agencies. Coordinated grants programs reduce administrative costs to state and local governments. In 2011, BWSR is directly managing or coordinating grants programs with the Minnesota Department of Agriculture, Minnesota Department of Health, Minnesota Pollution Control Agency, and Minnesota Department of Natural Resources.

A critical element of this grant management system is the eLINK online grant management system. Grant recipients use this database to develop project workplans, report grant activity and to estimate project pollution reduction and related outcomes. BWSR staff use this system to monitor grant recipient progress and to generate data on practice outcomes and locations. In 2012 BWSR began updating the system to adopt current technology, increase functionality, and address additional reporting requirements for the Clean Water, Land and Legacy Amendment.

Results:

Delivering conservation programs to maximize their impact on the land and water resource: BWSR's strategic plan includes this goal which is realized through the development of grant programs that target funding to projects with the best environmental outcome.

- Project requirements will continue to strengthen the allocation of grant funding.
- Project environmental outcome estimates will be the primary basis for evaluating funding priorities.

Efficient and effective program implementation: Grant program administration efficiencies continue to increase while experiencing growth in total dollars and activities funded. Grant funds in this activity, excluding one-time flood response appropriations, have increased by more than 80 percent since 2007 while grant administration staff has increased by less than 1.5 full time equivalents.

Performance Measures	Previous	Current	Trend
Number of land and water treatment practices	4,784	7,039	Improving
Federal funds leveraged	\$1.31M	\$1.61M	Improving
Tons of soil saved	118,766	169,190	Improving

Performance Measures Notes:

The previous time period is the FY 2010-11 biennium and the current time period is the FY 2012-2013 biennium. All figures are biennial totals. The "Current" biennium measures are estimates based on recent trends.

Program: Land & Water Cons. Projects
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$4,258	\$1,283		\$5,540
Current Law Expenditures (FY 2014-15)	\$3,120	\$492		\$3,612
Governor's Recommended Expenditures (FY2014-15)	\$3,120	\$492		\$3,612
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		0%

Program: Land & Water Cons. Projects

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			Total Funds
	General Funds	Other State Funds	Federal Funds	
BALANCE FORWARD IN		\$562		\$562
REVENUE	\$0	\$874		\$874
APPROPRIATION	\$3,120	\$0		\$3,120
SOURCES OF FUNDS	\$3,120	\$1,436		\$4,557
BALANCE FORWARD OUT		\$325		\$325
TRANSFERS OUT		\$620		\$620
EXPENDITURES	\$3,120	\$492		\$3,612
PAYROLL EXPENSE	\$0	\$216		\$216
OPERATING EXPENSES	\$0	\$1		\$1
GRANTS, AIDS AND SUBSIDIES	\$3,120	\$108		\$3,228
CAPITAL OUTLAY-REAL PROPERTY		\$167		\$167
USES OF FUNDS	\$3,120	\$1,437		\$4,557

Water and Soil Resources, Board of Resource Protection Rules and Laws

<http://www.bwsr.state.mn.us>

Statewide Outcome(s):

Resource Protection Rules and Laws supports the following statewide outcome(s).

A clean, healthy environment with sustainable uses of natural resources.

Context:

This program supports and ensures compliance with environmental protection laws, rules and regulations of multiple agencies. BWSR is responsible for implementation of the Wetland Conservation Act (WCA), provides oversight to watershed district and county drainage authorities implementing Minnesota Statute (M.S.) 103E (drainage law), and leads the oversight, assistance, and facilitation elements of the state's programs affecting public drainage systems. Additionally, BWSR coordinates the funding and reporting of outcomes for local units of government that are responsible for the implementation of shoreland, feedlot, WCA, and subsurface sewage treatment system rules through the Natural Resource Block Grant (NRBG) program.

Local implementation of state resource management programs and drainage laws allows for regulation closest to the regulated activity and is more cost effective as implementation done directly by the State would require many additional State employees. These benefits include ensuring that local conditions, needs and authorities, are integrated with statewide natural resources management programs. BWSR provides important coordination, assistance, and oversight to ensure local governments have current knowledge as well as financial and staff resources to properly implement state programs.

WCA is administered by more than 300 local governments. Program requirements protect of the state's wetland resources through avoidance and minimization of drain and fill projects and provide a process to replace wetlands when an impact is unavoidable. The program balances the needs of local economies with the environmental benefits provided by wetlands. BWSR coordinates WCA implementation with the Federal Clean Water Act administered by the U.S. Army Corps of Engineers, Swampbuster provisions of the Federal Farm Bill administered by the USDA Natural Resources Conservation Service, the Minnesota Department of Natural Resources (DNR) and Minnesota Pollution Control Agency (MPCA).

These activities are funded through the general fund, Clean Water fund, fees, and bond funds.

Strategies:

Program activities directly provide benefits and services to local governments and indirectly to landowners. The coordinated nature of these responsibilities requires BWSR to work with all government entities, nonprofit organizations, businesses, policy leaders, and natural resource managers.

Wetland Regulation

BWSR responsibilities in wetland regulation include supporting implementation by local governments, conducting an appeals process when disputes occur regarding local decisions and enforcement actions, and improving efficiency for landowners through coordination with other state and federal agencies. Specific strategies includes:

- BWSR provides technical and administrative assistance to local governments through participation in local Technical Evaluation Panels (TEPs), rule guidance, enforcement, and regular training.
- Oversight of local implementation through project review, annual reporting, and local program audits.
- Administer and manage the State wetland bank through which regulated wetland impacts are replaced.

Local Government Roads Wetland Replacement Program

Since 1996 statute has required BWSR to replace wetlands impacted as part of local transportation projects. BWSR has since leveraged the expertise gained through this requirement to establish a wetland replacement cooperative with the Minnesota Department of Transportation (MnDOT) through which state and local transportation wetland impacts are replaced as required by state and federal laws. This strategy results in the following benefits:

-
- 335 acres of required wetland replacement credit was provided for local transportation projects in 2011.
 - More efficient mitigation and consolidating fragmented wetland impacts in targeted areas, providing better habitat, improved water quality, and other benefits at a lower public cost.

Locally Provided Implementation and Enforcement

Many environmental management programs are implemented by local governments as required by statute. BWSR coordinates financial support for these activities with the Department of Natural Resources (DNR) and Minnesota Pollution Control Agency (MPCA).

- Coordinated financial support to local governments that are mandated to manage Minnesota's resources through the Natural Resources Block Grant (NRBG). Programs are: BWSR Wetland Conservation Act, BWSR Comprehensive Local Water Management Program, DNR Shoreland Management, MPCA Feedlot Permit, and MPCA Subsurface Sewage Treatment System.
- An example of local government responsibilities includes technical, administrative and enforcement duties in implementing WCA, reviewing project applications, verifying wetland impacts and proposed wetland replacement, coordinating program administration, and responding to potential violations.
- BWSR ensures grant accountability through regular oversight and grant recipient reporting through the eLINK on-line grant management system.

Drainage Management

BWSR provides essential support to public drainage authorities and stakeholders through several key responsibilities that are discussed below:

- Provides advisory review of watershed district engineers' reports and plans for drainage, flood damage reduction, water quality, and other natural resource enhancement projects.
- Administers Ditch Buffer Strip Annual Reporting, which requires county and watershed district public drainage authorities to report miles of buffer strips established in accordance with statute, and system inspections and enforcement actions each calendar year.
- Facilitates drainage stakeholder coordination through the Drainage Work Group and the Drainage Management Team. These groups include representatives of many stakeholder entities and develops recommendations for updates of drainage law and coordinates information and technical assistance to local governments, respectively.
- BWSR administers a Conservation Drainage Program funded through the Clean Water, Land and Legacy Amendment. This program supports practices and planning on public and private drainage systems to protect and improve water quality.

Results:

These activities support natural resource management and regulatory activities of local governments as they relate to wetlands, shoreland areas, feedlots, and SSTS. Key results are compliance with the Grant Management policies adopted by the Department of Administration and coordination with DNR and MPCA.

Specific to WCA, continued and improved coordination with federal wetland regulations under the Clean Water Act and federal Farm Bill is an ongoing priority. The benefits of improving this programmatic relationship are far reaching – particularly for conservation officials and landowners – and warrant significant effort by BWSR.

NRBG Grant funds are efficiently issued and monitored – Grant agreements are issued soon after the start of the State fiscal year to ensure continuity in local government implementation. This requires close coordination with the DNR and MPCA. On an annual basis, BWSR sends grant agreements to local governments by mid-August, and funds are transferred to the grantee by the end of the calendar year.

Local Governments continue to effectively implement WCA - BWSR supports and oversees local implementation through regular meetings, program reviews, and training sessions to maintain and improve the capability of the more than 300 local governments that administer WCA.

Performance Measures	Previous	Current	Trend
Miles of ditch buffer strips	400	400	Stable
Public road wetland mitigation provided (acres)	501	668	Worsening
Private wetland bank credits deposited (acres)	554	422	Worsening

Performance Measures Notes:

The previous time period is the FY 2010-2011 biennium and the current time period is the FY 2012-2013 biennium. All figures are biennial totals. The "Current" biennium measures are estimates based on recent trends.

Program: Resource Protection Rules/laws
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$7,950	\$2,330		\$10,279
Current Law Expenditures (FY 2014-15)	\$7,950	\$2,870		\$10,820
Governor's Recommended Expenditures (FY2014-15)	\$7,950	\$2,870		\$10,820
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		0%

Program: Resource Protection Rules/laws

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$157		\$157
REVENUE		\$2,759		\$2,759
APPROPRIATION	\$7,950	\$0		\$7,950
SOURCES OF FUNDS	\$7,950	\$2,916		\$10,866
BALANCE FORWARD OUT		\$46		\$46
EXPENDITURES	\$7,950	\$2,870		\$10,820
PAYROLL EXPENSE	\$1,070	\$536		\$1,606
OPERATING EXPENSES	\$34	\$81		\$115
GRANTS, AIDS AND SUBSIDIES	\$6,846	\$2,253		\$9,099
USES OF FUNDS	\$7,950	\$2,916		\$10,866

Water and Soil Resources, Board of Board Administration and Agency Operations

<http://www.bwsr.state.mn.us>

Statewide Outcome(s):

Board Administration and Agency Operations supports the following statewide outcome(s).

A clean, healthy environment with sustainable uses of natural resources.

Context:

This activity provides board and administrative leadership, internal business systems, and operational support to the agency. These services include finance and accounting, legislative relations, information technology, communications, and human resources.

During the past decade of reduced general fund revenue the Board's priority has been to look to the Administrative and Operations support area to carry a greater share of needed reductions in order to minimize impacts to agency programs and grants to local governments. The current 2012-2013 biennial budget of approximately \$96 million is 45 percent higher than in the 2008-2009 biennium, mostly due to appropriations from Legacy funds. However, during this same time, agency operations as funded by the general fund has decreased by 15 percent. In order to address the increased program activities with reduced operation funds, the agency has reduced administrative support positions (fiscal, human resources, office and administrative support and Information Technology support staff) and offset some of the loss in staff with shared services agreements. Currently, BWSR has such agreements with MN Department of Transportation, MN Pollution Control Agency, MN Department of Natural Resources, the Minnesota National Guard and the University of Minnesota as well as with federal agencies such as USDA NRCS (Natural Resource Conservation Service) and the U.S. Army Corp of Engineers. BWSR also has staff fulfilling critical project roles funded through the federal 319 program, bonding, and LCCMR funds. Additionally, BWSR has reduced fixed costs for occupancy by co-locating office facilities with other state agencies for all but four of 82 employees as well as eliminating programs not closely aligned with the mission of the agency such as the State Envirothon and the Volunteer Rain Gauge Monitoring Program.

Even with the reduction in general funds, the agency has been able to focus more fully on its mission by working in partnership with local organizations and private landowners through the fiscal years 2007 – 2009 Clean Water Legacy Act funding and more recently the Clean Water and Outdoor Heritage Constitutional Amendment funds. This agency is uniquely positioned to carry out the work needed to implement the on-the-ground water quality and conservation goals identified by local governments, legislative direction and commissions, and the executive branch because of its role in local water management planning and relationships to local units of government working on land management and water quality projects.

Population Served: Administration and operations directly serve all Board of Water and Soil Resources (BWSR) staff in order to provide efficient and effective implementation of agency programs. In addition to providing support to agency staff, this activity provides direct support to the 20 member Board which makes decisions about targeting state resources for implementing the state's resource conservation protection programs. Finally, through BWSR's communications and information management systems all citizens, legislators, community groups and businesses have access to data regarding local unit of government performance, maps indicating resource protection activities in their neighborhood, as well as publications and reports regarding important environmental events and concerns.

Activity Funding: In the current biennium, 84 percent of this budget activity is from the general fund and the remaining amount is from other funds, including Clean Water and Outdoor Heritage funds.

Strategies:

Services Provided

- Board and Board Committees - provide policy development and direction regarding the goals of water planning conducted by local units of government and the targeting of grant funds to implement the state's conservation programs. The Board also provides oversight of regulatory decisions on projects and plans and hears appeals of local government decisions regarding wetland activities and water plan

implementation disputes. The 20 member board is comprised of citizens and representatives from city, county, township, watershed district and soil and water conservation districts as well as commissioners or their appointees from Department of Agriculture (MDA), Department of Natural Resources (DNR), Pollution Control Agency (PCA), Department of Health (MDH) and the University of Minnesota Extension Service.

- Executive Team - provides leadership and direction for the agency, develops and implements Board policies, manages all regulatory and legislative affairs, and represents the agency in interactions with stakeholders and local, state and federal levels.
- Administrative Services - provides human resource, labor relations, budgeting, payroll, purchasing, motor pool service, and financial reporting services.
- Information Technology - provides technical expertise and technical support, develops and implements essential programming systems, coordinates geographic information systems, manages telecommunication and network infrastructure.
- Communications - provides for strategic agency communication, coordinates media relations, web design, and publication.

Results:

Key Activity Goals and Measures

- **Efficient and effective operations:** BWSR strives to be efficient and effective. The Board increased from 17 to 20 members in 2010 in order to become more representative of those involved in implementing clean water initiatives, yet the expenses of the board and the cost for the board to operate have decreased due to better planning and scheduling of committee and board activities. The agency is responsive to the needs to its clientele because the overwhelming majority of agency staff came to BWSR after working professionally at a local unit of government or from the private sector which served local units of government.
- **Building partnerships:** the agency's strategic plan includes the goal of creating more effective partnerships. During the past two years, the agency has made a significant investment to enhance and expand relationships among stakeholders, state agencies, and federal partners, fundamental to the success of attaining its mission. These efforts have continued to build and will become increasingly important as financial resources remain constrained and expectations increase for accountability and delivery of conservation services.
- **Communicating needs and results:** the agency's strategic plan includes the goal of water and soil conservation accomplishments and needs to be well understood among those having significant influence and responsibility for accomplishing the BWSR mission. To address this goal BWSR has a redesigned website that features information such as a project of the month, a searchable database of local government performance, new reports on funding activities and outcomes, and an online calendar of training and organizational activities.

Performance Measures	Previous	Current	Trend
Interagency agreements to maximize state resources	18	20	Improving
Local Government Unit (LGU) performance assessments	7	9	Improving

Performance Measures Notes:

“Previous” refers to FY 2010-2011 Biennium and “Current” refers to FY 2012-2013 Biennium. Interagency agreements provide for resources to offset reductions in state resources. BWSR views this statistic as an outcome rather than Output measure because of the contribution towards meeting agency goals that these agreements provide. LGU performance assessments ties to meeting effective operations goal.

Program: Board Admin & Agency Ops
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$7,344	\$5,130		\$12,474
Current Law Expenditures (FY 2014-15)	\$7,290	\$0		\$7,290
Governor's Recommended Expenditures (FY2014-15)	\$7,540	\$1,800		\$9,340
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$250	\$1,800		\$2,050
% Change from FY 2014-15 Current Law to Governor's Rec	3%	0%		28%

Program: Board Admin & Agency Ops

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION	\$7,540	\$1,800		\$9,340
SOURCES OF FUNDS	\$7,540	\$1,800		\$9,340
EXPENDITURES	\$7,540	\$1,800		\$9,340
PAYROLL EXPENSE	\$4,963	\$0		\$4,963
OPERATING EXPENSES	\$2,577	\$0		\$2,577
GRANTS, AIDS AND SUBSIDIES		\$1,800		\$1,800
USES OF FUNDS	\$7,540	\$1,800		\$9,340

Water and Soil Resources, Board of Permanent Resource Protection

<http://www.bwsr.state.mn.us>

Statewide Outcome(s):

Permanent Resource Protection supports the following statewide outcome(s).

A clean, healthy environment with sustainable uses of natural resources.

Context:

This program is designed to meet state objectives for clean water, productive soil, and abundant fish and wildlife habitat through partnerships that secure permanent conservation easements. Currently, much of the focus of this activity is the Reinvest in Minnesota (RIM) Reserve - Wetlands Reserve Program (WRP) Partnership. This is a local-state-federal partnership developed by an agreement between the Natural Resources Conservation Service (NRCS), Soil and Water Conservation Districts (SWCDs) and BWSR.

RIM Reserve provides BWSR with the authority to acquire conservation easements to permanently protect, restore and manage critical natural resources. A conservation easement is a legal encumbrance recorded with the deed that "runs with the land". The state manages the natural resources without owning the land. RIM Reserve compensates landowners for granting conservation easements, restoring drained wetlands, and establishing native vegetation habitat on economically marginal, flood-prone, environmentally sensitive or highly erodible lands.

The land remains in private ownership and the landowner retains responsibility for upkeep and paying all applicable real estate taxes and assessments. Because the state does not hold fee title to the property, easements generally cost the state less up front and less into the future compared to outright state purchase of the land, and are often the most cost-effective tool for the protection and restoration of natural resources on private lands.

RIM easements protect the state's water and soil resources by:

- retiring marginal agricultural lands
- restoring drained wetlands and associated buffers.
- enrolling highly erodible land, lands next to water courses and sensitive groundwater areas.
- acquiring buffers in sensitive landscapes, and
- reducing flooding potential by expanding flood retention areas along rivers

RIM is implemented at the local level by county SWCDs. BWSR provides statewide program coordination and administration such as developing easement eligibility criteria consistent with the requirements of M.S. 103F.505. BWSR provides grants to SWCDs for easement acquisition and technical assistance to secure these perpetual easements and to install the required conservation practices.

Funding sources include state bonding, Environmental and Natural Resources Trust Fund, Outdoor Heritage Fund, Clean Water Fund, and federal programs such as the Army Compatible Use Buffer (ACUB) project and WRP. Since 2000, the state has successfully leveraged 1.6 federal dollars for each state dollar for a total of more than \$309 million in federal funding.

Strategies:

Conservation Easement Acquisition: BWSR staff provides the necessary administrative, legal, and engineering duties to secure the conservation easements with landowners through the local SWCDs. BWSR also provides easement acquisition services to the Army National Guard for their Army Compatible Use Buffer (ACUB) project associated with the Camp Ripley installation near Little Falls, where BWSR has acquired over 71 conservation easements utilizing \$13.6 million federal dollars. This fee-for-service partnership has brought additional federal dollars for implementation to BWSR, approximately half of which is granted to the SWCDs in the counties where ACUB easements are being acquired.

Conservation Easement Management:

Effective easement management requires baseline reports at the time of acquisition and ongoing monitoring to ensure compliance. Baseline measurement and monitoring data is currently captured in BWSR's RIM Reserve conservation easement database. Geospatial data is also collected and maintained. This data is available upon request.

Monitoring components include property monitoring as well as easement enforcement, alternation and termination. The BWSR partners with local SWCDs to carry-out oversight monitoring and inspection of its conservation easements.

Results:

Delivering conservation programs to maximize their impact on the land and water resource:

- RIM Reserve has 6,129 active easements totaling 220,350 acres of environmentally fragile land. Another 321 easements totaling approximately 24,247 acres are currently being acquired
- Water quality improves by removing environmentally sensitive cropland from production - SWCDs calculate reductions of 9.6 tons/year sediment, 4.2 tons/year soil loss, and 5.3 pounds/year phosphorous from each acre enrolled in a conservation easement
- Core areas protected with highly biologically diverse wetlands and plant communities, including native prairie, big woods, and oak savanna providing a multitude of environmental benefits
- Expiring Conservation Reserve Program (CRP) lands are permanently protected ensuring environmental benefits will last into perpetuity
- Increased participation of private landowners in habitat projects keeps citizens actively involved in the wise use and management of their natural resources
- Protected, restored, and enhanced habitat, including remnant native prairies, riparian forests, shallow lakes, wetlands and uplands for waterfowl, upland birds, and other species of greatest conservation need
- Water is kept on the land restoring hydrology to more of a natural condition and reducing downstream water quality and quantity concerns
- Due to extensive easement management and monitoring, RIM sites are being restored and maintained as planned while providing high quality wildlife habitat, water quality improvements, and other positive environmental accomplishments
- As the premier private lands wetland restoration program, the RIM-WRP Partnership has received a number of awards from private organizations and agencies. In addition, it has been used nationally as an example of a successful progressive partnership by the USDA and others.

Performance Measures	Previous	Current	Trend
Acres protected under RIM Reserve	209,584	210,308	Improving
Acres protected under ACUB	9,978	10,042	Improving
Federal Conservation Reserve Program (CRP) acres	1.386 million	1.175 million	Worsening

Performance Measures Notes:

The previous time period is the FY 2010-2011 biennium and the current time period is the FY 2012-2013 biennium. All figures are biennial totals. The "Current" biennium" measures are estimates based on recent trends.

Program: Permanent Resource Protection
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$11,000	\$47,241	\$3,669	\$61,910
Current Law Expenditures (FY 2014-15)	\$0	\$3,948	\$1,112	\$5,059
Governor's Recommended Expenditures (FY2014-15)	\$0	\$3,948	\$1,112	\$5,059
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0	\$0	\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%	0%	0%

Program: Permanent Resource Protection
Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$14		\$14
REVENUE		\$3,931	\$1,111	\$5,043
SOURCES OF FUNDS	\$0	\$3,945	\$1,111	\$5,057
EXPENDITURES	\$0	\$3,948	\$1,112	\$5,059
PAYROLL EXPENSE		\$473	\$854	\$1,327
OPERATING EXPENSES		\$73	\$49	\$122
OTHER FINANCIAL TRANSACTIONS			\$4	\$4
GRANTS, AIDS AND SUBSIDIES	\$0	\$3,402		\$3,402
CAPITAL OUTLAY-REAL PROPERTY		\$0	\$205	\$205
USES OF FUNDS	\$0	\$3,948	\$1,112	\$5,059

Water and Soil Resources, Board of Local Water Management

<http://www.bwsr.state.mn.us>

Statewide Outcome(s):

Local Water Management supports the following statewide outcome(s).

A clean, healthy environment with sustainable uses of natural resources.

Context:

BWSR's business model relies on having capable partners. This program develops local capacity to improve and protect Minnesota's water and soil resources by:

- Developing clear findings, direction, and priorities for addressing resource protection and restoration goals
- Insuring adequate technical resources and capacity are in place to implement protection and restoration projects
- Providing adequate training, oversight, and accountability for resource management
- Evaluating the effectiveness of protection and restoration efforts

Historical Context

Soil and Water Conservation Districts were established in 1937 as a result of the dust bowl in order to provide outreach, technical and financial assistance to landowners that volunteered to implement conservation projects. The Watershed Act enacted in 1955, allowed for the creation of Watershed Districts (WDs). The statutory purpose is to conserve the natural resources of the state by land use planning, flood control, and other conservation projects by using sound scientific principles for the protection of public health and welfare and the provident use of natural resources. The Metropolitan Surface Water Management Act was enacted in 1982 and required watershed management principles to be applied to the seven county metropolitan area. A Comprehensive Local Water Planning and Management Act was enacted in 1985, to encourage counties outside the metropolitan area to plan for the protection and management of water and water-related resources. Eighty non-metro counties implement water planning through this program. The last large planning act is the Ground Water Protection Act of 1989. It contained language providing ongoing state support for local water planning through the local Water Resources Protection and Management Program.

In 2007 BWSR was given the responsibility to conduct local government unit water management performance reviews via M.S. 103B.102 - Local Water Management Accountability and Oversight. BWSR reviews the performance of partners in the above programs, maintains results on the agency website, and reports to the legislature by February 1 of each year.

Strategies:

Local Resource Protection Support

- Soil and Water Conservation District (SWCD) Conservation Delivery Grants provide each district with a certain degree of funding stability. This grant represents the state contribution of a decades-long partnership between state, local and federal governments to provide base-level resources for operating expenses associated with delivery of all state conservation programs.
- Engineering and technical assistance for SWCDs is provided throughout the state through eight regional Technical Service Area (TSA) joint powers boards. Grant funds ensure pools of expertise are in place to deliver conservation projects and practices in a cost effective manner.
- Inspections of more than 5,500 Reinvest in Minnesota (RIM) easements are conducted by SWCD staff to insure that conservation easements are intact and all restoration goals are met.

Water Management Planning and Implementation

BWSR staff guide local government staff and boards as they develop comprehensive water management plans that address local priorities while meeting state requirements.

The plan development and update process requires BWSR Board involvement and approval. BWSR also works to:

- Integrate Total Maximum Daily Load (TMDL) (pollution reduction plans) efforts into local water management plans.
- Enhance targeting of conservation priorities to obtain the best environmental outcome
- Facilitate and participate in multi-agency programs and projects such as the Environmental Quality Board (EQB) water planning, Red River Basin Long-Term Flood Solutions, Minnesota River Board, Area II Board and others
- Hear appeals of local water management plans and watershed district projects and actions.

Quality Assurance and Quality Control

- A training program for partners to acquire skills necessary to implement conservation programs.
- The Performance Review and Assistance Program (PRAP) provides systematic performance reviews of local governments. Progress is gauged by how well the organization is implementing its locally adopted and state approved plan.
- Reporting of financial and conservation outcomes is accomplished via eLINK, a database that is used to report grant activity, estimate project pollution reduction, and related outcomes.

Restoration Evaluations

The long-term integrity of the state's investment in permanent conservation easements is a critical component of the BWSR mission. The following inspection and restoration evaluation programs provide assurances that easements remain intact and the restoration is high quality.

- RIM easements are inspected annually for the first five years of establishment and then once every three years thereafter by SWCD staff.
- Wetland Bank monitoring includes hydrologic and vegetation assessment to validate acreage of wetlands restored. BWSR monitors sites until restored wetland credits are approved by local, state, and federal authorities. Routine monitoring is conducted every five years thereafter.

Results:

Measures of overdue management plans have exhibited a steady trend of improvement since inception of PRAP program. Water quality in major metropolitan lakes (not shown) likewise has improved over 30 year metro watershed planning period. The addition of a dedicated training coordinator in 2009 quickly ramped up quality and quantity of professional training opportunities.

Increasing Local Government Effectiveness

The ability for BWSR to fulfill its role in protecting and improving water and soil resources relies on an effective delivery system of local governments. This program activity is achieving results by:

- Striving to have 100 percent of the state approved and locally adopted water plans to be current and include targeting measures to address water quality concerns
- Annually providing in-depth evaluation of eight local government units performance in meeting their goals outlined in their water plan
- Increasing by ten percent over the next two years the training opportunities for skills enhancement that is offered or coordinated with other organizations
- Developing and utilizing assessment and evaluation methods that are science-based, practical, effective, and transparent

Since 2007, BWSR has completed 35 detailed assessments of Local Government Unit (LGU) performance in plan implementation. These detailed assessments, conducted through the PRAP Program, measure four aspects of performance: planning, execution, administration and communication. In addition, each year BWSR tracks base level performance of all 243 local water management entities. In 2011, 84 percent of those entities met all of BWSR's base-level performance standards.

Performance Measures	Previous	Current	Trend
Overdue long-range management plans per PRAP program	15	7	Improving
WRP and wetland bank sites monitored (cumulative)	277	173	Worsening
BWSR Academy participants (two years)	378	636	Improving
County contributions to SWCD operations	\$10.0M	\$9.4M	Worsening

Performance Measures Notes:

Unless otherwise noted, the previous time period is the FY 2010-11 biennium and the current time period is the FY 2012-13 biennium. All figures are biennial totals. The "Current" biennium measures are estimates based on recent trends. Wetland monitoring decrease associated with government shutdown. Academy numbers based on 2010-11 events. County contributions to SWCD operations compares 2009 to 2011.

Program: Local Water Management
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$6,774	\$60,267		\$67,040
Current Law Expenditures (FY 2014-15)	\$6,756	\$754		\$7,510
Governor's Recommended Expenditures (FY2014-15)	\$7,656	\$66,922		\$74,578
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$900	\$66,168		\$67,068
% Change from FY 2014-15 Current Law to Governor's Rec	13%	8,776%		893%

Program: Local Water Management

Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$200		\$200
REVENUE		\$554		\$554
APPROPRIATION	\$7,656	\$66,168		\$73,824
SOURCES OF FUNDS	\$7,656	\$66,922		\$74,578
EXPENDITURES	\$7,656	\$66,922		\$74,578
PAYROLL EXPENSE	\$320	\$2		\$322
OPERATING EXPENSES	\$100	\$352		\$452
GRANTS, AIDS AND SUBSIDIES	\$7,236	\$66,568		\$73,804
USES OF FUNDS	\$7,656	\$66,922		\$74,578

Federal Funds Summary

Federal Award Name	New Grant	Purpose / People Served	2012 Actual	2013 Budget	2014 Base	2015 Base	Required State Match Yes / No	Required State MOE Yes / No	State-wide Outcome
Federal Fund - Agency Total			2,863	805	555	555			
Program Total			2,863	805	555	555			
Budget Activity Total			2,863	805	555	555			
ACUB Buffer Easement Program. Funds recd from U.S. Army	No	Purchase easements around Camp Ripley.	2,527	174	174	174	No	No	Environment
U.S.D.A. Nat'l Resource Cons Serv (NRCS) wetland monitoring and wetland reserve program engineering	No	Perform wetland monitoring and perform WRP engineering tasks	155	267	131	131	Yes	No	Environment
U.S.D.A. Nat'l Resource Cons Serv (NRCS) wetland conservation act Swampbuster Agreement	No	Wetland Conservation Act enforcement	149	261	200	200	Yes	No	Environment
U.S. Army Corp of Engineers Interpersonnel agreements	No	Wetland Banking program support	32	103	50	50	Yes	No	Environment

Narrative:

Please provide a brief narrative overview of all the agency's federal funds to give a general overview of the role of the federal funds within the agency. The narrative should be written in language understandable to the public and should be approximately a half page in length. Please include the following information, where applicable:

- a. maintenance of effort levels (MOE)
- b. changing funding levels or trends that may impact future awards
- c. major state funding related to federal awards
- d. basis for estimates
- e. potential impact of sequestration

Grants Funding Detail

Program Name (Indicate Federal, State or Both) Legal Citation	Purpose	Recipient Type (s) Eligibility Criteria	2012	2013
State Cost Share Program (General Fund) MN Statutes 103C.	Provides grants to local government to help landowners offset costs of installing conservation practices that protect and improve water quality by controlling soil erosion and reducing sedimentation.	Recipient: Local government units (Soil and Water Conservation Districts) Must meet requirements of MS 103C.501	\$1,560	\$1,560
State Conservation Delivery Program (General Fund) MN Statutes 103C.	Provides grants to local governments (Soil and Water Conservation Districts) for (1) Conservation Delivery (general administration and operation of the district), (2) Easement Delivery (easement site inspection costs), and (3) Non Point Engineering Assistance (providing technical assistance to landowners to apply conservation practices.)	Recipient: Local government units (Soil and Water Conservation Districts) Must meet requirements of MS 103C.501	3,116	3,116
Natural Resource Block Grant Program (General Fund) MN Statutes 103B.3369	Provides grants to local government units for (1) local water management planning, (2) Wetland Conservation Act management, (3) DNR Shoreland Management, MPCA County Feedlot Program, and the MPCA/BWSR Subsurface Sewage Treatment System Program Note: The MPCA funds are not appropriated to BWSR and are excluded from the cost figures for FY12 and FY13.	Recipient: Local government units (Counties) Must have submitted an allocation and contribution statement.	3,423	3,423
Local Government Grants (General Fund) MN Statutes 103B.3369	Provides pass through grants to three local government units: Minnesota River Joint Powers Board, Area II Joint Powers Board and Red River Basin Commission. The grants are for these boards to coordinate water and land conservation planning. The Red River Basin Commission is a non-governmental agency that assesses water issues in the Red River Basin; the MN Joint Powers Board coordinates clean water efforts in the MN River Basin and Area II provides financial and technical assistance to the nine member counties for the planning, design, and installation of floodwater retention projects.	Recipients: Local Boards as listed. Must submit an Annual Plan	262	262
Clean Water Assistance Grants (Appropriations from Clean Water Fund, authorized in Article XI Section 15, MN Constitution)	Provides competitive grants for projects to protect, enhance and restore water quality in lakes, rivers and streams and to protect groundwater and drinking water. Activities include structural and vegetative practices to reduce runoff and retain water on the land, feedlot water quality projects, SSTS abatement grants for low income individuals, and stream bank, stream channel and shoreline protection projects. Amounts shown for Clean Water Fund programs are amounts appropriated before allocation for agency implementation costs.	Recipients: Local government units (Soil and Water Conservation Districts, Watershed Districts, Watershed Management Organizations, Counties, and Cities) Must meet 25% non-state match (cash or in-kind) requirement and must be working under a current state approved and locally adopted local water management plan.	13,750	15,350
Clean Water Accelerated Implementation Grants (Appropriations from Clean Water Fund, authorized in Article XI, Section 15, MN Constitution)	Provides competitive grants for projects and activities (such as ordinances, organization capacity, and state of the art targeting tools) that complement, supplement, or exceed current state standards for protection, enhancement, and restoration of water quality in lakes, rivers, and streams or that protect groundwater from degradation.	Recipients: Local government units (Soil and Water Conservation Districts, Watershed Districts, Watershed Management Organizations, Counties, and Cities) Must meet 25% non-state match (cash or in-kind) requirement and must be working under a current state approved and locally adopted local water management plan.	3,000	3,600
Conservation Drainage Grants (Appropriations from Clean Water Fund, authorized in Article XI, Section 15, MN Constitution)	Provides competitive grants for pilot projects to retrofit existing drainage systems with water quality improvement practices, evaluate outcomes and provide outreach to landowners, public drainage authorities, drainage engineers, contractors and others.	Recipients: Local government units (Soil and Water Conservation Districts, Watershed Districts, Watershed Management Organizations, Counties, and Cities) Must meet 25% non-state match (cash or in-kind) requirement and must be working under a current state approved and locally adopted local water management plan.	1,000	1,700
Community Partners Conservation Program (Appropriations from Clean Water Fund, authorized in Article XI, Section 15, MN Constitution)	Provides competitive grants for community partners within a local government unit's jurisdiction to implement structural and vegetative practices to reduce stormwater runoff and retain water on the land to reduce the movement of sediment, nutrients and pollutants. (LGUs are the primary applicant and provide sub-grants to community partners.)	Recipients: Community Partners via Local government units (Soil and Water Conservation Districts, Watershed Districts, Watershed Management Organizations, Counties, and Cities) Community partners include non-profits, citizen groups, businesses, student groups, faith organizations, and neighborhood, lake, river or homeowner associations.	1,500	1,500

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Mission:

The Workers' Compensation Court of Appeals (WCCA) mission is to provide equal access to fair and timely review of disputes within the Court's appellate jurisdiction.

Statewide Outcome(s):

Workers' Compensation Court of Appeals supports the following statewide outcome(s).

Efficient and accountable government services.

A thriving economy that encourages business growth and employment opportunities.

Context:

The WCCA was established by the legislature as the exclusive statewide authority to decide all questions of law and fact in workers' compensation disputes within the court's appellate jurisdiction. This jurisdiction includes the authority to review workers' compensation cases decided by compensation judges at the Office of Administrative Hearings and the Commissioner's designees at the Department of Labor and Industry. The Court also has original jurisdiction authority and can issue such original and remedial orders as are necessary. The WCCA is funded by a direct appropriation from the workers' compensation fund.

The WCCA court consists of five judges appointed to six year terms by the Governor and confirmed by the state Senate. The Governor designates one of the five as the Chief Judge. The Chief Judge is responsible for the administration of the court. Each judge must be a licensed attorney, a citizen of the United States, and have experience with and knowledge of workers' compensation and the workers' compensation laws of Minnesota.

The agency works to:

- deliver services as expeditiously as possible while maintaining the integrity of the decision-making function;
- produce high quality and consistent decisions on a timely basis in order to provide the quick and efficient delivery of indemnity and medical benefits to qualified injured workers at a reasonable cost to employer;
- provide economic stability for injured workers and their families in financial crises due to work-related illnesses and injuries;
- provide for timely cure and treatment of work related illnesses and injuries;
- support a competitive business climate for Minnesota employers by providing high quality and consistent decisions and reducing the amount of litigation; and
- provide direction and motivation for employers to create safe and healthy work environments for employees.

Strategies:

WCCA works to provide equal access to fair and timely review of disputes within the Court's appellate jurisdiction by:

- reviewing the evidentiary record created by the initial decision making body;
- presiding over oral arguments;
- conducting necessary legal research;
- deciding the issues; and
- issuing appropriate written orders, decisions, and memoranda.

Decisions are written to inform the parties and the public of the bases for the court's decisions and to create a body of law interpreting and applying Minnesota workers' compensation laws. Decisions of the WCCA are appealable directly to the Minnesota Supreme Court.

Results:

WCCA main objective is to provide fair, efficient and accountable government services to all stakeholders by producing high quality decisions in a timely manner. To that end, WCCA has been working to expand and improve the use information technology, tighten publication timelines and continue e-service of decisions with other agencies to improve its services.

The ability of a party to fully participate in their case is a fundamental access issue that becomes particularly relevant in the age of technology. In the past, the entire workers' compensation system was paper based. This past year the Office of Administrative Hearings expanded and developed a paperless case management system. As technology advances and stakeholders become more diverse, the WCCA will need plans in place to ensure that services are equally accessible. The WCCA will continue to study the possibilities of e-filing.

Performance Measures	Previous	Current	Trend
# of cases appealed to the WCCA	165	119	Declining
% of WCCA decisions appealed to the Minnesota Supreme Court	8%	16%	Worsening
% of WCCA decisions affirmed by the Minnesota Supreme Court	64%	85%	Improving
% of decisions issued within 90 days of assignment	99%	99%	Stable

Performance Measures Notes:

The statistics represent 2010 as the previous year and 2011 as the current year.

The WCCA appellate caseload decreased in 2011, but remains consistent with the five year average.

Workers Compensation Court of Appeals
Current, Base and Governor's Recommended Expenditures

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$3,406		\$3,406
Current Law Expenditures (FY 2014-15)		\$3,407		\$3,407
Governor's Recommended Expenditures (FY2014-15)		\$3,617		\$3,617
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$210		\$210
% Change from FY 2014-15 Current Law to Governor's Rec		6%		6%

Workers Compensation Court of Appeals**Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
APPROPRIATION		\$3,616		\$3,616
SOURCES OF FUNDS	\$0	\$3,616		\$3,616
EXPENDITURES		\$3,617		\$3,617
PAYROLL EXPENSE		\$3,064		\$3,064
OPERATING EXPENSES		\$553		\$553
USES OF FUNDS		\$3,617		\$3,617

Workers Compensation Court of Appeals

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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IT System Analysis/Upgrade and Judge Retirement Payouts

The Governor recommends a one-time appropriation increase for the Workers Compensation Court of Appeals (WCCA). Funds will be utilized for a paperless case management system; the system will help the WCCA ensure that services and hardware are compatible and accessible. Some funds will be used for compensation costs related to anticipated retirements.

Performance Measures:

The goal of any IT changes would be to provide fair, efficient, cost effective, and accountable government services to all stakeholders by producing high quality decisions in a timely manner.

Other Funds	Expenditure	210	0	210	0	0	0
	Net Change	210	0	210	0	0	0
Net All Change Items	Other Funds	210	0	210	0	0	0
	Net Change	210	0	210	0	0	0

**Workers Compensation Court of Appeals
All Funds FTE by Activity**

Activity	Current	Forecast Base	Governor's Recommendation
	FY 2013	FY 2015	FY 2015
Budget Activity: Workers Comp Ct Of Appeals	12.0	12.0	12.0
Workers Compensation Court of Appeals	12.0	12.0	12.0

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Mission:

To connect people, animals and the natural world.

Statewide Outcome(s):

Zoo supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Minnesotans have the education and skills needed to achieve their goals.

Strong and stable families and communities.

A clean, healthy environment with sustainable uses of natural resources.

Efficient and accountable government services.

Context:

The vision for the world leading Minnesota Zoo is that by creating memorable guest experiences, being a trusted resource for environmental learning and conducting critical conservation programs, the Zoo will save wild animals and wild places. As the state's largest environmental education center, the Minnesota Zoo believes and evidence affirms that people who establish personal connections with the natural world are more invested in protecting it. By attracting record numbers of people to the Zoo, a community of conservation leaders and advocates motivated to save wild animals and wild lands is being built. These efforts improve the quality of life and protect resources needed to sustain human society. The Zoo partners with the Minnesota Zoo Foundation, whose purpose is to raise contributed income from individuals, corporations, and foundations to support the Zoo and its mission. The Zoo belongs to the people of Minnesota and its facilities and programs are accessible to all Minnesotans.

The Strategic Plan identifies the following goals for the Zoo:

- Be a leader in animal care and conservation
- Inspire people to learn, care and act on behalf of wildlife and wild places
- Model, demonstrate and inspire best practices in environmental sustainability
- Provide the best guest experience in Minnesota
- Be recognized as an essential and influential Minnesota treasure and a must-see destination in the midwest
- Develop a financially robust and sustainable economic model

These goals are accomplished with funds from earned and contributed income (70 percent of total), along with a general fund appropriation (24 percent of total), small appropriation from Lottery-in-Lieu of sales tax revenue (less than one percent) and Arts and Cultural Heritage Fund Legacy appropriation (six percent of total). This mix has changed significantly since the Zoo opened and earned income and contributions were 40 percent and state support was 60 percent.

Strategies:

The Zoo works to attain its strategic goals primarily through its education programs and through its conservation practices.

The Zoo's education programs strive to engage all ages in environmental learning with an emphasis on programs in science, technology, engineering and math. For example, to meet the growing demand for a workforce skilled in these areas, the Zoo hosted a teacher planning institute where teachers and Zoo staff worked together to integrate engineering into their curricula and into two new Zoo classes. Additionally, the Zoo launched a Distance Learning Program that delivered classes to 35 communities throughout the state, and is now creating new

programs combining engineering and the animal world. The Zoo provides for personal animal connections with live interpretation both at the Zoo and throughout the state, thus stimulating interest in and care about wild animals and wild places.

The Zoo's conservation practices influence how the Zoo is managed, including sustainable building design practices, such as the green roof at the new main entrance. These practices have extended to its food service partner and retail partner as well. The Farm to Fork program provides produce grown at the Zoo's on-site farm to its food service partner for use in their offerings for guests. Additionally, the Zoo emphasizes Minnesota prairie preservation and restoration, in its animal collection, field conservation programs and through demonstration projects experienced by its guests. Interpretation of efforts are provided for guests at the Zoo to learn how they, too, can make a difference. These efforts are detailed on the Zoo's website at http://www.mnzoo.org/conservation/conservation_atZooGreen.asp.

Results:

The Zoo uses a number of measures in reviewing performance. A key measure is attendance. Stable or increasing attendance indicates that the programs are engaging and accessible. Increased attendance improves the Zoo's bottom line and has a demonstrable impact on the economy in the region. The Zoo also measures the satisfaction of guests through periodic on-site surveys and on-line membership surveys.

Performance Measures	Previous	Current	Trend
Attendance	1,175,183	1,369,515	Improving
Environmental Education Program Participants	322,487	331,180	Stable
Statewide Economic Impact of the Zoo	\$95.5 million	\$113.9 million	Improving
Overall Guest Satisfaction – Percent of “High” Rating	74%	80%	Improving

Performance Measures Notes:

Attendance is measured daily and includes all those visiting the Zoo for any purpose. Previous is FY 2011 and Current is FY 2012. The trend is affected by the opening of new exhibits, weather, marketing and general economic conditions. Attendance in FY 2012 was the highest in the Zoo's 34 year history.

When funding is available the Zoo measures the impact of its education programs, both in retention of knowledge and future behaviors. Baseline data has been positive, however, trend data is not yet available. Participation in environmental education programs has been stable. The Previous number is FY 2010 and the Current is FY 2012. FY 2011 was not used due to construction disruption that resulted in lower than average numbers.

Studies were completed on the economic impact of the Zoo in 2007 and 2009. The numbers reflect gross output and do not include construction projects which increase the positive impact (56 percent in 2007 and 105 percent in 2009). An updated study is underway and results will be available by January 2013.

Guest surveys are conducted each year. Previous data is from the summer of 2010 and Current data is from the summer of 2011. A rating of “High” requires a guest to indicate a rating of nine or ten on a scale of 1-10.

Minnesota Zoo**Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$10,856	\$41,775		\$52,631
Current Law Expenditures (FY 2014-15)	\$10,850	\$35,507		\$46,357
Governor's Recommended Expenditures (FY2014-15)	\$10,850	\$35,507		\$46,357
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$0		\$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%		0%

Minnesota Zoo
Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
REVENUE		\$35,187		\$35,187
APPROPRIATION	\$10,850	\$320		\$11,170
SOURCES OF FUNDS	\$10,850	\$35,507		\$46,357
EXPENDITURES	\$10,850	\$35,507		\$46,357
PAYROLL EXPENSE	\$10,427	\$19,686		\$30,113
OPERATING EXPENSES	\$423	\$15,061		\$15,484
OTHER FINANCIAL TRANSACTIONS		\$759		\$759
USES OF FUNDS	\$10,850	\$35,507		\$46,357

Minnesota Zoo
All Funds FTE by Program

	Current	Forecast Base	Governor's Recommendation
Program	FY 2013	FY 2015	FY 2015
Program: Minnesota Zoo	233.0	222.5	222.5
Minnesota Zoo	233.0	222.5	222.5

Minnesota Zoo
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	TAXES	0			0
	ALL OTHER	0			0
	Subtotal	0			0
Dedicated	DEPARTMENTAL EARNINGS		31,177		31,177
	INVESTMENT INCOME		48		48
	ALL OTHER		3,962		3,962
	Subtotal		35,187		35,187
Total		0	35,187		35,187