

THE MINNESOTA SELF-SURVEY

**Reports of the Functional Task Forces
and
Summary Review**

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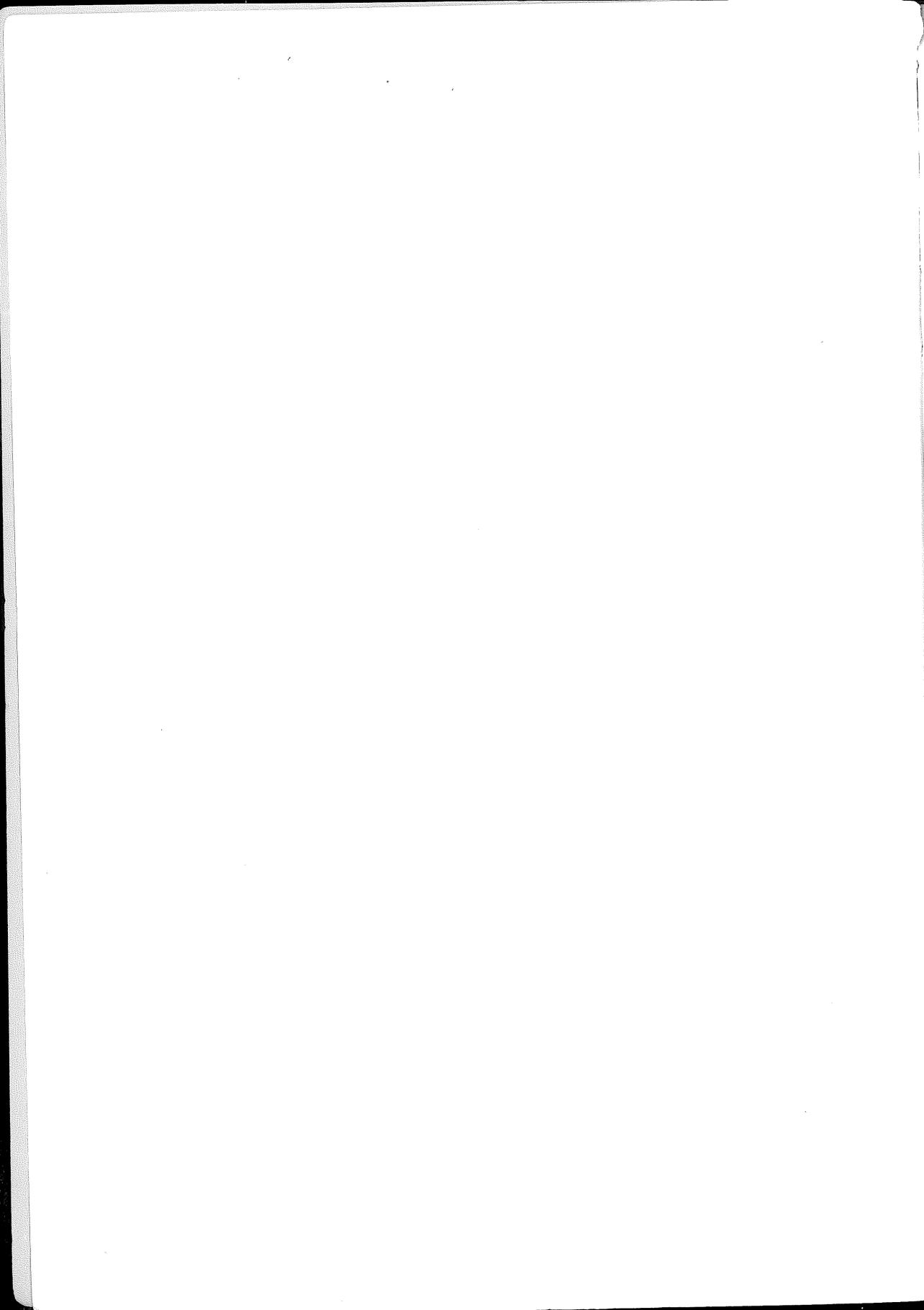
Under The Direction Of
Commissioner of Administration Arthur Naftalin

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The Minnesota Self-Survey

1955-56



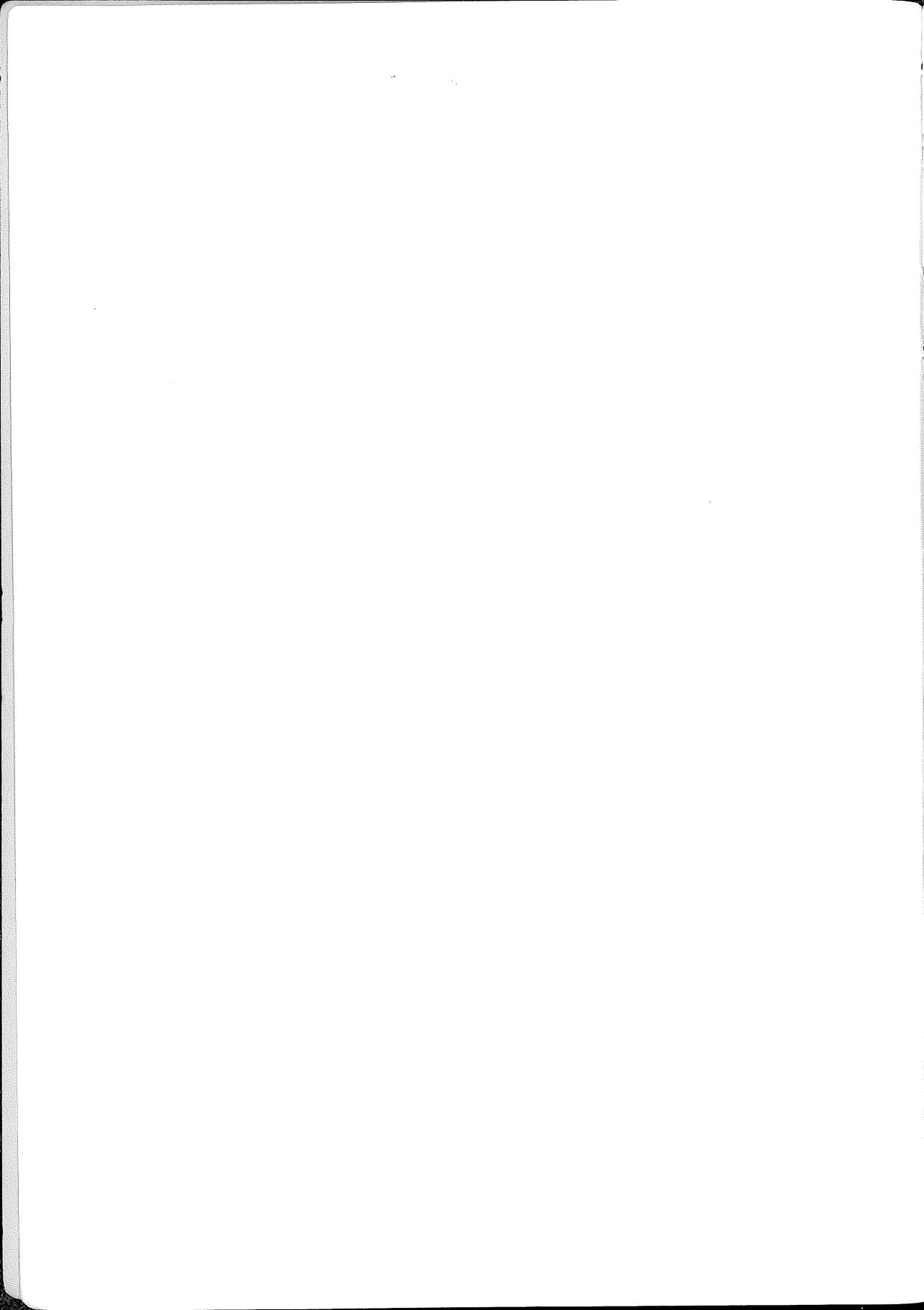
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FOREWORD

The publication of this report marks the completion of a project that has already contributed much to the improvement of Minnesota state government. It has provided essential information upon which programs to develop greater efficiency must necessarily be based, and it will, I am confident, inspire much additional constructive activity in many administrative areas.

This volume presents the recommendations of the ten functional task forces engaged in the Minnesota Self-Survey together with a summary review of the entire activity prepared by the project's director.

Behind these reports are a mass of detailed findings of the operational task forces that studied the work of all of the state's administrative agencies. This extensive material constitutes a rich mine of basic data which will be further reviewed and analyzed to serve as the basis for many needed improvements in the state's governmental structure and procedures.

We in the state administration are extremely enthusiastic concerning the benefits of self-survey as a device for administrative analysis. The careful reader of this volume will readily understand the reasons for this enthusiasm. The project was conducted at only token cost. It involved the cooperative efforts of legislators, private citizens, administrators, and employees. It brought new stimulation to our administrative activity, and it produced a complete inventory of the problems that need attention throughout our vast and complex structure of government.

The success of the project was due to the willingness of all participants to contribute their time and to share the benefit of their experience in many phases of administration. I wish in particular to thank the legislators and the public members

who gave so generously of their time, especially the men who served as chairmen and secretaries of the ten functional task forces.

The findings and recommendations of Self-Survey cover virtually every phase of administration. Many of them are subject to further evaluation because they involve the determination of basic public policy and should have an even wider understanding and acceptance. I do not necessarily endorse all recommendations, because there is room for honest disagreement and further discussion. In the main, however, I accept the findings with the conviction that they will contribute enormously to the strengthening of our government. Where the recommended improvements can be made by administrative action, they will be undertaken as quickly as circumstances permit. In other cases, appropriate recommendations will be made to the Legislature for action in the 1957 session.

As the director notes in his introductory summary review, Self-Survey does not end with the acceptance of the report. It must be and will be viewed as the beginning of a continuing project within which the operations of state government will be subjected to even more intensive study and research in our further efforts to strengthen the framework and procedures of state government.

Orville L. Freeman, *Governor*

December 15, 1956.

ACKNOWLEDGMENT

To the more than five hundred legislators, public members, administrators, and employees who participated in Self-Survey a word of appreciation and acknowledgment of their contribution is due.

The members of the ten functional task forces, the reports of which are given in this volume, are listed opposite the director's note introducing each report.

In addition, many others participated in the thirty-three operational task forces and their names will be given in a supplementary report containing the findings of these survey teams.

It should be acknowledged here, however, the central responsibility that was carried in the work of the operational task forces by the budget examiners of the Department of Administration who served as chairmen of the thirty-three teams. Each examiner had responsibility for five or six of the operational task forces. Their work gave continuity to the project and made possible its completion within the short period of time available for the study. The examiners who served as chairmen are

Leo Belford
Harry Groschel
Mary Healy
Conrad W. Peterson
Carl W. Vorlander
Donald G. Zahn

SELF-SURVEY POLICY COMMITTEE

| | |
|--|---------------|
| Arthur Naftalin <i>Commissioner of Administration</i> | Chairman |
| Representative D. D. Wozniak <i>Chairman, House Civil Administration Committee</i> | Vice Chairman |
| Carl W. Vorlander <i>Budget Examiner, Department of Administration</i> | Secretary |
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| Senator Val Imm <i>Chairman, Senate Finance Committee</i> | |
| Edwin M. Lane <i>Assistant Director, Department of Civil Service</i> | |
| Representative Leo D. Mosier <i>Chairman, House Appropriations Committee</i> | |
| Joseph E. Nelson <i>The Adjutant General</i> | |
| Senator Gordon E. Rosenmeier <i>Chairman, Senate Civil Administration Committee</i> | |
| George A. Selke <i>Commissioner of Conservation</i> | |
| Harry A. Sieben <i>Commissioner of Liquor Control</i> | |

RESOLUTION OF ACCEPTANCE

Resolved that, The Policy Committee of the Minnesota Self-Survey, in accepting this report, is deeply conscious of the extraordinary effort put forth by the project director, Commissioner of Administration Arthur Naftalin. To him must go the major credit for providing the leadership and administrative impetus that carried the operational and functional task forces to completion. Impressive also has been the highly skillful staff work of the budget examiners on his staff who provided the administrative leadership for the operational task forces, and that

The Committee has had the invaluable assistance of nearly 500 public administrators, employees, legislators, and private citizens. To all of these must go the heartfelt thanks of all the people in the state for their unselfish gifts of time and talent, and that

The common merging of all these efforts in the search for ways and means to serve the people of Minnesota more efficiently and economically has been noted widely as one of the most original and far reaching experiments in public administration. The Committee hopes that each participant will accept individually this recognition for his efforts; and, finally, that

The Committee recommends that efforts be made to assure a continued awareness of the benefits of self-analysis in government through administrative and legislative policy declarations.

Self-Survey Policy Committee
October 23, 1956.

The complete reports of the 33 operational task forces and all supplementary materials gathered by the functional task forces are available for study or reference in the Department of Administration, 120 State Capitol, St. Paul 1, Minnesota.

All persons invited to serve on the functional task forces are listed in the various sections of this report, and their names are given irrespective of the extent of their individual participation. The task force reports represent a consensus among the members but each recommendation does not necessarily have the support of all members. In some cases individual members disagreed with the recommendations of the task force majority, and the official policy of the Self-Survey project is to stipulate that, in such cases, the member should not be regarded as personally committed to the recommendations.

CONTENTS

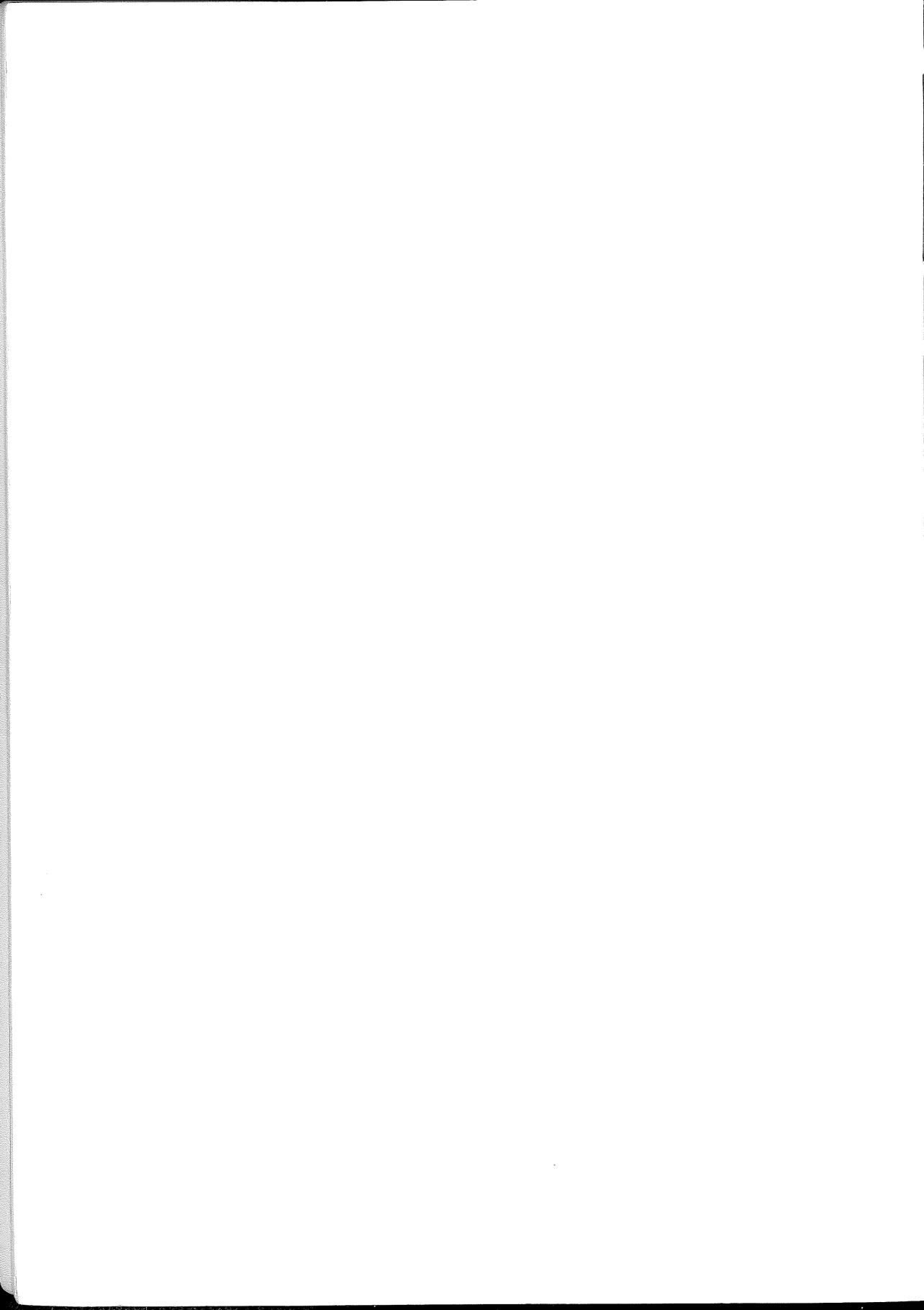
| | |
|--|------|
| Foreword by Governor Orville L. Freeman | v |
| Acknowledgment | vii |
| Self-Survey Policy Committee | viii |
| Resolution of Acceptance | ix |
| Charts | xii |
| Summary Review of Self-Survey Project | 1 |
| Employees' Salaries | 19 |
| Recruitment, Training, and Promotions | 29 |
| Seasonal Help and Peak Loads | 41 |
| Systems and Procedures | 55 |
| Accounting | 71 |
| Transportation and Communications | 81 |
| Physical Plant | 97 |
| Research, Reports, and Public Information | 105 |
| Overall Structure | 117 |
| Functions of State Government and Intergovernmental Relations | |
| Part I: State Functions | 137 |
| Part II: Intergovernmental Relations | 147 |

CHARTS

| | |
|--|-----|
| I. Model Department of Administration | 13 |
| II. Proposed Organization and Methods Division for the Department of Administration | 59 |
| III. Proposed Reorganization, State of Minnesota | 129 |

The Self-Survey Project

A Summary Review



The Self-Survey Project

A Summary Review

BY ARTHUR NAFTALIN
*Commissioner of Administration
and Director of the Project*

The Minnesota Self-Survey was launched in August, 1955, by order of Governor Orville L. Freeman. Regarded by many as an unprecedented experiment in state administration, the project was conceived as a simple, direct, and inexpensive means of analyzing the deficiencies in Minnesota government and of discovering all possible areas for economy and improved efficiency.

In the 15 months that followed, more than 500 administrators, employees, legislators, and private citizens took part in the project. They examined the functions, services, and administrative procedures of all state agencies, and, after collating and evaluating their findings, submitted a long series of recommendations involving virtually every aspect of the state's operations.

A Wide Range of Proposals

This report presents the findings and recommendations of the 33 operational task forces and the 10 functional task forces that were engaged in the project. They constitute a comprehensive review of state administration and offer a wide range of proposals for strengthening Minnesota government. Many can be (indeed, some already have been) administratively installed. Others must have legislative action and a few require constitutional revision.

The findings reveal innumerable deficiencies. In particular, they show the great gap between administrative practices of state government and leading private firms. For example, the state does \$300,000,000 in business annually, involving millions of transactions which, if in private hands, would have been mechanized years ago. The state still performs by hand

hundreds of major operations, which, if mechanized, would enjoy enormously improved speed and accuracy. The findings reveal that the march of mechanization has virtually bypassed the state.

What has evolved essentially from the project is a greater familiarity with administrative problems and a more objective appreciation of what must be done to improve state operations. Self-survey should be viewed as a never-ending operation that continues long after the reports are in, because recommendations for improvement in many cases cannot be implemented without further study and often the improvement itself is contingent upon the willingness of administrators and employees constantly to study and reassess their operations. The chief value of this project lies in its having revived the interest of those responsible for administering particular programs by giving them an opportunity to review systematically their administrative problems and by giving them a framework that offers a measure of assurance that some, at least, of their problems can and will be alleviated.

Continuous Planning Needed

State government labors under many handicaps. The two-year term for the Governor creates a constitutional framework that sharply limits planning to a narrow time span. The result is that the state proceeds continuously on a hand-to-mouth operating basis, unable to engage in rudimentary planning and unable to develop the kind of stable and executive direction that is essential for any complex organization.

Another major handicap is the sharply limited budgets under which departments have been compelled to operate. Appropriations have not been large enough either to provide salaries adequate to attract and hold qualified personnel or to permit the installation of needed time-saving business machines.

The lack of long-term planning and inadequate appropriations have been especially damaging to the state's personnel system. State employees are paid substantially less than what they would receive in private industry for comparable work. This has adversely affected the quality of the state's personnel and has created serious problems of morale. The

need for adequate salaries is the most pressing immediate administrative problem faced by the state.

How Self-Survey Began

The Self-Survey idea emerged out of negotiations with employee representatives over installation of a new salary schedule adopted by the 1955 legislative session. Legislators, having made no appropriation to cover the additional costs of the new schedule, let it be known that they believed the appropriation based on the old schedule would be sufficient if the administration would bear down hard and eliminate waste and inefficiency.

Employee representatives demanded that the legislature's mandate be fulfilled. They insisted that economies in administration could be made that would produce the needed money. They were challenged to show specifically where and how these savings could be achieved, and, in the discussion that followed, the Commissioner of Administration invited them to join with the administration and the legislature (assuming the willingness of individual members to serve) in a survey of administrative operations. The challenge was accepted, and thus was born the Self-Survey idea.

The underlying notion of Self-Survey is so simple and so obvious it would appear to be entirely lacking in any dramatic quality. Yet its very simplicity produced a special kind of excitement. The administration said simply to department heads, employees, and members of the legislature, that the time had come to examine as objectively and as honestly as possible the full sweep of administrative operations and governmental activities. All participants were urged to speak openly and frankly on all matters relevant to administration. The entire project was to have no aim other than to examine as thoroughly as possible all administrative operations.

The Policy Committee

Governor Freeman named a fifteen-man committee to establish over-all policy and placed administration of the survey under the Commissioner of Administration. To the policy

committee the Governor named four top administrators and four legislators (Chairmen of the Senate Finance and Civil Administration and House Appropriations and Civil Administration Committees). The employees union was asked to name four members, and to these were added three administrative technicians, one each from the Budget Division of the Department of Administration, the Department of Civil Service, and the Department of Public Welfare.

The policy group adopted a Statement of Aims, Purposes, and Procedures which summarized the factors that led to the creation of the project, including (1) the administration's inability to install the new pay plan, (2) the urgent need to improve salaries generally, (3) the rising cost of state government, making imperative every possible move for economy and efficiency, (4) the need for a long-term approach to administrative problems, and (5) the need for a better integrated administrative setup.

Objectives Defined

The statement described the objectives of Self-Survey as follows:

(1) To examine the budgets and accounts of all operating activities to determine whether there is full and appropriate utilization of all personnel.

(2) To examine salaries of employees to determine the scope of the state's salary problem.

(3) To examine all salary accounts to determine the ability of departments to finance the new pay plan.

(4) To examine all operating procedures of administrative agencies to determine which procedures can be improved, modified or discontinued.

(5) To examine the long-term needs of state agencies to lay a foundation for a long-term administrative program.

(6) To examine specific conditions that impair employee morale.

(7) To cooperate with members of the legislature in order that the Self-Survey findings will be of maximum help to them in their future work.

(8) To cooperate with employee representatives to utilize to the fullest extent the experience and knowledge that

employees have concerning administrative functions.

The Policy Committee supervised the procedures of the project but was not involved in questions pertaining to the substance of the findings or recommendations. It met six times, including its final report session on October 23, 1956, at which it formally received the reports of the task forces and voted to dissolve.

Operational Task Forces

The first stage of the Self-Survey was the work of the 33 operational task forces, also referred to as departmental task forces inasmuch as they were assigned one or more administrative agencies for survey. Some operational task forces covered a number of separate operations. For example, the task force on mental hospitals surveyed the state's eight mental hospitals and the tuberculosis sanatorium, returning nine individual reports. There were operating task forces on Administration, Aeronautics, Agriculture, Civil Defense, Civil Service, Commerce, Conservation, Constitutional Offices, Education, Employment Security, Health, Highways, Historical Society, Labor Conciliator, Labor and Industry, Liquor Control and Criminal Apprehension, Military Affairs, Natural Resources, Public Examiner, Railroad and Warehouse Commission, Retirement Associations, Motor Vehicle Division, Soldiers' Home Board, Taxation, Teachers Colleges, Veterans Affairs, Welfare, and Youth Conservation Commission.

Each operational task force consisted of five members:

(1) *The budget examiner* from the Department of Administration whose ordinary responsibilities involve working with the agency surveyed. In each case, he served as chairman of the task force, assuming also the functions of secretary, scheduling meetings, keeping official records, and preparing the task force findings and final report.

(2) *The administrator* in charge of the particular department surveyed, or a person designated by him.

(3) *An employee* with substantial experience in the agency surveyed. He was named by the employees themselves, either through the union or by election.

(4) *A technician* drawn from an agency other than the one surveyed.

(5) *A state legislator.*

Some task forces had more than five members because it was found desirable in some cases to rotate the administrative or employee member. For example, in the case of mental hospitals, each hospital was represented on the task force by an employee from its roster when it was under survey.

Special Role of Budget Examiners

Use of budget examiners as task force chairmen gave the project a professional staff without the need to hire special personnel. It also provided a convenient method of integrating the work of all the task forces. Each examiner supervised the work of five or six task forces. They are deserving of special commendation for the project's success because they carried the heaviest burden of the activity of the operational task forces. They brought to this work their knowledge of the departments being surveyed and their insight into administrative difficulties and deficiencies in need of attention.

The involvement of administrators as members of the task forces was a somewhat unusual innovation in surveys. This move greatly strengthened the project. It not only assured administrators that the survey team would not misinterpret the agency's operations for lack of full information directly from those responsible, it also enabled the survey to profit from the experience of the administrators. It also had the advantage of bringing administrators together with employees in circumstances that were conducive to a full exchange of views.

Employees Participate Fully

Employee members accepted their assignments with some skepticism. They were fearful that, despite repeated urgings that they participate freely and fully, they would expose themselves to reprisals if they expressed themselves too directly. This skepticism disappeared after the first meeting or two of the task force, and employee members participated fully, submitting criticisms and ideas that had accumulated for years.

The technician members were especially enthusiastic about the Self-Survey. It gave them an opportunity to apply their professional knowledge in a wide area. The state has only limited personnel in specialized administrative fields, but the specialists the state does employ are extremely eager to assist in any program that will modernize state operations. They have accumulated many ideas concerning how this might be accomplished and were extremely helpful in reviewing those procedures most sorely in need of attention.

The willingness of both liberal and conservative legislators to serve was particularly fortunate. In the early planning there was some concern that involving legislators would unnecessarily confuse legislative and executive functions. But this concern disappeared, too, and legislators, pleased by an opportunity to observe departmental operations directly, became virtually indistinguishable from other task force members in their approach and cooperativeness. The purpose in including them was, of course, obvious. The more knowledge legislators have about administrative problems the easier is their work in the legislative session.

Work Manual Used As Guide

The operational task forces were urged to explore as widely and deeply as their members wished. They were asked, however, to relate their work to a detailed Work Manual designed to insure a measure of comparability in data. The Manual consisted of specific questions designed to elicit objective information concerning the many phases of the survey. A special effort was made in the framing of questions to avoid those that would bring subjective responses or vague personal impressions.

In all, 168 questions were included in the Manual. They were arranged to cover three main groupings of administrative problems, as follows:

1. Personnel, Salaries, and General Management

Because of the overriding importance of finding ways to finance the new pay plan, the first phase dealt with the

problem of personnel. Here the task force inquired into 16 aspects of administration relating to personnel, salaries, and general management:

- (1) The agency's functions and statutory authority.
- (2) A review and evaluation of all previous studies and surveys.
- (3) The agency's organization.
- (4) The agency's personnel complement.
- (5) The adequacy of civil service classifications.
- (6) The agency's recruitment procedures.
- (7) Orientation and in-service training programs.
- (8) Use of merit rating and merit increases.
- (9) The agency's promotion policy.
- (10) Its turnover rate.
- (11) Its relations with the Department of Civil Service.
- (12) Problems relating to vacation, sick leave, and over-time.
- (13) Seasonal help and peak loads.
- (14) Working conditions and employee morale.
- (15) Adequacy of salaries and of the department's salary appropriation.
- (16) The department's ability to finance the new pay plan.

2. Operating Procedures

In the second phase, the task force analyzed the agency's operating procedures under 15 headings:

- (1) The work of the agency head.
- (2) The supervisory system.
- (3) Management of the agency's administrative services.
- (4) Control of expenditures and management of receipts.
- (5) Handling of payrolls.
- (6) Use of business machines.
- (7) Use of other equipment.
- (8) Paper work and forms control.
- (9) Research and planning.
- (10) Filing, microfilming, and storage.
- (11) Office space, furniture, and other facilities.
- (12) Use of motor vehicles and planes.
- (13) In-state and out-of-state travel.

- (14) Relations with staff agencies.
- (15) Public relations.

3. Long-term Needs and Prospects

Perhaps the survey's most lasting contribution will come from the third phase, which examined the future needs and prospects of the agency. As has been noted, long-term planning has been notably lacking in Minnesota, and it is hoped that the survey may provide at least the beginning of a continuous program of planning.

This stage of the survey, therefore, dealt with:

- (1) Proposed new and expanded functions of the particular agency.
- (2) Prospects for future elimination or curtailment of functions.
- (3) The effect of population factors on future service.
- (4) The outlook with respect to natural resources upon which the department may be dependent.
- (5) Prospective trends in receipts.
- (6) Major long-term physical plant needs.
- (7) The future of federal-state relations.
- (8) An evaluation of the relative standing of this agency compared with those in other states.

The Work Manual proved to be extremely useful and the reports of the operational task forces consist mainly of the completed questionnaire plus the exhibits which were called for by the Manual.

The Functional Task Forces

The work of the operational task forces covered the first stage of Self-Survey. After they had examined the state's operations agency by agency, the project entered its second stage, which involved the work of the 10 functional task forces. This second group of survey teams analyzed administrative problems on an interdepartmental basis, each reviewing a major administrative service.

The 10 functional groups covered (1) employees salaries, (2) personnel recruitment, in-service training, and

promotions, (3) seasonal help and peak loads, (4) systems and procedures, (5) accounting, (6) transportation and communication, (7) physical plant, (8) research, reports, and public information, (9) overall structure, and (10) functions of state government and intergovernmental relations.

The functional task forces were made up of a varying number of participants, ranging from 11 to 20, and included three participating elements: (1) administrative personnel, (2) legislators, and (3) public members having expert or professional training in the particular field under examination. In each case a prominent public member was asked to serve as chairman and a leading state administrator to serve as secretary. This combination proved most effective because it brought together expert administrative knowledge from both private industry and state government and made possible an effective exchange of information.

Undertook Further Study

The functional task forces coordinated and evaluated the findings of the operational task forces and in most cases undertook further independent study of the problems in their areas of investigation. The time available for their study was unfortunately limited, but, despite this handicap, they submitted reports that comprehensively surveyed the major problem areas. Their reports constitute the main body of this report of the Self-Survey project.

The inclusion of public members on the functional task forces brought to the survey the experience and knowledge of leading specialists in many businesses and professions. Many of the public members came to feel that, while the survey was designed to aid the state government, the exchange of information necessarily involved in the study was mutually advantageous to both private and governmental participants.

The project was under direction of the Commissioner of Administration. This arrangement gave the project special point because he is the major administrative agent of the Governor and has the legal authority and responsibility to implement the findings and recommendations of the task forces. With him directing the study the prospect that the findings

would, as often happens in surveys, be filed without further reference was partially, at least, foreclosed.

Findings Already Helpful

In several major respects the Self-Survey has already been of significant help in planning administrative improvements. The recommendation of the Functional Task Force on Employees Salaries that the state pay salaries comparable to those in private industry has underscored one of the most crucial needs of the state government. It highlights the state's failure to keep pace with modern industry in the use of time-saving high-speed business equipment. Several functional task forces made urgent recommendations on this point.

It points up the lack of planning in state government and the need to provide larger opportunity for executive direction in projecting plans for administrative improvements. Almost all of the 10 functional task forces made reference to this point, and each offered one or more suggestions for strengthening the Department of Administration so that it might more fully integrate and coordinate planning functions.

It stresses the need for overall reorganization of the structure of state government, setting forth a detailed plan for consolidating all agencies into a limited number of major departments.

The Department of Administration

Special note should be made of the many recommendations that would expand and strengthen the Department of Administration. Increasingly, this agency has been called upon by the Legislature to serve as the central coordinating, controlling, and planning arm of the executive branch. Its establishment by the Reorganization Act of 1939 was an important forward step in improving state administration. The 1939 act concentrated in the Commissioner of Administration many responsibilities relating to business management that previously had been diffused among separate boards and individual officials. Under the reorganization, the Commissioner of Administration was made the state's chief budget officer

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and chief purchasing agent and was given responsibility for directing all state building, for maintaining the Capitol group of buildings, and for managing many central services, such as telephone, mailing, equipment repair, and central stores.

The Department today has four divisions: (1) budget, (2) purchasing, (3) architecture and engineering, which supervises construction of new buildings and repair projects; and (4) public property, which manages the Capitol group of buildings. At one point (1941-45) the Department had a Division of Administrative Management which analyzed and studied major administrative problems. The division went out of existence, however, in 1945 when the Legislature agreed to increase the budget staff and eliminate the administrative management unit.

Increasingly the Department of Administration has been unable to provide the services, especially with respect to research, planning, and administrative analysis, that have been expected of it. The Department's needs are referred to repeatedly in the reports of functional task forces, with seven of the ten recommending substantial expansions in its operation. The recommendations all point to greatly expanded planning and increased central integration of administrative operations.

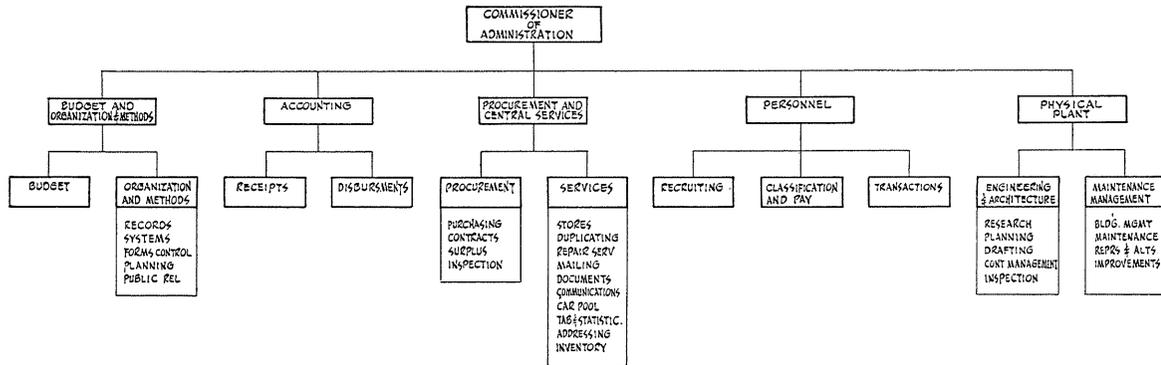
Model Department Charted

The functional task force recommendations concerning the Department cover a wide range of proposals. If they were all to be adopted, they would enormously increase the staff and services now provided. A department of this scope is suggested in Chart I (p. 13) which presents a *model* Department of Administration that would embrace all the services and functions involved in central housekeeping, most of which are recommended by one or more of the functional task forces.

The Department as charted could not, even under the most favorable circumstances, be developed for many years, although portions of it could be installed as soon as appropriations for staff were made available. What is presented here is a futuristic charting against which constructive changes and expansion can and should be made. The changes that the Legislature will be asked to act upon in the 1957 Session will

Chart I

Model Department of Administration



be presented in Governor Freeman's proposals for administrative reorganization.

Would Shift Personnel

The many recommendations affecting the Department would involve both transfer to it of functions now performed by other agencies and the development of new services.

1. The Task Force on Overall Structure recommended transfer to the Department of (a) the Department of Civil Service which would become a division under the Commissioner of Administration, (b) the pre-auditing and accounting functions of the State Auditor, (c) the responsibilities of the State Archives Commission, and (d) the functions now performed by the Veterans Building Commission, which Commission would be abolished. This task force also recommended the granting to the Commissioner of Administration authority, subject to the advice of the Legislative Advisory Committee, to transfer personnel from one department to another and to make accompanying transfer of funds for the purpose of eliminating duplications or otherwise achieving economy or greater efficiency.

2. The Task Force on Accounting recommended establishment in the Department of (a) a unit that would collect, distribute, deposit and account for all receipts, (b) another unit that would be responsible for all disbursement, and (c) an effective inventory system covering all state-owned real and personal property.

3. The Functional Task Force on Systems and Procedures recommended (a) establishment of a Division of Organization and Methods, (b) a centralized program of equipment control and usage, and (c) engagement of a consulting service to plan and advise in the establishment of the Organization and Methods Division.

4. The Functional Task Force on Research and Public Information recommended (a) a Research and Planning Division, (b) development of a technically trained staff to advise and assist other departments with printing and publications problems, and (c) coordination by the Commissioner of Administration of all informational personnel employed by the state.

5. The Functional Task Force on Seasonal Help and Peak Loads recommended an overload pool in the Department consisting of typists, stenographers, and office equipment operators that would be available to operating departments when need for use of the pool was established.

6. The Task Force on Transportation and Communication recommended (a) a Planning Division for the Department, (b) creation of a central car pool of 50 cars along with a number of modifications in the travel regulations which are administered by the Department, and (c) a Division of Communication.

7. The Task Force on Physical Plant recommended, among a number of other proposals that would affect the Department, the development of a security force to protect the capitol area and the establishment of a long-range program to provide and regulate adequate parking facilities.

Financing the Survey

The Survey was conducted at only nominal cost, at least insofar as direct expenditures were concerned. The chairmen of the task forces, upon whom so much of the staff work fell, as was pointed out, were the regularly employed budget examiners. Their work was essentially an extension of their normal responsibilities, and they, therefore, provided a professional staff at no cost to the Survey as such. Administrators and outside technicians likewise served without additional cost. Employees were released from their regular assignments for Survey work, and this created no special problem. Legislators, too, served without remuneration.

Money was needed only for necessary travel, supplies and printed material, such as the Work Manual. In the matter of travel, Task Force members were asked to share the same automobile wherever possible and to charge as expense only actual out-of-pocket cost. Wherever possible these expenses were assumed by the departments being surveyed, which kept the project faithful to the Self-Survey idea by having it finance itself in large part. Actually, expenditures were minimal. The cost of printed materials was absorbed by the Department of Administration with a contingency fund transfer of \$2,500, and the entire cost of the Self-Survey did not ex-

ceed \$5,000. In keeping with the spirit of Self-Survey, this report was printed at minimal cost at the State Prison.

Weaknesses in Survey Noted

There were, of course, many weaknesses in Self-Survey. If the experiment were to be repeated, a number of modifications and additions should be made to the Work Manual. It served its purpose very well, but it was developed hastily and some serious omissions resulted. For example, it fails to include items covering the state's communication facilities. Also, the Self-Survey was undertaken without an appropriation, which made management more difficult than it needed to be. What money was spent was covered out of existing budgets by cooperative departments. At least a small staff should be provided for a project of this magnitude, even though the main responsibility is intended to fall on the large number of task force participants. The extent of participation on the part of legislators could no doubt be increased by more careful planning of schedules. Also, a study of the scope covered by the survey should have more time. The time factor was beyond the control of the survey planners, however, because to be of use it had to be completed in time for submission to the Governor and the Legislature for the 1957 session.

Project Attracts Widespread Attention

The Minnesota Self-Survey attracted unusual attention from other governments. An article by the Commissioner of Administration, entitled "Experiment In Do-It-Yourself," that appeared in *State Government* magazine in January 1955, elicited many inquiries from state officials attracted by the idea of an inexpensive method of analyzing administrative problems. A number of officials from other states made personal visits to learn about the project at first hand. The International Cooperation Administration advised a number of foreign countries concerning the project and suggested that it might have value to them in their own management research operations. As a result a number of delegations from foreign coun-

tries also visited the Capitol to study the project operations. One official made this comment, following his visit:

"The amazing thing . . . is the willingness of every element to participate in the Self-Survey—the employees, administrators, technicians and legislators who contributed their time and effort. Considering the nominal cost of the survey the state of Minnesota has really produced a modern miracle in public administration. To the personnel who devised this novel idea and to the various participants who worked willingly and unselfishly in effecting the Self-Survey we extend our warm congratulations.

"In my predeparture report submitted to the training branch, Public Administration Division, International Cooperation Administration, I had occasion to state that public administrators the world over who advocate improved methods, efficiency and economy in government operations should follow the modern process pointed to by the officials and employees of the state of Minnesota."

Other inquiries came from many colleges and universities, including a request from Harvard University for the use of Self-Survey materials in an advanced seminar in public administration. Additional inquiries were received following an address on Self-Survey given by the Commissioner of Administration before the annual meeting of the National Association of State Budget Officers in September 1956. The attention received constitutes in effect another advantage of Self-Survey in that it has helped make Minnesota officials aware of the fact that the problems they are dealing with are not different in nature from those confronted by many other governments.

Survey Efforts Justified

While it is too early to evaluate the gains that will result from Self-Survey, there is no denying that the time and effort that went into it were more than justified.

The administration gathered an enormous amount of information about departmental operations. Where before this information had been gathered in bits and pieces, under Self-Survey it was gathered in a comprehensive and systematic fashion, enabling a much more intelligent approach to the

major problems. It prodded department heads into reviewing and reappraising their operations. It offered new hope that problems which for many years have frustrated the best intentions will now, at long last, receive more intensive and continuing attention. It developed an inventory of the government's administrative problems. If nothing else emerged from Self-Survey, the state government at least now has a checklist against which it can work in improving its administrative operations.

Functional Task Force Report
on
Employees' Salaries

TASK FORCE ON EMPLOYEES' SALARIES

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INTRODUCTORY NOTE

The most immediately pressing of all administrative problems facing Minnesota state government is the growing difficulty in recruiting and retaining properly-qualified personnel. The problem is directly related to the compensation level in state employment.

Interest in this area of administration was one of the major reasons for establishment of the Self-Survey. Upon its assumption of office in January 1955, the administration immediately noted the acute need for a basic program to remedy the many existing problems in personnel management, the most pressing of which was the inadequate pay structure. Special emphasis was, therefore, given this aspect of Self-Survey.

The Functional Task Force on Employees' Salaries has already been of immeasurable assistance in the development of the needed new personnel program. It forthrightly endorsed a policy of salary comparability under which state employees will receive the same total compensation as they would for similar work in private industry. Acting on this recommendation, the administration developed a new salary schedule providing for such comparability. It will become operative on July 1, 1957, if the Legislature makes adequate appropriations to cover the necessary salary increases. The new schedule is being incorporated into the biennial budget proposal that Governor Freeman will make to the 1957 legislative session.

In its report, the Task Force considers the several separate but related factors that are involved in determining total compensation. For each factor the Task Force gives its (a) definition, (b) evaluation, and (c) conclusion. In addition, a series of other observations and recommendations concerning the problems of employees' classification and pay are presented in the concluding section of the report.

REPORT OF THE TASK FORCE

The Task Force on Employees' Salaries considered its task as revolving around the central question: "Should the State meet comparable rates and maintain the principle of equal pay for equal work?" The Task Force quickly agreed that nobody should be asked to work for the State for less total compensation than is typically paid in the competitive market. In answering the central question and in defining "comparability," the Task Force decided to divide the question into several components and to study related questions that effect total compensation. The report, therefore, deals with the related factors of working conditions, job protection, welfare benefits, pay for time not worked, and direct compensation.

I. Working Conditions

Working conditions involve surroundings, conditions of physical plant and equipment, work atmosphere or expected pace, and, in certain instances, housing, meals, and accommodations.

A. Evaluation

Work atmosphere or pace, admittedly an intangible condition of employment, does vary in state employment as compared with private industry. The competitive situation in industry and the greater degree of freedom in private management tend to make industrial employees more conscious than state employees of the need to meet production requirements as an assurance of job security. Work atmosphere affects the central question of *comparability*, especially when stated as, "Should the state pay equal pay for equal work?"

It is impossible to determine what constitutes equal work without developing standards of performance to measure the work of state employees. A realistic review of employees' output against performance standards might produce the assurance that state employees would generally meet the output level of employees engaged in similar work in private indus-

try. This would tend to neutralize the factor of work pace as it affects payment of comparable compensation.

B. Conclusion

Working conditions constitute neither an advantage nor disadvantage in state service.

II. Job Protection

Job "tenure" or "security" involves both protection against discharge and stability of employment.

A. Evaluation

Job protection is decidedly greater for state employees than for industrial workers. This may not be a strong factor in the recruitment of state employees, but it is an important consideration in their voluntarily remaining in state employment. The operation of the merit system tends to give the employee an unusual degree of job security because of the difficulty a department head faces in discharging an inefficient employee. This also lessens the incentive of the less efficient employee to improve his work, particularly when he receives "merit" increases almost automatically.

Dismissal procedures in state service are designed to protect employees from discharge for political reasons. They involve written statements between department heads and employees and may involve appeals to the Civil Service Board. Department heads regard the procedure as so involved and laborious that only rarely is it used. The device of the "requested resignation" is a safety valve, but it does not encourage the best type of personnel administration.

B. Conclusion

Department heads should have greater authority and flexibility in releasing inefficient employees, but such authority should be closely guarded to prevent capricious action. The Task Force makes no recommendation for change in this

area, but it feels that the legislature might well reappraise present dismissal procedures. The rigid tenure provided by state law is a plus factor for state employees in total compensation.

III. Welfare Benefits

Welfare benefits cover retirement plans and protection against financial hardships resulting from illness, injury or unemployment.

A. Evaluation

In recent years private industry has made much progress in this area. The state now definitely lags in certain labor markets in providing retirement benefits. In the matter of sick leave, state maintenance and trades employees appear to be ahead of those in private industry, while most other state employees have benefits about similar to those in private industry. State employees are not covered by unemployment compensation.

B. Conclusion

Inasmuch as health, accident, hospitalization, pension, retirement and unemployment compensation plans are a definite attraction for employees and constitute a part of total compensation which is becoming embedded in industrial life, serious consideration should be given to providing state employees with appropriate benefits in this area. Shortcomings in this area cannot be offset by higher pay levels. The State must eventually move into the area of additional welfare benefits. The substitution of higher salaries now will eventually result in higher costs.

IV. Pay For Time Not Worked

This factor covers vacations and holidays. State employees have a decided advantage in this area. This factor is important in defining comparable rates for comparable work.

The total hours of work required during a year should be regarded as one factor in determining total compensation.

V. Direct Compensation

This category includes base pay, shift bonus, overtime premium pay, cost of living adjustments, and merit increases.

A. Evaluation

With respect to shift bonus and overtime premium pay, certain groups of state employees are at a disadvantage. These groups are roughly comparable to "non-exempt" employees in private industry. Pay levels for numerous state occupations are low compared with industry. Not all occupations in a single salary range are low to the same degree, and, therefore, state salaries should not be raised by the application of a gross statistical increase factor.

The merit system, originally designed to provide an incentive and reward for increased efficiency and production, appears to be no longer serving this purpose. Practically every eligible employee receives an automatic "merit" increase once a year. The requirement that the department head provide a written explanation when an increase is not granted greatly restricts the use of "merit increase" money for the building of a genuine merit salary program.

B. Conclusion

Consideration should be given to providing shift bonus and overtime premium pay for occupations which customarily receive such compensation in the competitive area. As regards base pay, the state should pay comparable or prevailing rates. There should be periodic reappraisals of salary levels to insure that comparability is maintained. Comparability should be defined by specific occupations or classes to provide flexibility in moving a particular class without disturbing other classes not in need of adjustment. The technique to be used to determine comparability and the method for adjusting the salary structure should be developed by the Civil Service Director.

The present approach to merit recognition should be thoroughly reexamined. Funds intended for this purpose should be used in a manner that will provide an incentive and reward for increased efficiency. Merit increases for individuals who do not improve their efficiency tends to lessen opportunities for appropriate recognition and reward of the more efficient and more capable employees.

The Task Force, however, recognizes that the present policy results from the state's efforts to counteract excessive turnover caused by the present low salary level.

VI. Additional Observations

The committee also feels the state Legislature should take note of the following comments:

A. Salary Recognition

An efficient work force can be achieved only if pay levels are competitive with the corresponding labor market in the community. Efforts are needed to inspire personnel to greater accomplishments, which means that good performance be rewarded and that recognition be withheld from those who do not contribute their appropriate share to the workload.

B. Keep Pay Plan Current

The state must expect to meet increases in cost of living, if it is to retain competent employees. The alternatives are restricted services or less efficient operations. Civil service employees cannot be expected to work for total compensation which is less than they would receive outside of the state service.

C. Review Fringe Benefits

Fringe benefits for state employment is not at a level that justifies the payment of lower salaries. However, a review of the state's policy regarding fringe benefits would be of great value. The state is generous in some categories and not in

others. These benefits should be brought into general conformity with the community pattern.

D. Turnover Similar in Industry

A major benefit of this study has been the exchange of information among public members and state administrators and legislators. The discussions revealed that industry, in seeking adequate personnel, has many problems similar to those of the state. Turnover is no greater problem in civil service than in private industry. Department heads in industry do appear to have greater freedom in determining employee salaries and in administering merit increases. It also became apparent that, while industrial employees do not have the same degree of security as state employees, they are by no means as insecure as they may have been years ago.

E. Continue Present Structure

The Task Force recommends the continuance of the present basic structure of the state's pay plan. It also recommends that areas of inequity and rigidity in salary administration be removed. It recommends further that department heads be given more freedom in determining starting salaries and the frequency of merit increases.

F. Position Classification

The state should continue its present program of position classification by identifying positions apart from their assignment to salary ranges. This practice is common to both industry and government.

G. Salaries Set By Statute

Statutory salaries for department heads and other political appointments should bear the proper relationship to classified employees.

Increased Cost or Less Service?

The Task Force's conclusions and recommendations will obviously create additional expense for Minnesota taxpayers.

In the view of the Task Force, this problem should be met forthrightly. Either less service should be required of the state government, making possible the employment of fewer persons, or additional funds should be provided for salaries. In either case, employees' total compensation should be upgraded to enable the civil service to fill positions with adequate, competent personnel.

Functional Task Force Report
on
Recruitment, Training, and Promotions

*TASK FORCE ON
RECRUITMENT, TRAINING, AND PROMOTIONS*

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INTRODUCTORY NOTE

An efficient and productive personnel system requires, in addition to adequate pay levels, effective programs for recruiting qualified employees, training them quickly and economically and, also, providing appropriate rewards that will encourage them to remain in state service.

The Task Force on Recruitment, Training, and Promotions studied these related aspects of the state's personnel system. The report discusses various ways in which the present system can be improved, in particular by strengthening the assistance that the Department of Civil Service provides operating departments in the management of their personnel function.

Under new direction since July 1955, the Department of Civil Service has already taken major steps along the lines recommended by the Task Force. In addition to the development of a new salary schedule providing pay levels that are comparable to those in private industry, the Department has established a pilot project of job performance measurement and has evolved detailed plans for an expanded statewide personnel program.

The Task Force functioned through three subcommittees, one devoted to each of the three related areas covered in its assignment. The report, while offering a number of specific recommendations, in the main emphasizes the advantages to be realized by modern methods of recruitment, effective training programs, and the provisions of adequate rewards to employees.

The Task Force report covers four main areas, *Personnel Recruitment, In-Service Training, Promotions, and General Personnel Administration*. The report views each area in a large context, referring where relevant to other aspects of personnel administration. For each area the report sets forth a brief description of the present situation and the Task Force's evaluation, followed by its recommendations for improvement.

REPORT OF THE TASK FORCE

A. Turnover

Available data indicates that there is a similar turnover rate in both private and state employment. Turnover is highest in clerical positions, particularly typing and stenographic. Some professional positions also suffer from a relatively high turnover. Causes of turnover are many and varied, chief among which are pay levels, opportunity for advancement, working conditions, and personal reasons. To reduce turnover it is essential that its cause be identified. Unfortunately state departments differ widely in their attempts to develop objective information that would make such identification possible.

Recommendation

The Department of Civil Service should actively assist operating departments, by means of exit interviews, questionnaires to former employees and other applicable techniques, in ascertaining the causes of turnover

B. Recruitment Methods

Currently the Department of Civil Service bears the primary responsibility for recruitment of personnel. Techniques most frequently used include mailing employment information to individuals, schools, professional organizations and other likely recruiting sources; advertisements in professional and technical journals and daily newspapers, and appearances of departmental representatives before student groups and other organizations.

Most operating departments also make their own formal or informal recruiting efforts. Departmental employees are interviewed about prospective recruits, staff members maintain contact with professional or technical organizations; advertisements are sometime placed in professional journals and newspapers, and appearances are made by staff members before student groups and other organizations.

Recommendations

1. *Use of Professional Contacts.* Active relationships between an operating department and schools and professional and technical organizations should be utilized to the fullest in recruitment. The Department of Civil Service should supply operating departments with information of a general nature that will be useful in recruiting prospective applicants. To avoid duplication the operating department staff member who ordinarily deals with the school or professional organization should also make the recruitment efforts. The Department of Civil Service should determine in what areas this arrangement would be feasible. Where installed, the arrangements should be committed to writing to insure that the task will be carried out and that duplication of effort will be avoided.

2. *Periodic Review of Methods.* There should be periodic review and evaluation of recruitment methods and efforts. For example, comparison of the number of University of Minnesota graduates in a particular professional group with the number recruited for state service would be one indication of the effectiveness of the state's recruiting program. Every effort should be made to streamline and expedite the processing of examination results to achieve the minimum time lag between the examination and the employment interview. *Wherever possible, examinations and employment interviews should be conducted at the same time and place.*

3. *Contact With High Schools.* The Department of Civil Service should develop and maintain a close contact with high school counselors, both for immediate recruitment and to furnish information concerning professional preparation for state service careers.

C. Recruitment Difficulties

There are many factors that contribute to the difficulty in recruiting qualified personnel for state service, such as low pay levels, lack of prestige of public service, and lack of qualified applicants. Some factors are dealt with by other task forces but one specific item should have special emphasis here. This is the matter of Old Age Survivors' Insurance under Social Security. Nine out of ten jobs in the country are now covered by OASI. State employees are not. Many prospec-

tive state employees prefer to remain in covered employment in order to protect their coverage under Social Security. Failure of the state retirement system to provide survivors' benefits is a special concern to younger job applicants with family responsibilities.

Recommendation

The Legislature should seriously consider a program under which state employees may be covered under Social Security on a basis providing them with retirement benefits equal to those enjoyed by employees in private industry.

D. Examinations

The Civil Service examination process is, to some applicants, a formidable experience. It may at times tend to turn away individuals who would be desirable applicants.

Recommendation

The examination process should be as simple as possible consistent with legal requirements. The present practice of reviewing examination materials with operating departments to insure their practicality and applicability is commendable and should be continued. Efforts should be made to evaluate the effectiveness of examinations against the actual job performance of employees selected by the examinations. While it is a difficult task, the Department of Civil Service should attempt to include in its examination process a means of obtaining information about the applicant's personal work habits and how well he has actually performed in other work.

II. In-Service Training

Formal training programs are now being conducted in five state departments. These include stipends for graduate training in social work, nurse affiliates in mental hospitals, psychiatric residencies, one-year trainee appointments in engineering, occupational therapy, orthopedic brace-making, and secondary teachers. Of the 1,066 trainee appointments made during the fiscal year ending June 30, 1955, almost 900 were nurse affiliates. Under this program, state hospitals en-

joy a measure of service from the trainees, but a regrettably low number of them return to work in state hospitals following their graduation from nursing schools. In general, training as a means of providing qualified candidates for state positions is an area in which vast improvements can be made.

Most training programs in state departments are in the nature of initial orientation. Wisely used, they can make a valuable contribution to the development of qualified personnel for highly skilled positions. Training programs should be augmented by the initial selection of candidates with a good potential for development, especially in areas in which it is extremely difficult to recruit already qualified candidates, and by the recognition of present employees who have the potential for future development.

Successful training programs will result in 1) improved morale, 2) more effective job performance, and 3) suitably qualified personnel for promotion.

Training is primarily a supervisory function and the responsibility for training of subordinates resides at each level of supervision.

Certain kinds of training can most effectively be given on a unit basis. In other areas a departmental basis or even possibly a service-wide grouping may be most suitable.

Recommendations

1. *Training Consultant Needed.* There is need for an overall training consultant to advise operating departments. A primary responsibility of the consultant would be to determine the training needs of the state service. He would also set training standards and would develop the criteria for evaluating the effectiveness of training programs.

2. *Training Officers In Departments.* In each operating department at least one staff person should be assigned the responsibility for employee training. This person should assist individual supervisors with training problems and should help focus departmental training needs.

3. *Use of Community Facilities.* High school extension, business college or university course work, and other similar community facilities, should be used in employee training, wherever possible.

4. *Supervisory Training Program.* An essential in improving state employee training is a program of supervisory training. Many supervisors will not be able to carry out their proper training function until they have themselves been trained in methods and techniques of supervision with emphasis on the function of employee training.

5. *Priority for Immediate Efficiency.* Training that is directly related to specific job functions and that will result in greater immediate efficiency should have the highest priority.

6. *Elimination of Unsuitable Candidates.* In selecting employees for training programs unsuitable candidates should be eliminated to insure maximum value from the program.

7. *Training of Executives.* Consideration should also be given to a training program for executive level personnel. Attendance might be optional. The program should be on off-duty time. Faculty might consist of department heads and other top level personnel. This program would help identify personnel willing and able to prepare for greater responsibilities and would be an effective means to achieve greater uniformity and coordination in administrative functions carried on by all state departments.

III. Promotions

State departments generally follow a policy of promoting from within. Under present law an operating department may request a promotional examination and the Department of Civil Service must comply. For some positions this practice works well. For others, it results in limiting promotional opportunities to employees who are not always the best qualified for the higher level job.

The promotional procedure seems cumbersome to employees. It is sometimes necessary to urge good employees to take the promotional examination, because a number of factors tend to discourage them from doing so on their own initiative. One of these is absolute preference for disabled veterans. A disabled veteran who receives a base grade of 60 on a promotional examination goes automatically to the top of the list. Qualified non-disabled veterans and non-veterans often regard

the opportunities of selection under this system as virtually nonexistent. Another factor discouraging applications for promotional examination is the misunderstanding or dislike of the examination process. Related to this is the feeling that the rewards to be gained are not worth the extra responsibility that must be assumed.

A promotional rating is required as a part of promotional examinations. These ratings are subject to abuse or misunderstanding and consequently are often of only slight value in determining promotion potential and sometimes even operate adversely in the selection of the most qualified candidate.

Closely related to the problems of promotion is the matter of an employee's progress in his work. At the present time, such progress can be recognized only by reclassification of an employee's position to a higher level or by promotion to a higher position, usually involving supervisory or administrative responsibilities. This often reduces the employee's opportunity to use his professional and technical skills.

Recommendations

1. *Statewide Merit Rating.* A statewide system of merit rating covering all employees might form the base for a good promotional program. The difficulties and disadvantages of merit rating are well known. However, it would be helpful to provide a simple rating form for the use of supervisors in periodically reviewing the performance of the employees to let them know where they stand in relation to the supervisor. This should aid in selecting employees with promotional potential.

2. *Promotion Without Examination.* Consideration should be given to permitting the promotion of an employee one level without examination or with only a qualifying examination. This would permit recognizing employees who demonstrate promotion potential by giving them special assignments or by rotating them within various positions. It would give them an opportunity to demonstrate their capability while acquiring experience at the higher level. They would have the assurance of promotion if their ability warranted. Under the present system, such individual development may be wasted since there is no assurance that the individual thus developed will be appointed.

3. *Change In Veterans' Preference.* The Legislature should consider changing veterans' preference laws to provide that a candidate must first get a passing grade in the examination before veterans' preference points are applied to his score; that his name be placed on the list in accordance with his augmented score, and that veterans' preference may be used once, either on entrance or on a future promotion examination. Such a provision is part of the civil service system in the state of New York.

4. *Special Merit Pay.* Provision should be made for special salary increases beyond the maximum of a particular range, in an amount of approximately 10 per cent, for employees who have demonstrated superior progress. Consideration of classification and salary plans, providing an opportunity for recognizing the considerable differences among employees and providing rewards other than promotions.

IV. General Personnel Administration

At the present time many areas of personnel administration are the responsibility of operating departments. Such areas include (1) employee policies and instructions, (2) job analysis and evaluation, (3) staffing, (4) employee relations, (5) performance standards and evaluation, (6) staff training and development, (7) separation, (8) employee rights and obligations, (9) records and reports, (10) personnel research. There is some duplication in managing these areas between the operating department and the Department of Civil Service, but the primary responsibility rests with the operating department. This practice is consistent with principles of sound management. It has been long accepted by private industry. To realize maximum benefit from the personnel program, it should be closely allied to the administration of the operating department.

Recommendations

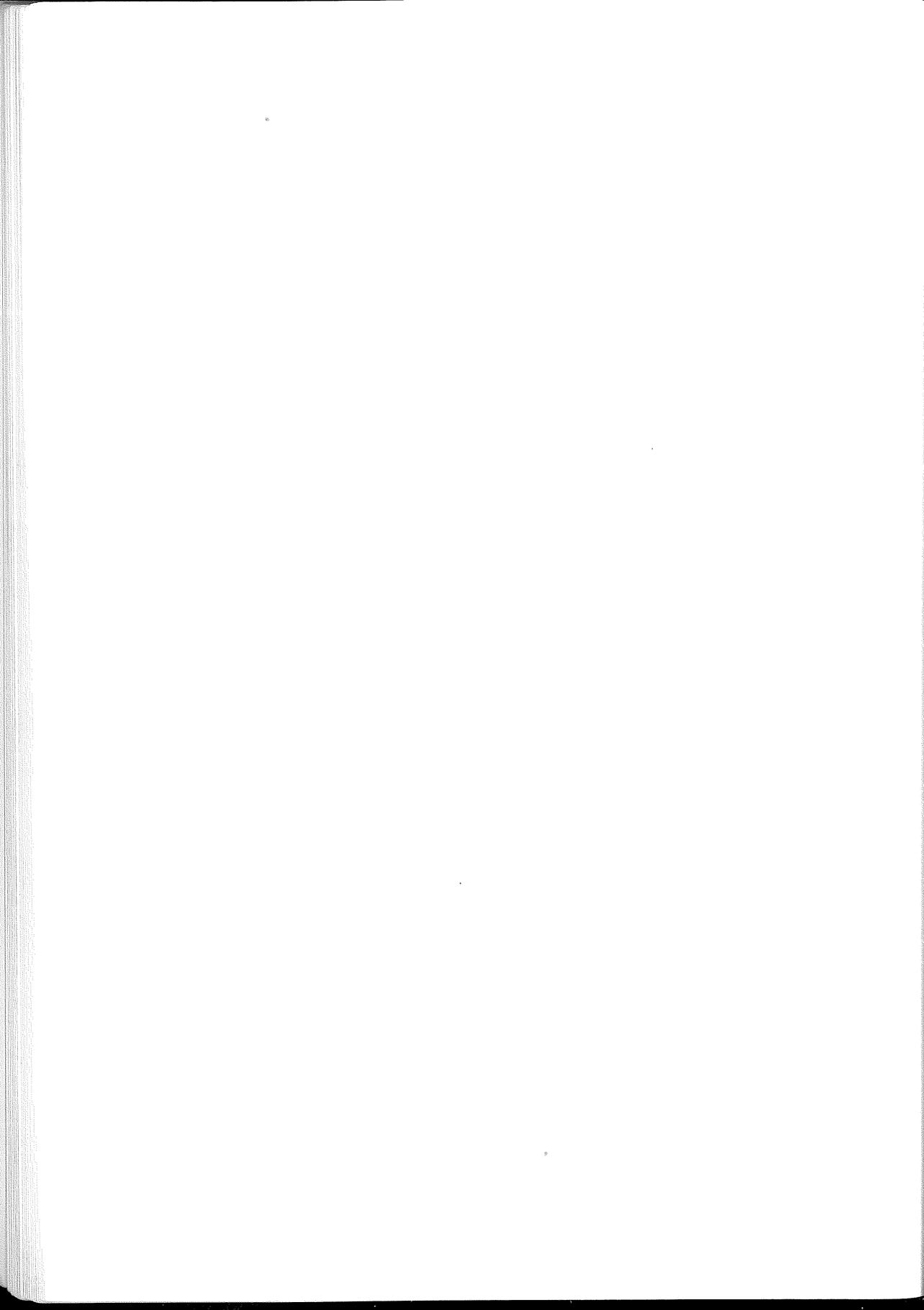
1. *Need Officer Responsible for Personnel.* Personnel management should be strengthened by each department's designating a responsible staff member to supervise these functions or by the addition of a personnel officer in departments

whose personnel needs are large enough to warrant a full-time position.

2. *Civil Service Should Help Departments.* The Department of Civil Service should devote considerable time to assisting the operating departments in improving personnel administration by aiding the staff members who are engaged in this work. Personnel administration has value only to the extent that it helps management perform its primary job.

3. *Law Covering Probationary Period Should Be Modified.* The law covering the probationary period should be made more flexible. The probationary period now consists of the first six months of employment. For many positions a longer period is needed to determine whether an employee is qualified for permanent status.

4. *Advisory Council Should Be Established.* There are many similarities in the personnel problems faced by the state and by private industry. The need in both cases is the same and much can be learned from the experience in personnel administration of private industry. It is, therefore, recommended that an advisory council on personnel administration be established to provide advice and assistance to the Department of Civil Service and to operating departments' personnel officers.



Functional Task Force Report
on
Seasonal Help and Peak Loads

TASK FORCE ON
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INTRODUCTORY NOTE

At certain periods during the year a number of agencies require a large force of seasonal help. This is true of income tax collections, the registration of motor vehicles, many inspection programs, and a variety of functions that must be performed at particular times determined by climatic conditions.

Management of peak loads offers an area in which more careful planning might lead to fuller and more efficient utilization of state personnel. It was therefore made the subject of separate study by the Functional Task Force on Seasonal Help and Peak Loads.

The Task Force offers a number of practical suggestions for improving the management of peak load problems, and it points out that one test of good administration is the ability to plan operations so that overloads are kept at a minimum. It calls special attention to the difficulties a number of agencies face in managing vacation periods for regular employees without hiring temporary replacements and urges a program that will improve this aspect of administration. It also directs attention to the study of modern systems analysis as a means of meeting problems in this area.

REPORT OF THE TASK FORCE

The Seasonal and Peak Loads Task Force analyzed the data that was available relative to staffing the various departments for the handling of peak loads. It studied those activities for which the departments have developed their own solutions and those for which there is need for more efficient overload systems. The report does not review the specific seasonal and short-term staffing problems but specific data relative to particular peak load situations is recorded in the minutes of the Task Force meetings.

Time did not permit an exhaustive analysis of all peak load situations and the development of tentative solutions. The Task Force, therefore, concentrated on the major areas and developed what the Task Force members believe are realistic answers to the most serious problems.

I. Vacation Relief

A. Problem

Most departments experience considerable difficulty in keeping daily operations current while staff members are on vacation. Department representatives appearing before the Task Force described vacation relief as a peak load problem. Loss of stenographers, typists, clerks, machine operators and other personnel for two to four weeks annually appears to cause great concern. In industry one of the tests of an efficient manager is his ability to schedule annual leave without hiring replacements, because it is his responsibility to arrange annual leave in accordance with seniority and the relative work load.

B. Proposed Solution

Administrators of state activities, with the possible exception of those in very small offices, should be expected to manage the annual leave problem without hiring additional personnel.

Annual leave is a right earned by the employee through service. The right to take annual leave at a preferred time is also earned—by seniority. It follows that the period or periods for annual leave should be established by the administrator and announced as early in the year as possible. The employees should then select their vacation weeks in accordance with their earned seniority without unpermitted overlapping. Employees should be allowed to exchange periods subject to approval of the supervisors. Experience shows that employees will accept this procedure, thus eliminating the major difficulties in vacation administration.

The Task Force recommends adoption of this policy and that department heads be held responsible for managing annual leave without replacements. Small departments unable to conform with this policy should be combined with the most closely allied larger departments to provide the necessary flexibility.

II. Clerical Overloads

Unusual clerical overloads occur in each department from time to time. In some cases, additional help is recruited to complete a particular project and is laid off upon completion. Personnel so recruited requires training and experience, both of which are lost to the state upon termination. In other cases, the regular force must accomplish the additional load by working excessive amounts of overtime.

The Task Force recommends that a small force of clerks, typists, stenographers and office equipment operators be made available by the Department of Administration to the operating departments. The pool would be employed by the operating department involved only as needed, and the Department of Administration would be responsible for insuring that the need for the extra help actually exists.

III. Motor Vehicle Registration

A. The Problem

The Motor Vehicle Division of the Secretary of State's Office employs a regular force of 194 and a seasonal force of

200 to accomplish its regular work and its seasonal peak loads. One peak occurs prior to and through November 15, the statutory deadline for automobile registration without a fine. Another develops just prior to January 1, the date the motor vehicle tax becomes delinquent. New cars in possession of dealers are taxed on April 30, creating still another peak season. Vacations are ordinarily granted from May through October, but this agency must restrict them to the summer months in order that the regular staff will be available for the peak periods.

The Division hires 10 additional employees in September, 10 or 15 more early in October, and continues to hire until the force is increased by 200 in mid-November. This force remains intact until Christmas and is reduced to 160 through January 15 when all except approximately 40 are laid off. This remaining force is gradually reduced through attrition to 25 or 30 who continue through June 30.

B. Analysis

The Task Force found that the peak loads are created by the current system of motor vehicle registration, fee collection and plate distribution. By mechanizing the filing, cross-reference, accounting, billing, public and police service work, the regular and peak clerical work load can be significantly reduced at considerable savings. The Task Force discussed staggering the registration of cars and trucks equally over a twelve-month period, the issuance of plates every two, three, four or more years with tags in the intervening years of the issuance of more or less permanent plates, and subsequent handling of all registration, fee collection and plate or tag distribution from the central office. The Task Force was not able to arrive at a final conclusion on this matter because the ramifications were too complex to be completely analyzed in the time available.

C. Recommendations

The Task Force recommends careful study, by both the Secretary of State and the Department of Administration, of the possibility of having all motor vehicle registration and accounting procedures mechanized and of adopting other

measures to reduce major peak loads. It recommends continued investigation by the Secretary of State and the Director of Motor Vehicles of the success of staggered registration and billing systems adopted by a few other states toward the end of creating a more uniform work load throughout the year.

IV. Plant Industry Programs

A. *Problem*

The Division of Plant Industry in the Department of Agriculture is unable to employ a sufficient force of seasonal employees for barberry eradication, blister rust control, apiary inspection and seed analysis. Limited funds and lack of available laborers prevent the State Entomologist from servicing the agricultural industry in eliminating noxious weeds and infectious plants. In addition, a labor force should be on call to eliminate new insect infestations as soon as they occur in a particular area. Often a crew of 30 or 50 men can prevent the spread of an infestation. By going to work immediately, the crew can confine total infestation to a small area with relatively little damage to the crops or forests.

B. *Proposed Solutions*

1. *Seed Laboratory at Prison.* The Task Force recommends establishment of a permanent seed laboratory at the Minnesota State Prison and the training of convicts for seed analysis work. Selected trustees could also work outside the prison on barberry eradication and blister rust control projects, and, perhaps, as apiary inspectors. This program would not only provide farmers with better service but would open another avenue for rehabilitation of prisoners.

The Task Force members felt convict labor might provide a long term solution for many problems in this area. Seed analysis is a technical task requiring considerable training and experience but very little space and equipment. A laboratory at the prison under supervision of prison officials and subject to the technical direction of a trained seed analyst would enable the Division of Plant Industry to serve the farmers under the seed analysis program. The first three seed

samples from a farmer are processed free of charge, and the farmer pays the cost of additional samples. The Seed Tag Fund is used to pay the costs of the free samples. The division is processing 25,000 samples annually but could easily double this load if farmers were fully informed concerning the service. A relatively small effort and expenditure would produce a great saving in labor and other costs by preventing the planting of weed seeds.

A laboratory at the prison will enable the division to provide the service at low cost. A number of inmates would be profitably occupied while acquiring skills they can use when paroled or discharged. Skilled seed analysts have been in demand for many years but few have the patience or desire to acquire the skill. Establishment of the laboratory would not meet with opposition from industry inasmuch as no commercial laboratories perform seed analysis for profit.

2. *Labor for Barberry Eradication.* Barberry eradication and blister rust control is an unskilled labor task easily taught to men of average or even less than average intelligence. Since it involves walking through the fields, parks and roadways seeking specific plants, it is not a very attractive occupation. Other states have used convict labor for this work for a number of years, and Minnesota is using five convicts in this program this year. It may be possible to use more convict labor, both from Stillwater and St. Cloud. The use of such labor should be confined to the labor shortage areas so as not to reduce the market for labor.

The Task Force carefully checked many aspects of the proposal to use convict labor. The Task Force Chairman and Secretary and the State Entomologist met with Warden Douglas Rigg and reviewed his considerable experience in the use of convict labor on barberry eradication, blister rust control, and related agricultural and conservation projects in California. He pointed to certain risks for both agriculture and the prisoner, but said the project was desirable from the prison's standpoint. He agreed to assign two of his officials to investigate the possibility of establishing the seed laboratory within the prison and the possible expansion of the barberry eradication and blister rust control program. The Task Force feels this is a positive step toward providing an adequate force for the Division of Plant Industry.

V. Produce Inspection

The Division of Produce Inspection in the Department of Agriculture employs temporary personnel to inspect seed potatoes and onions at various shipping points throughout Minnesota. Peak loads occur at separate shipping points at different times depending upon the decisions of the growers to ship or store their products.

The department's primary difficulty seems to be that of efficiently managing their employees within the limits of civil service rules relative to seniority on layoff and rehire. Rules do provide for establishment of seniority districts, which avoids the necessity of laying off an employee in his home location and assigning a senior inspector to that location to perform the work at an additional cost for lodging and meals. The department can establish permanent locations and seniority rosters on the basis of permanent locations thereby reducing or eliminating expense accounts. The seasonal nature of the work cannot be avoided, but qualified inspectors can be obtained from among the local farming populations. Termination of the seasonal work does not usually create an unemployment problem. Further, few trained inspectors are lost due to the need for extended layoffs.

VI. Taxation

The Department of Taxation employs 20 seasonals in October, 10 in November and December, and 100 during April, May and June. Approximately 50 replacements must be recruited for this force annually. The seasonals work two shifts, 7 a. m. to 3 p. m. and 3 to 11 p. m.

The Task Force felt that the income tax collection system could not be revised to eliminate the seasonal aspect. On the other hand, the salaries offered are not sufficient to attract highly efficient clerks and equipment operators, but the two shifts tend to make the positions attractive to housewives with prior office experience. Many of these employees are seeking only temporary work to earn extra income.

The Department of Taxation seems to have developed the best answer available to its own problem. The Task Force recommends no changes.

VII. Railroad and Warehouse Commission

The Railroad and Warehouse Commission employs a large force of seasonal and intermittent grain weighers, grain inspectors and grain samplers. The grain samplers acquire skills which prepare them for grain inspector positions. As a result, very few samplers fail to return when called back from layoff. The prospect of acquiring permanent assignments as grain inspectors is sufficient to bring them back. Retaining trained grain weighers is a more difficult problem. Weighers only rarely become inspectors and can look forward only to permanent weigher positions. The ratio of such permanent positions to the number of seasonal weighers serves to encourage resignations.

The Task Force can recommend no solution to the problem of grain weigher turnover, but believes the matter is not particularly serious.

VIII. Conservation Problems

A. Game and Fish

The Game and Fish Division employs game and aquatic biologists for creel and bag census studies and for elementary fish and wildlife biological studies. The federal government participates in the cost of these programs and establishes the minimum educational requirements for appointment to these positions. The seasonal nature of the work does not in itself cause any particular difficulty for the division inasmuch as a sufficient number of biology students are available for this work. On the other hand, the federal standards for appointment to these positions are totally unrealistic in comparison to the difficulty and responsibility involved. The work could be performed by tactful, presentable, intelligent students with science majors, but only college graduates in biology can be accepted. The Task Force can only recommend that every effort be made to revise these standards in the light of the duties involved and the supply and demand of biologists. Certainly graduates will not actively seek temporary positions.

B. Rough Fish Removal

The Division of Game and Fish employs over 200 laborers for rough fish removal projects during the winter months. The work is semiskilled in nature, involves strenuous physical labor under relatively severe working conditions. The employees must often work 16 hour days with no provision for cash overtime. It is virtually impossible to recruit an adequate force of qualified, willing and able employees for this work. Small resort owners and farmers seem to have the best potential.

The Task Force felt that two steps can be taken to alleviate the problem:

1. *Exchange of good laborers with the Department of Agriculture Division of Plant Industry.* The employees could work on rough fish removal projects during the winter months, plant inspection, apiary inspection, barberry eradication or blister rust control during the summer months.

2. *Establishment of a standard overtime plan with provisions for cash overtime.* This would increase the attractiveness of the rough fish removal positions. Good employees would return year after year if properly reimbursed for regular time and overtime.

C. Forestry

The Forestry Division has, in cooperation with the Youth Conservation Commission, established two YCC camps in labor shortage areas. They had previously found it difficult to find laborers as needed in the Willow River area due to high employment in the refinery, the paper mill and on the North Shore. The Thistledew Camp northwest of Virginia solved a similar labor shortage in that area.

The use of YCC boys for seasonal and peak load conservation work serves the same purposes as the proposed use of prison labor for agriculture. The success of these two camps should serve to encourage application of the same principle to barberry eradication, blister rust control and seed analysis.

The Division of Forestry has resolved its own seasonal and peak load problems in connection with lookout towers and fire fighting.

The division is experiencing some difficulty with the eligible lists for forest guards because boys from Southern Minnesota seek these positions through civil service examinations only to resign shortly after appointment when they find the nature of the work and its location not to their liking. This matter can be resolved between the Division of Forestry and the Department of Civil Service through rewriting the examination announcement and through a proper explanation of all the conditions of employment at the time of the employment interview.

The Forestry Division exchanges personnel with the Surveyor General of Logs and Lumber. The Surveyor General uses the men for timber scaling during the winter months and Forestry uses the same group for fire fighting and other forestry projects during the summer. This, of course, is the ideal solution to any peak load situation in the interest of both the state and the employee.

D. Parks

The Division of Parks employs part-time help for one, two and three days weekly to maintain small but scattered parks throughout the state. Division representatives explained that many parks are inadequately maintained due to the difficulty of hiring qualified labor for such limited work.

The problem is largely one of supervision. The Division employs two traveling supervisors to oversee the maintenance work in these parks and they should be held responsible for the task. The Task Force recommends, however, that the two supervisors be made responsible for determining the average number of hours of work that will be required weekly to properly maintain each installation and that they be given authority to hire one local person—a teacher, janitor, farmer or someone in a similar capacity—on a fee or “contract” basis to perform the work. The supervisors can then check the parks periodically to insure that they are properly maintained and can hold the local “contractor” responsible for any failure to fulfill his contract.

IX. Highways

The Department of Highways employs hundreds of sea-

sonal employees to man its construction crews, summertime maintenance crews, and winter road maintenance projects. Civil engineering students are hired during each summer session to provide the Department with skilled help and simultaneously afford the students practical engineering experience and financial assistance. Summer maintenance crews operate on a compensatory overtime plan so designed and administered as to virtually guarantee them an annual wage. The maintenance equipment operators must handle peak loads whenever the roads are blocked with snow or covered with ice or water. These employees work on a guaranteed annual pay plan, however, and are not subject to layoffs during slack periods.

High school students are hired to fill out the labor force during the construction months and are terminated in the fall. The boys with the best potential for subprofessional engineering work are retained throughout the winter and assigned to location surveys, drafting and similar tasks. Inasmuch as the Department receives a far larger number of applicants than necessary every year, the construction and maintenance peak loads create no problem.

Summary Statement

The Task Force concludes that the three major areas where improvements can be made involve establishment of a firm vacation policy, a change in systems and procedures in the Motor Vehicle Division, and adoption of a policy of using convict labor for essential agricultural projects. The remaining peak load situations have either been worked out by the departments concerned or can be worked out through modifications of current personnel policies. The Forestry and Game and Fish Divisions of the Conservation Department respectively typify these two remaining types of peak loads.

Mention should be made of efforts by the Task Force to learn what other states have done to resolve the peak load problems. A circular letter was sent to all states and large government agencies by the Director of the Civil Service Assembly of the United States and Canada, at the request of the Director of the Minnesota Department of Civil Service, asking information relative to how they handle seasonal and

peak load problems in their jurisdictions. Responses were received from thirteen states, none of which offered any solutions other than those already adopted in Minnesota. Most of the letters requested that we furnish them a copy of any recommendations developed by the Self-Survey.

Functional Task Force Report

on

Systems and Procedures

TASK FORCE ON
SYSTEMS AND PROCEDURES

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INTRODUCTORY NOTE

While an adequate personnel program is the first requirement of sound administration, a systematic and fully-planned arrangement of the administrative structure and related procedures is of almost equal importance.

In recent decades private industry has devoted increasing attention to improving its operating systems and to discovering the most productive procedures. The amazing possibilities opened by modern high-speed business machines have enormously accelerated this activity so that today all large firms are continuously engaged in programs of systems and procedures analysis. A new profession of specialists trained and experienced in modern machine systems and in administrative procedures has emerged, and, with development of electronics, they have become indispensable in any large-scale business operation.

Minnesota state government has not kept pace with these developments. Its administrative organization and procedures are at least two decades behind modern industry. Many operations which industry converted to machines decades ago the state is still performing by hand, at great cost in terms of both money and service.

The Task Force on Systems and Procedures surveyed the state's shortcomings in this area and submitted many basic recommendations, all of which point towards the modernization of the state's machinery. Central to the Task Force's recommended program is the creation of an Organization and Methods Division in the Department of Administration, which would include specialists in systems and procedures and which would ultimately help the state develop an adequate administrative system.

REPORT OF THE TASK FORCE

The Task Force on Systems and Procedures divided itself into four teams and assigned to each a main segment of this general administrative area. Each team summarized the findings of the operating task forces which were relevant to its particular subarea and developed recommendations based upon these findings.

Team I covered forms control, forms analysis, and records management; Team II, departmental organization and control, effective use of personnel, and work simplification and standards; Team III, mechanization and/or electronic data processing feasibility, and Team IV was given the responsibility of coordinating the work of the other teams.

The Task Force submitted 14 major recommendations, each of which is summarized at the opening of each section of the report and, in most cases, is followed by the Task Force's supporting statement and documentation.

I. Organization and Methods Division

Recommendation: That an Organization and Methods Division be established in the Department of Administration. (A suggested organization plan is given in Figure 2 on page 59.

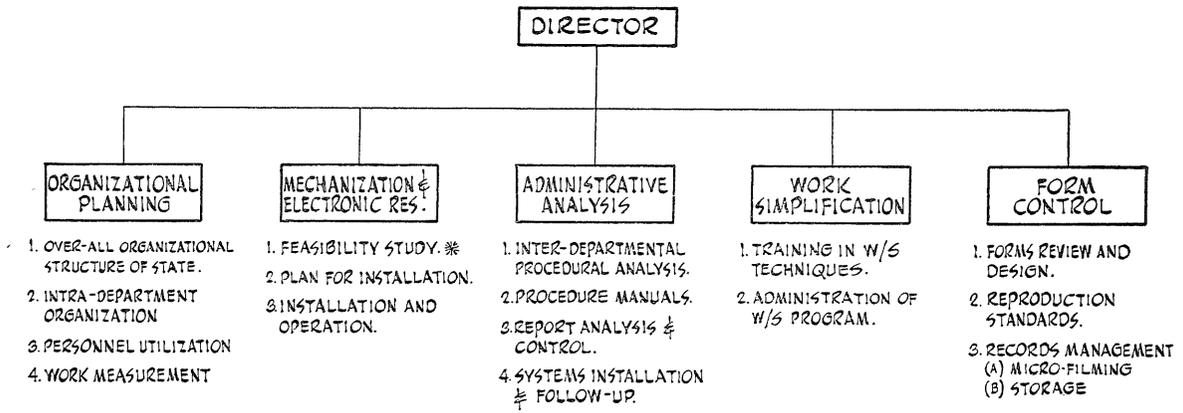
Systematic and continuing study of organization and methods affecting state operations is a "must" to improve the government's efficiency, to acquaint administrators with the newest management developments, and to install improved administrative methods and procedures.

An effective organization and methods program will pay off in reduction of clerical costs, in speeding up and improving the quality of public service, and in strengthening operating controls.

A. Requires Qualified Personnel

Such a program requires qualified personnel in systems analysis, and this can be accomplished only if the state pays

Proposed **ORGANIZATION and METHODS DIVISION**
 FOR THE
DEPARTMENT OF ADMINISTRATION



* TO INCLUDE:
 PRELIMINARY SURVEY OF PRESENT PROCEDURES
 SURVEY OF ELECTRONIC COMPUTERS
 COST ANALYSIS & COMPARISON: ECONOMIC JUSTIFICATION
 RECOMMENDATIONS FOR AN EDP SYSTEM.

salaries equal to those paid by industry for qualified systems analysts. This Task Force, therefore, strongly endorses the recommendation of the Task Force on Employees' Salaries that state pay be comparable to that paid elsewhere.

The director of the proposed division must be a top-grade man. There is currently an opening in a Twin Cities firm for a man to head a methods and systems department at a salary of \$10,000 to \$12,000. The state must be prepared to pay this amount to obtain a director who can make the program successful and of full value.

The experience of large firms shows that it is advisable to employ one full-time systems analyst for each 300 to 500 clerical employees and that the operation of an organization and methods division will produce savings of from three to seven times the cost of the division.

The Task Force also strongly recommends that each major department employ at least one administrative analyst to deal with "spot problems," those that are intradepartmental and can be readily recognized, such as those that produce work backlogs, production bottlenecks, fluctuations in workloads, and complaints.

Departmental analysts would cooperate with personnel in the O & M Division on interdepartmental matters and would be considered as part of the ratio of one analyst for each 300 to 500 clerical employees.

B. *Principal Functions of Division*

The principal functions of this division should include the following:

1. *Organization and Methods Review.* Working with methods analysts of the operating departments, the staff of the division would (a) investigate procedures to determine their effectiveness, develop activity and cost data, and determine overlapping or duplications between departments; (b) consider specific applications of accounting machines on the basis of the foregoing investigations and review proposals for new use of such equipment; (c) keep informed on various types of equipment to enable proper consideration of the use of electronic equipment and integrated data processing concepts and adequate appraisal of competitive equipment and suggested

new uses; and (d) act as coordinator among the various departments in the integration of systems, the use of equipment that cannot be justified for a single department, and the centralized utilization of non-accounting machines such as addressographs, folding and mailing machines and reproduction equipment.

2. *Forms Control.* With more than 14,000 different forms now in use in the state, a forms control program is a prime necessity. Such a program will eliminate obsolete and duplicate forms and will extend the use of multi-copy forms. This program should provide a system for (a) recording or registering a form, (b) analyzing its purpose, content and related procedures, (c) applying to it appropriate design standards, (d) assigning an accurate identification, (e) determining specifications in reproduction of the form, (f) developing specifications for storing and distributing the supply, and (g) evaluating the control program itself. Initially, a forms control section would review and consolidate existing forms, cataloging, reviewing and redesigning them. The forms control staff should then be given responsibility for approving and controlling all new forms.

The organization should be permanent and continuing, including trained technicians and clerks, and should work with a committee made up of key personnel from departments whose forms are under review.

Immediate savings can be realized by greater use of window envelopes. As memoranda and other forms come up for revision they should be redesigned to tie in with use of window envelopes. (An instance was noted wherein 30,000 communications were mailed monthly in individually addressed envelopes in one department, 15,000 in another department, and 375 daily in a third.)

Placing the forms control function in the O & M Division in the Department of Administration will provide a closer coordination with the Purchasing Division of the same department. This will encourage volume buying and central or regional warehousing of stock forms.

Two related functions are records management and microfilming. A records management program predetermines in accordance with law or sound business practice the retention time factor on all forms and records and provides periodic

departmental checks to ensure destruction of records in accordance with predetermined schedules.

Large volumes of old records, some of questionable value, are being retained because no formal records destruction program exists, or because there is no legislative authority for their disposal, or because administrators are simply reluctant to destroy them. A forms control unit will greatly reduce this problem.

3. *Work Simplification.* The evaluation of this activity is given under Recommendation III.

II. Acquire Services of Consulting Firm

Recommendation: That a well-qualified consulting firm be engaged to assist the Organization and Methods Division in initiating and developing an electronic data processing program.

Electronic data processing is a new and powerful management tool. It will reduce clerical costs and improve management control. Experience shows conclusively that it is a major undertaking to investigate and install an electronic data processing system and to develop necessary operating procedures and train those who will make the system work. The progress it makes possible is so great, however, it deserves the serious and immediate consideration of the state.

A. Work of Consulting Firm

The program should be primarily the responsibility of the O & M Division proposed in Recommendation I, but a well-qualified consulting firm should be engaged as soon as practical to assist the division. The firm would (1) outline a specific program and plan of approach for the feasibility study, (2) assist in organizing the electronic research teams, (3) direct the gathering by division personnel of the basic factual information required, review the findings, and draw basic conclusions as to feasibility, economic justification, and types of equipment, (4) assuming an affirmative conclusion, assist in establishing a schedule for programming and installing equipment, (5) review from time to time the progress of

the electronics program, and (6) consult on specific application and installation problems.

B. Advantages of Firm's Services

The Task Force believes the engagement of such a firm will produce several advantages.

1. *Expedite Program.* Since the proposed O & M Division will be only recently formed, it will face numerous other problems. The consulting firm will expedite the electronics program.

2. *Benefit From Experience.* A consulting firm will help the state benefit directly from the experience of numerous others. Much time and money can be wasted on misguided or unnecessary efforts and many mistakes experienced by others can be avoided.

3. *Simplifies Training Program.* Use of a consulting firm will save considerable time in familiarizing division personnel with various types of equipment available before undertaking such a study. Instead, such training can be undertaken during the study or after feasibility has been definitely established and can then be limited to the types of equipment considered applicable.

4. *Maintains Objectivity.* A periodic and independent appraisal of progress will be of considerable value in maintaining objectivity in direction of the program.

C. Should Be of High Caliber

The highly complex and technical nature of electronic data processing requires employment of consultants of the highest caliber. It is important, therefore, that a fully qualified firm be employed. The large certified public accountant and management consulting firms have set up facilities for providing such assistance and are in a position to be of inestimable help. New firms specializing in data systems engineering are emerging to meet the need for such service. In the selection of a consultant to conduct an electronic data processing feasibility study for the state the assistance of these sources should be sought.

III. Work Simplification Program

Recommendation: That a work simplification program be installed making it possible for all employees to participate directly in a program of reducing waste and costs, improving their own work and increasing the general efficiency of administration.

There is in state operations no well-defined approach to work simplification. Substantial cost reduction, job improvement and increased efficiency require that first line supervisors be supplied with a definite program. Many business firms and government agencies have found that, by supplying supervisors with usable tools and methods, they have released a tremendous reserve of ability.

A. *Content of Program*

The work simplification program should include:

1. Development of cost consciousness at all levels of supervision.
2. Development of the consultative approach in problem solving, reaching all personnel and establishing an "open mind" attitude.
3. Development of specific tools and techniques that allow supervisors to reduce any problem into simple steps and to solve the problem in an orderly manner, with the use of such devices as flow process charts, flow diagrams, operator charts, work distribution charts, multiple activity charts, systems charts.
4. Development of accurate savings calculations, both tangible and intangible.
5. Development of a reporting system to evaluate results and to provide necessary employee recognition.
6. Development of a continuous followup by department managers to express the necessary interest and support for such a program.

B. *Simplifies Procedures*

The program is designed to simplify intradepartmental

procedures. It provides the groundwork for the effective study by skilled systems and procedures analysts of interdepartmental procedures and for the development of work measurement standards for office and clerical work without the use of time and motion studies, which, in most cases, would be prohibitive because of cost. Some method of work measurement is essential before any effective improvement program can be instituted. An organization must know *what* it is that it is improving. A budgeting and progress reporting system is not complete if it does not provide for measuring activity and performance. Administrators often fail to establish sound budgets because they lack the means of measuring.

An effective means for the State of Minnesota to accomplish work measurement would be through *Work Load Distribution Planning*. This enables the supervisor to see clearly, in one place, all the activities of his unit and the contribution each employee makes to each activity. This program calls for use of task lists, activity lists, personnel work load charts, and work counts. The methods of measurement involved *must be taught* at all levels of supervision. They are automatically included in the work simplification program as recommended in this report.

The simplification program should be conducted concurrently with the electronic data processing feasibility study cited in Recommendation II. Such concurrent programming is becoming more widespread in industry because of its obvious success. For example, one large Minneapolis manufacturing firm, in developing an electronic data processing study, has found that the systematic examination of procedures and methods by work simplification techniques is providing immediate and substantial savings. While spending \$61,000 on the feasibility survey, the firm's analysts have discovered areas of inefficiency and have initiated improvements which have already produced annual savings of more than \$76,500 with work not yet complete.

IV. Continue Payroll Mechanization

Recommendation: That the present program of standardizing and mechanizing payroll preparation be continued under its present direc-

tion until the organization and methods staff can be organized.

V. Use State-Owned Equipment

Recommendation: That the next session of the legislature amend present state law that prohibits reproduction directly by the state of any form or publication in quantities of more than 5,000 pages in order to permit the state to take advantage of a potential source of savings in the utilization of state-owned equipment.

The state owns new and modern equipment which could reproduce a large portion of necessary forms. This equipment is located at the State Reformatory for Men and the Minnesota State Prison. Equipment purchases in the last three years have modernized these plants to the extent that they can produce virtually all the printing required by the state. During the past year, the state purchased more than \$900,000 worth of printing from outside firms, not including the cost of advertising for bids. During the same year, forms produced by the central duplicating division of the state amounted to \$72,785.68. A comparison of prices charged by central duplicating and by private industry shows that a savings of from one-third to one-half of printing costs can be realized by using state-owned equipment.

VI. Coordinate Use of Equipment

Recommendation: That the proposed Organization and Methods Division centralize the management and use of equipment, and, insofar as practicable, be given authority to institute changes in inter- and intradepartmental procedures in cooperation with operating departments.

VII. Manual on Form Utilization

Recommendation: That a handbook be developed for statewide use by all stenographers and typists, with each department adding a section, on proper utilization of the forms.

For each dollar of printing cost, from \$12 to \$24 of clerical cost is involved in utilizing the form in everyday operations. A handbook of proper use would, therefore, be of great value in controlling costs by assuring proper preparation and utilization of forms.

VIII. Divisions of Administrative Services

Recommendation: That a Division of Administrative Services be set up in the larger departments to provide services required by the operating divisions in those departments.

Among such services are payroll, budgeting, bookkeeping, inventory records, reproduction of records and reports, mailing, office supplies and services, and purchasing. This type of organization will provide a much more efficient processing of such commonly used activities.

IX. Single Departmental Location

Recommendation: That all divisions of a single department be located under one roof, eliminating considerable duplication of record-keeping and filing and simplifying management control.

The Departments of Education, Highways, Health and Taxation have offices in different locations in the Twin Cities. This necessitates additional copies of records and duplication of working files to coordinate activities with the central office. Central filing responsibility will tend to eliminate such difficulties and duplications.

X. Use of Dictation Equipment and Pools

Recommendation: That more extensive use be made of dictation equipment and that central stenographic pools be organized, especially in the larger departments.

Greater use of dictation equipment and stenographic pools will help counteract the shortage of personnel able to take shorthand and will provide adequate coverage when the

volume of dictation is not sufficient for a full-time stenographer. An efficiently managed pool will permit the hiring of clerks or clerk-typists to perform the remaining work.

Several Twin Cities insurance companies have successfully developed steno pools with substantial savings in salaries and time. They have realized efficient, rapid and economical processing of dictation. Investigation of these installations by state agencies is strongly urged.

XI. Provide for Transfer of Funds

Recommendation: That legislation be enacted that provides for transfer of funds between departments when centralization of a function is deemed desirable.

XII. Continuing Study of Organization

Recommendation: That the proposed Organization and Methods Division work on a continuing basis with department heads and their principal subordinates on matters of proper delegation of duties to subordinates, effective span of control and elimination of a substantial amount of clerical routine work by supervisors.

XIII. Reassignment of Technical Employees

Recommendation: That departments employing professional personnel be internally reorganized so that such employees can be given assignments that utilize their professional training and so that administrative duties they are now performing can be reassigned to executive personnel with administrative rather than technical training.

State government like private industry faces the problem of making effective use of specialized skills and abilities. Technically trained people are often used for purely administrative work and supervisors frequently perform clerical func-

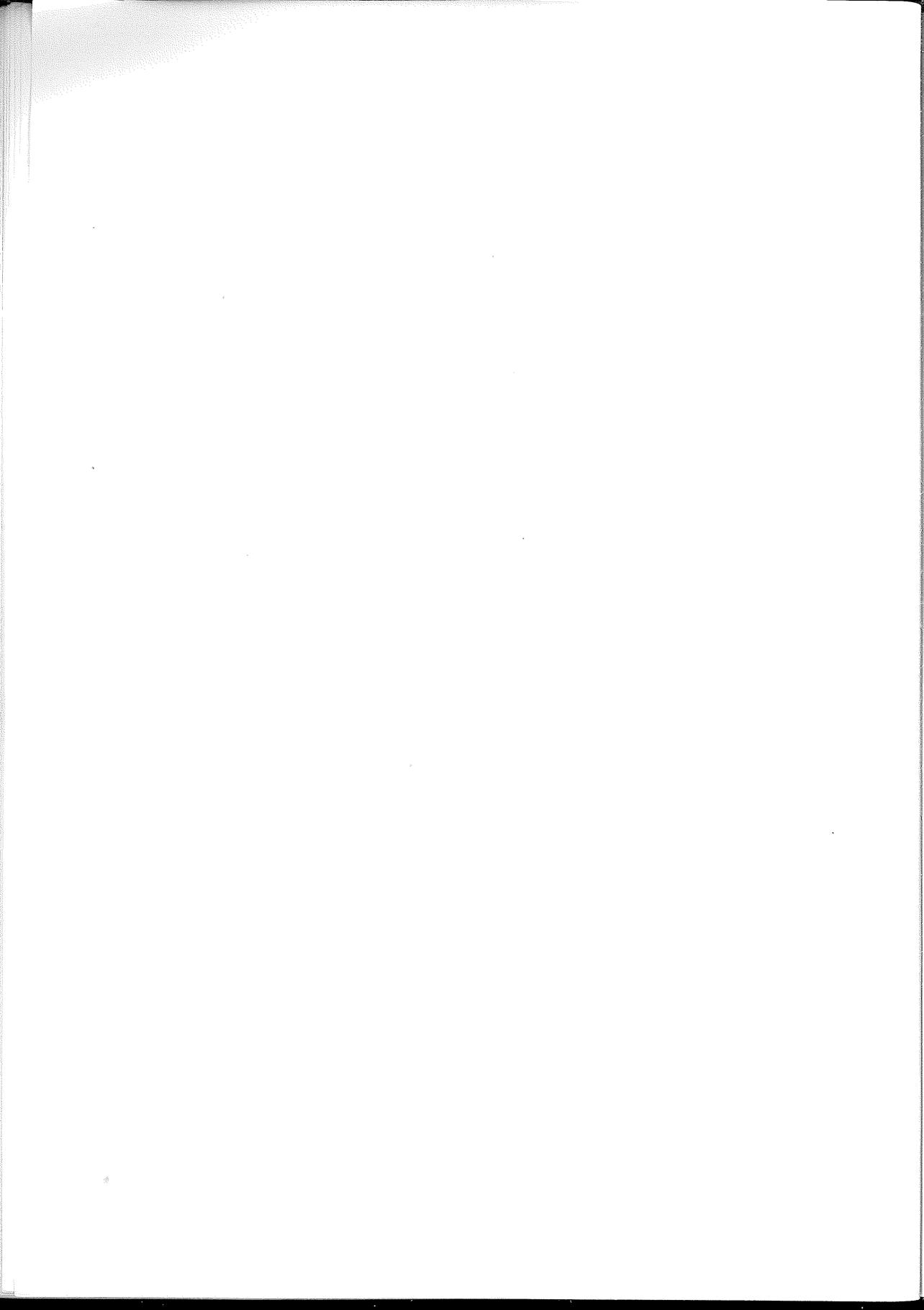
tions. Also, clerical employees with training in dictation and transcription, bookkeeping, accounting, or use of bookkeeping machines, often spend a large portion of their time performing duties not related to their specialized skills.

This is not only costly and inefficient, it also reduces the level of job satisfaction of those having such skills and training.

The Civil Service Board should recognize that technical people can usually contribute more to an organization in a staff capacity than as supervisors. Such recognition should produce a savings because a few professional people devoting most of their time to technical problems can handle a larger area of responsibility than those who can devote only a small part of their time to technical work because of their administrative responsibilities. Technical specialists are sometimes poor administrators because they may lack interest in clerical and administrative detail. Further savings can, therefore, be expected if administration is provided by someone specifically interested and trained in administration.

XIV. Continue Equipment Maintenance

Recommendation: That present arrangements for equipment maintenance be continued with state service being used for adding machines and typewriters and outside agencies for more complex office equipment.



Functional Task Force Report
on
Accounting

TASK FORCE ON ACCOUNTING

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INTRODUCTORY NOTE

Sound and effective management requires an accounting system that not only *accounts* for the money that is received and expended but that also *assists* in the orderly and expeditious flow of the administrative process. Governmental accounting is often viewed as a negative instrument designed to control or restrict financial operations and as intended solely to prevent abuse of financial authority. Minnesota has long suffered from this narrow view with the result that its accounting system has failed to keep pace with the magnitude and complexity of state operations.

Accounting is clearly one administrative area in Minnesota state government in which enormous progress can and must be made. Receipting, billing, posting, disbursing, payrolling, and inventorying, are functions that involve millions of individual operations and transactions that should be extensively mechanized. This would require a program of centralization and coordination of functions that are now diffused among many agencies and should have the most thorough programming and planning.

The Task Force on Accounting reviewed the processes involved in financial management. It directed its attention to the larger questions of overall policy, suggesting a number of changes that it believes will improve the state's accounting system. Its major recommendation calls for a detailed and intensive study out of which would evolve a long-term program for the coordination and modernization of the entire system.

REPORT OF THE TASK FORCE

The Task Force on Accounting was organized into five subcommittees, each of which studied one major aspect of the state's accounting systems, (1) receipts procedures, (2) disbursements procedures, (3) inventory and property control, (4) budgeting, and (5) post-auditing. An executive committee was also established to direct and coordinate the work of the subcommittees.

I. Detailed Survey Essential

It was apparent at the outset that, given the scope and complexity of the accounting system, it would not be possible to formulate detailed recommendations in the time available. The Task Force, therefore, confined itself to general suggestions which may be helpful as a guide for a more comprehensive and detailed survey of the state's accounting problems. Such a survey can be performed by an outside professional organization or by hiring a special full-time staff of state employees who are familiar with accounting problems, or by a combination of the two methods. In any event, such a survey must be adequately financed. It might be supervised by the Legislative Research Committee or by a special interim commission created for the purpose, or by assignment to the executive branch of the government.

In making this recommendation, the Task Force is fully aware of the cost involved and that such a survey could be conducted by state employees if their time could be diverted from their regular duties, but the Task Force believes that the cost of hiring an outside organization would be recovered many times over in the savings that would result.

II. Receipts Procedures

The function of receipts management is basic in any accounting system. The activities of many departments are supported in whole or in part by revenues pledged for their operation. These are known as "dedicated receipts." Some are

dedicated by the State Constitution, but most of them have been established by the legislature.

The entire system of dedicated receipts has a long and complex history that explains why some activities of state government are favored by this special financing. The history will not be reviewed here. Suffice it to say that each use of this form of financing has created a separate problem in administration and accounting. Ideally all dedicated funds should be abolished, but it is not realistic to anticipate such a development. It would require both legislative action and constitutional amendment, and, even if there were widespread public support, would require a considerable period of time.

Despite the problem of dedicated receipts, it is possible to design an accounting system with related procedures that would be adequate for the present and could be improved if the future were to see the progressive elimination of dedicated receipts.

The Task Force recommends, with respect to handling and accounting for receipts, the following:

- (1) Abolition of dedicated receipts.
- (2) Establishment of a single Department of Revenue responsible for the collection, distribution, deposit and accounting of all state government receipts.
- (3) That all receipts be deposited promptly and that responsibility for failure to do so be clearly fixed.
- (4) Uniform, prompt and flexible refund procedures for all funds.

III. Disbursements Procedures

Disbursement of state funds involves these steps: (1) legislative appropriation, (2) allotment of appropriations, (3) encumbrance of allotments, and (4) liquidation of encumbrances. A few agencies, including the examining boards and the University of Minnesota, are excepted from this procedure. Because the encumbrance procedure is practically automatic with respect to some classifications of expense, the quarterly allotment becomes the basic control against which liquidations are applied.

Records for appropriations, allotments, encumbrances, and liquidations are maintained in detail in each department,

and sometimes also in the divisions of departments. These to a major degree duplicate the records maintained by the State Auditor.

Disbursements originate in the operating department in the form of an abstract supported by vouchers and unsigned warrants drawn on the various funds. The vouchers supporting the abstract are preaudited in the State Auditor's office and put in line for payment.

Substantial duplication occurs in this procedure, not only in recordkeeping, but also in the number of payments necessary to settle the many state obligations that originate in the operating departments.

The Task Force recommends that:

(1) The accounting system with respect to disbursements be centralized to avoid this duplication, at the same time, however, recognizing the requirements for memo records in the various operating departments.

(2) A unit of state government be established to be known as the Disbursement Division whose function will be the disbursement of all state funds. It is contemplated that this division will reduce the number of disbursements by combining obligations of the various state departments by vendor or payee.

(3) The number of appropriation accounts be reduced by providing one appropriation at the department level rather than by object and functional classification which is now followed. Control in liquidating appropriations will still rest in the allotment system.

IV. Inventory and Property Control

Inventory records of state property are the responsibility of the Division of Public Property in the Department of Administration. These records are manually maintained on an individual card basis. More flexibility would be achieved if they were maintained on punched cards.

No central record could be found of state-owned real property.

The Task Force recommends that (1) an inventory be established and maintained of all state-owned real property and that (2) a unit be established to control all state-owned real

and personal property. This unit would rent or lease property and equipment to the various operating departments on a working capital basis.

V. Budgeting

Appropriations to state departments may be expended only after quarterly allotment by the Budget Division of the Department of Administration. Requests for quarterly allotments are supported by an annual financial plan submitted to the Budget Division by the various departments. Allotments are made and controlled on eight broad expenditure classifications. The degree of control achieved through quarterly budgeting does not justify the time expended by employees of the Budget Division and the operating departments in preparing and processing budgets that often.

The Task Force, therefore, recommends that allotments be made not more frequently than semi-annually and that controls remain on the eight broad expense classifications.

Government budgetary procedures are more and more emphasizing work units and work measurement for the purpose of justifying estimates, analyzing costs and even legislating appropriations and allotment controls. As a basis for such a possible development, the state should develop a system of work units and work measurement and standards. This should improve not only budgeting but also general management and employee morale.

VI. Post-Auditing

The post-audit of state departments and local governments is presently performed by the Public Examiner who is appointed by the Governor, with advice and consent of the Senate, for a six-year term.

Present law requires the Public Examiner to audit at least once each year the books and affairs of all state agencies, the 87 counties, cities of the first class, county boards of education for unorganized territories, and school districts containing ten or more townships. He is also required to audit the books and affairs of certain cities under charter law. In addition, he is

charged with the duty of collecting, analyzing, and publishing data on the financial operations of all local governmental units in Minnesota.

The question of whether the audit of state departments and agencies should be performed by an official appointed by the Governor has been the subject of discussion and investigation for many years. Bills have been introduced in the legislature to transfer some or all of the duties performed by the Public Examiner to an agency under the legislature. Objection to such transfer has been persistently raised on the grounds that it would violate certain provisions of the Constitution. This objection undoubtedly has had much to do with the failure of any of such bills to become law.

Recognizing that transferring the duties of the Public Examiner from the executive to the legislative branch involves broad constitutional implications, the Task Force believes much of the objection might be overcome by changing the method of appointing the Public Examiner. Such a change could be effected by the following steps:

- (1) Creation of a post-audit commission composed of one member from the Senate, one from the House, and the Director of the Department of Civil Service.

- (2) Recommendations be made by the commission to the Governor after considering applicants certified by the Department of Civil Service from a register established for the position.

- (3) Appointment of the Post-Auditor by the Governor, and confirmed by the Senate, for a term of 10 to 15 years with the Public Examiner removable for cause only by a joint resolution of the Legislature.

The Task Force also recommends with respect to the Post-Auditor the following:

- (1) Increase the salary of this position to the level paid commissioners of other major departments.

- (2) Transfer to the Post-Auditor the audit of county welfare boards now performed by the Department of Public Welfare and the audit of justices of the peace who handle cases involving violations of the traffic code now performed by the Department of Highways.

It is the consensus of the Task Force that the accounting system, administrative procedures, and methods of financing

are too cumbersome and outmoded to provide efficient and effective administrative control and fiscal management. Their modernization would be a definite step in the right direction.

Functional Task Force Report
on
Transportation and Communication

*TASK FORCE ON
TRANSPORTATION AND COMMUNICATION*

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INTRODUCTORY NOTE

The state government's wide-ranging and complex activities require millions of miles of travel annually and an endless flow of oral and written messages. Inefficiencies in the management of transportation and communication result not only in unnecessary expense but also slow down and weaken the entire administrative program.

The Task Force on Transportation and Communication made a comprehensive analysis of the problems in this administrative area. Its report included detailed suggestions for more economical and more efficient management of many state operations. Public members were especially helpful in providing data that permitted meaningful comparisons of the state's experience in this field with that of private industry.

The report explores the related subjects of the state's travel regulations and alternative programs under which employee travel might be managed. It also deals extensively with telephone, radio, mail, and other types of communications. Among its recommendations is the creation of a planning division in the Department of Administration which would develop a long-term and basic program in these fields.

REPORT OF THE TASK FORCE

The assignment of this Task Force was limited to transportation and communication, but in the course of their investigation the members concluded that many of the problems in these areas are caused by underlying conditions that affect an even wider area of administration.

I. General Observations

It appeared that the more than 30 agencies comprising the state's executive branch proceed merrily in their respective directions without adequate control and coordination of their activities and programs.

This is well illustrated by the situation which prevails in many Minnesota cities and towns. A number of state agencies have offices in the same community, but all are housed at different locations—some in state-owned premises and others in rented quarters. Each has its own telephone number and separate lines, even though the larger agencies may operate telephone switchboards.

The Task Force's field investigations revealed that some agencies have plans to build, move or expand, but that such plans are being developed without consultation with other agencies concerning common needs or programs.

Specifically, the Task Force noted:

(1) It is customary for each agency to operate independently and no criticism is made of department heads for conducting their respective businesses in this manner.

(2) An elected Governor with a relatively short term of office cannot effectively coordinate, on a long-range basis, the activities of more than 30 agencies.

(3) The performance of this function of coordination should fall within the jurisdiction of the Department of Administration.

(4) The broad authority of the Department of Administration concerning purchases, contracts, public property and administrative services appears to provide the means for making a planned program effective.

(5) Therefore, it is recommended that a planning division be established within the Department of Administration and that this division develop, on a continuing basis, a long-range program for the location of state agencies and institutions, the housing of state personnel and equipment, the planning of services required by operating departments, and adequate analysis of administrative operations.

II. Transportation

In the field of transportation, the Task Force studied the state's travel regulations, the possibilities of developing a central car pool, the use of private vehicles on state business, and present provision for meal allowances.

A. Travel Regulations

The state's travel regulations were compared with practices in industry and in other states. In evaluating travel regulations, the Task Force considered two basic factors, (1) the state's interest in accomplishing necessary travel as economically as possible and (2) the employees' rightful concern that they be reimbursed for all necessary expenses incurred in traveling on state business.

Concerning travel regulations, the Task Force recommends that the state:

(1) Eliminate special procedures and approvals required for out-of-state travel and delegate this responsibility to the various department heads.

(2) Authorize department heads to establish imprest cash funds for employee travel advances. Employees should not be expected to use their own funds or to borrow money to finance extended trips.

(3) Permit travel by air with the approval of the department head.

(4) Allow roomettes when rail travel is involved.

(5) Permit reimbursement for special expenses (not spelled out in the travel regulations) upon special approval by the department head.

(6) Eliminate the requirement that expense reimburse-

ment vouchers be acknowledged by a notary public or comparable official.

(7) Permit semimonthly reimbursement for travel expenses.

These and a number of minor changes are incorporated in a suggested set of revised travel regulations. Certain areas embraced by the regulations, which were the subject of special studies, are covered in subsequent paragraphs.

B. Pools of State-owned Cars

Examination of the operating task force reports revealed that many departments own passenger vehicles which are assigned to individuals whose duties require regular travel and that some departments (notably Highways and Conservation) maintain pools of unassigned cars available to employees whose travel is of an occasional nature. There is no state-wide pool of cars. During 1954-55, 2,726 employees traveled more than 12,000,000 miles in their personally-owned automobiles on state business, as shown in the following table:

| <i>Annual Mileage</i> | <i>No. of Employees</i> | <i>Total Miles</i> |
|-----------------------|-------------------------|--------------------|
| Under 5,000 | 1,887 | 2,148,141 |
| 5,000-9,999 | 344) | |
| 10,000-14,999 | 204) | 10,552,998 |
| 15,000-19,999 | 212) | |
| 20,000-24,999 | 62) | |
| 25,000-29,000 | 14) | |
| 30,000 and over | 3) | |
| | | 12,701,139 |

The experience of a number of business firms which operate company-owned fleets in the Twin Cities area was also reviewed. This showed considerable variation in total expense per mile, depending upon the average annual mileage

per vehicle. In general, it appeared that it is profitable for a company to operate its own cars, rather than pay a mileage allowance, if average mileage is in excess of 20,000 per year.

The data shows clearly that many state employees have occasion to travel by car on state business, and, in some cases, this may impose a hardship upon individuals who are required to use their own automobiles.

The Task Force recommends that the state:

(1) Establish a pool of approximately 50 passenger cars to be available for occasional travelers located in the Capitol area.

(2) Place management of the pool in the Department of Administration with supervision by an employee at the location where the vehicles are stored. Storage should be in a fenced lot within walking distance of the Capitol group of buildings. The pool operation could not support the construction and maintenance of garage facilities, but, if a building such as the State Office Annex at 117 University Avenue is converted to a maintenance shop to service state buildings and equipment, the car pool might be able to absorb its share of the expense. Assignment of cars should be by requisition approved by proper authority, with departments charged on a mileage basis. The attendant should take care of gas, oil and anti-freeze. Greasing, oil changes, and minor repairs should be covered on a contract basis with a local garage or filling station. Major repairs should be handled at existing state-operated shops where practical, otherwise at commercial garages.

(3) Establish, as a supplement to the travel regulations, a set of uniform policies and practices with respect to the operation, maintenance and trade-in of all state-owned passenger cars, whether assigned to individuals or operated on a pool basis.

(4) Standardize on a statewide basis forms and procedures relating to operation and maintenance of state-owned passenger cars.

(5) Eliminate the assignment of state-owned cars to low mileage users. It is more economical to pay private car mileage to these travelers.

The recommended size of the pool takes into account the

Highway Department's move to the Capitol area. Pending that move, any experiment with a pool would have to be on a relatively limited basis.

At the beginning of its study, the Task Force expected to find that establishment of a car pool would result in substantial savings. However, a realistic evaluation indicates this probably would not be the case.

If a 50-car pool were efficiently managed and not used for excessive travel within the St. Paul area, the vehicles might average 20,000 miles per year, for a total of 1,000,000 miles. At least half of this would be replacing mileage of state cars now operated on a departmental basis. Little or no saving could be anticipated with respect to this portion.

It might be assumed that the balance of 500,000 miles would replace private car mileage presently reimbursed at $7\frac{1}{2}$ cents per mile. It appears that the lowest total direct cost per mile that might be anticipated would be about 5.5 cents. (The Highway Department's experience confirms this.)

If storage and administrative expenses on a sound accounting basis are added, the total expense would probably be at least 6.5 cents. On this basis, the state might realize a saving of \$5,000 per year. If full utilization of the pool was not effected, this small profit could easily be wiped out.

Expanded pool operation might increase savings, but there are limitations. Many of the travelers are stationed at outlying locations where pool operations would not be practical, although Duluth and Minneapolis might have sufficient traveling to justify small pools. In addition, many travelers have considerable need for automobiles and pool car service might not always be available.

C. *Use of Private Automobiles on State Business*

The amount of private car mileage (approximately 12,000,000 miles per year) is extremely high. As a result, our group devoted a good deal of study to this subject. In particular, four areas were explored:

(1) *Rates in private industry.* Rather extensive studies indicate that although there is a wide variance in rates paid, the predominant allowances are from 6 to 7 cents per mile. In some cases, tolls and parking fees are also allowable. The

state's basic rate of $7\frac{1}{2}$ cents plus tolls is above the average but within the range of rates found in industry.

(2) *Comparison of private car rate with the cost of operating a fleet of state-owned cars.* Some costs of automobile operation (depreciation, insurance, license and some items of maintenance) are relatively fixed. Under present conditions these items are quite substantial. Therefore, the total cost per mile varies considerably with the annual mileage per vehicle. It would be safe to conclude, however, that automobiles driven over 20,000 miles per year under normal conditions can be operated for less than $7\frac{1}{2}$ cents per mile. With efficient operation and a substantial fleet, it might be possible to improve on the $7\frac{1}{2}$ -cent rate at 15,000 miles and above annually.

(3) *Personal use of state-owned cars.* Under present regulations employees are not permitted any personal use of state-owned passenger cars. This fact, combined with the statutory requirement that state-owned cars, other than those used in law enforcement, must be marked (in large letters), causes resistance to their use on the part of many employees. In the first place, their after-working-hours recreation is restricted when they are away from home on business. Secondly, when they work late or attend evening meetings, their apparent improper use of state property is reported by zealous taxpayers.

In some cases, employees who are in rather constant travel status may be almost forced to own a personal automobile which they have little opportunity to use and which, therefore, proves quite costly. It was noted that some companies permit the personal use of fleet cars. In some cases, the individual reimburses the company at the rate allowed for company use of personal cars.

(4) *Use of rented or leased vehicles.* Operators of two leased services explained their systems to the Task Force. They were not in a position to submit bids without complete information, but it appeared that, for cars driven 20,000 miles or more per year, their charges would approximate 5 cents per mile on the lowest-priced cars. In addition, the state would pay for gasoline, oil added between changes and some insurance coverage. This would bring the total cost to about 7 cents per mile. With lower annual mileage, the cost per mile would be considerably higher.

The Task Force's conclusions and recommendations with respect to car pools include:

(1) The nature of the state's business requires extensive travel by automobile. Notable examples are the Departments of Highways and Conservation. Public transportation would not meet the requirements of these and other state groups.

(2) Common carrier (rail and air) should be used wherever adequate service is available.

(3) The present rate of $7\frac{1}{2}$ cents per mile paid to state employees for the use of privately-owned cars is adequate, but probably not excessive. The Task Force gave serious consideration to recommending a 1-cent reduction, but finally concluded to recommend no change.

(4) For the vast majority who use their own cars on state business, the present arrangement appears to be equitable to both the state and the employee. The state could not provide cars for the low-mileage drivers at a lower cost than the present reimbursement rate. On the other hand, almost everyone owns a car these days. The person who drives occasionally on state business probably pays about $3\frac{1}{2}$ cents per mile for gasoline, oil, and other expenses which vary with the miles traveled. His reimbursement gives him about 4 cents per mile to be applied against his fixed costs. In this connection, there appears to be little or no evidence that employees object to using their cars on state business at the present rate.

(5) State-owned or leased vehicles should be supplied to the high mileage travelers, particularly those driving in excess of 20,000 miles per year. We feel that in these cases, the state can effect savings by so doing. However, if this recommendation is followed, we further suggest:

(a) That employees using state cars be permitted to use them for personal driving on a basis that adequately compensates the state for such mileage. Incidentally, this is one area in which the use of leased cars might be profitable. The combined business and personal mileage could well bring the total into the bracket in which such an arrangement could be mutually advantageous to the state and the employee. We understand that there are some legal and insurance problems involved in such an arrangement, but presume they could be solved.

(b) That, in proper cases, laws and regulations pertain-

ing to marking of vehicles and the use of tax-exempt license plates be relaxed.

(6) Each department head should give closer supervision to the approval and expenditure of travel funds.

(7) The Department of Administration should study the assignments made of state-owned cars to individuals to ascertain their use and need.

D. Meal Allowances

Maximum allowances, as set forth in the travel regulations, were compared to those in industry and other mid-western states, and the following conclusions and recommendations offered:

(1) In general, the present maximums appear adequate.

(2) There are special circumstances under which these allowances may not be sufficient. The provision for special expenses in the Task Force's proposed revision of the travel regulations should remedy this problem.

(3) Some of the Task Force members felt that no meals should be permitted at state expense on a one-day trip which starts after breakfast and is completed by dinner time in the evening. (Present regulations permit charging for the noon meal if outside of headquarters location.) The Task Force was unable to agree on this point and no recommendation for change is made.

III. Communications

Communications activities studied included the central direction of all communications and the specific areas of telephone, telegraph, teletypewriter, radio, mail and messenger service.

The Task Force had very meager information concerning these activities, because the operating task forces did not provide data concerning them since such information was not requested in the work manual. It was necessary, therefore to obtain the necessary information. This was accomplished largely through one field trip and by sending questionnaires to all the departments. As time went on, it became apparent that there is need to improve the communication operations of the state government.

A. Central Direction

The Task Force found that communication matters are generally planned and managed on an individual departmental basis, which, in some instances, has resulted in duplication of effort, overlap of services and excessive facilities.

The Task Force concluded that a central authority is required to manage adequately all phases of communication to provide such benefits as engineering for system surveys and acquisition of equipment, centralization of systems in the state Capitol area as well as field offices, closer supervision of expenditures including tolls, and the development of plans which will include the integration of communication requisites of all state agencies, insofar as feasible, into a more economical operation through common usage of facilities.

The Task Force recommends that a Division of Communication be established within a central agency responsible for all phases of communications and that the Governor appoint a communication's committee to prepare legislation covering the plan of organization and the scope of work of this division for the coming legislative session.

B. Telephone

(1) *Change in Stillwater Service.* A study was made of the telephone system at the Stillwater Prison which resulted in a change being made prior to the publication of this report, namely that a foreign exchange line be installed between Stillwater and the Capitol switchboard to provide better service and effect savings in toll charges.

(2) *Capitol Tie-in With Minneapolis.* The Task Force found that the Capitol switchboard has no tie-in with Anoka and surrounding communities, which necessitated toll calls to these points. Upon the Task Force's recommendation the Capitol switchboard is now tied in with the Federal exchange in Minneapolis, thus eliminating toll calls and saving operator and trunk line time.

(3) *Duluth Dial System.* The Task Force met in Duluth to review material prepared by the telephone company concerning consolidation of telephone facilities of state agencies. It was found that savings can be realized by consolida-

tion of facilities into one switchboard, which would also result in better service.

The Task Force recommends that a centralized dial system be installed to consolidate most state agencies in Duluth into one central switchboard. This will effect a saving of approximately \$59 per month, requiring less operator time and providing better service to the public.

(4) *Additional Capitol Lines.* Comprehensive traffic studies made by the telephone company indicate the need for one additional operator on the board and eight additional incoming trunk lines. The additional operator should be hired and the additional lines installed.

(5) *"Sattelite" Switchboards.* The Insurance Division and the Adjutant General have sattelite switchboards to handle their calls. These switchboards should be eliminated and the service should be established on the same basis as in other departments. This would provide better service for less money.

(6) *Central Monthly Billing.* The state requires the telephone company to prepare 97 bills each month for the various departments serviced in the Capitol group area. This means 97 state warrants have to be drawn each month, which is costly and unnecessary. The state should accept one bill for telephone service rendered in the Capitol group area. This can be accomplished by transferring such funds from the departments involved to the Department of Administration and making that department responsible for paying the monthly bill. Savings resulting from the change from mileage charges to carrying charges under this arrangement will amount to from \$5,000 to \$6,000 annually.

(7) *Minneapolis Switchboard.* A special survey by the telephone company of state offices located in Minneapolis revealed that more than 30 separate telephone installations now serve agencies located in the city. It is confusing to the public in placing calls and is more costly to maintain than a single system. A central switchboard should be established in Minneapolis in one of the state agencies' offices. This would provide a higher grade of service and effect annual savings of \$1,680.00

(8) *Improvement in Local Service.* Information developed from questionnaires sent to state offices in eight commu-

nities revealed many ways in which local systems can be improved. Of a minor nature, they are being studied by the local telephone companies. They deal mainly with dial conversions. A central location of all state offices now maintained in the same community would effect savings in telephone costs. Common channels between such cities and the Capitol in St. Paul would make possible a lower toll rate.

C. *Teletypewriter Network*

The Task Force visited several highway district maintenance offices. Maintenance engineers reported that improvement in radio and wire service was desirable, pointing out that maintenance division trucks, having no radio equipment, are handicapped in operations during adverse weather. The district engineer must report daily to the central office on road conditions in his district. This is generally accomplished by phone after data is gathered from the field crews. Under this arrangement, the central office must wait until all 16 district engineers have phoned their reports before a full report of road conditions throughout the state has been obtained.

The Task Force recommends that the Department of Highways extend the private line teletypewriter network that now connects St. Paul, Rochester, and Brainerd. While entailing additional costs, the extension of the network will greatly improve the means by which the central office is kept advised of weather and road conditions throughout the state. The extension would supplement existing radio facilities and reduce mail costs.

D. *Central Mailing*

At the request of the Task Force, a special three-man committee made up of experts from private industry made a personal survey of mailing operations in the Capitol group area. The committee found that the large volume of state mail requires a more centralized system similar to what is usually found in industry, but noted that this cannot be fully accomplished until completion of the new Highway Office building and the new State Office building. It was also noted that the present accounting system for determining mail costs

is too cumbersome and that there is duplication of effort in messenger service.

The Task Force recommends a central mailing system be established upon completion of the new buildings and that the present mailing system be streamlined by elimination of individual department postage accounts, better policing of mail and improvement in messenger service.

E. Radio

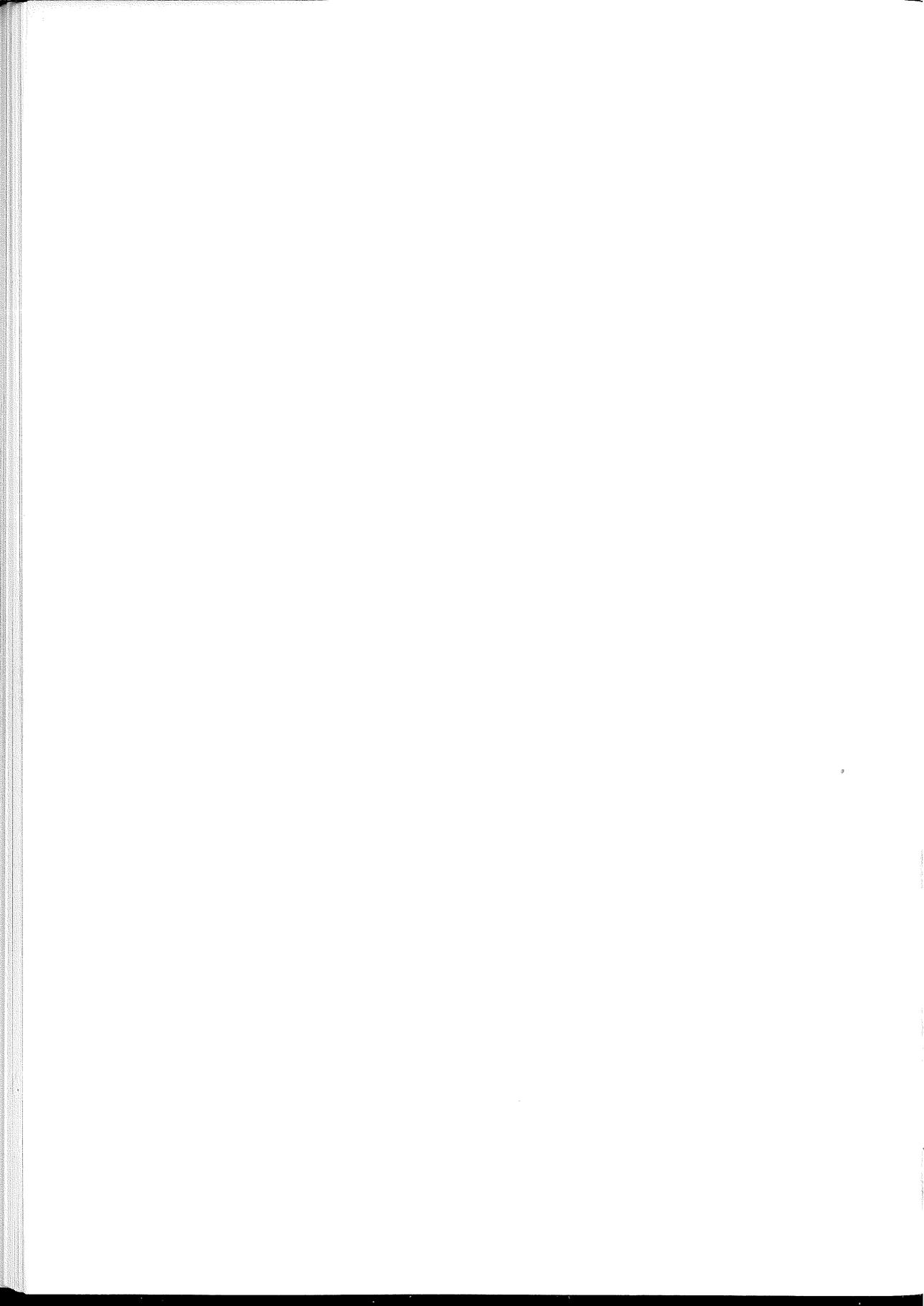
The Task Force named a special committee to study radio operations in state agencies. The committee made an inventory of present radio equipment, noting how it is used and maintained and indicating additional equipment needs for the future.

The use of radio in state activities is certain to increase. Heretofore radio has been installed on a departmental basis and has done an excellent job for the particular department. The Task Force field study shows the need to expand the Department of Highways' radio system and to provide such facilities to the Maintenance Division. The Lands and Minerals Division in the Department of Conservation has need for a radio system as an aid to mining engineers in their inspection work.

The Task Force recommends that a more detailed study be made of the radio needs of the various departments by the proposed new Division of Communication. Such a study should aim at a program that will place all planning and maintenance on a statewide basis and that will eliminate duplication of coverage, service and operation. Careful study of radio equipment purchases by qualified technicians should also be undertaken by the proposed division.

The Task Force also recommends immediate approval of the purchase of radio equipment for the Highway Maintenance Division and that plans be undertaken to integrate all state radio systems, insofar as feasible, into one network.

The Task Force also recommends expansion of the Conservation Department network to provide radio equipment for the Lands and Minerals Division.



Functional Task Force Report
on
Physical Plant

TASK FORCE ON PHYSICAL PLANT

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INTRODUCTORY NOTE

One of the state's most urgent administrative problems is the acute shortage of space in the Capitol area. Completion of the new highway office building, which is now under construction, and of the new state office building, which is in the planning stage, will alleviate this problem during the next two years, but, meanwhile, the space shortage greatly hampers the operations of many agencies.

Physical plant problems are not limited to the space shortage. Deficiencies in lighting, ventilation, elevator service, and parking space also require much attention, both in the Capitol area and in the state's many installations in all parts of the state.

The state has failed to make adequate provision for maintenance of its physical properties, with the result that it now faces the necessity of undertaking a huge backlog of repairs and improvements if serious deterioration in the physical plant is to be prevented. Special attention is being given this matter by the Legislative Interim Commission to Study State Building Needs, which will submit a long-term building program to the 1957 session.

The Task Force on Physical Plant limited its study to the Capitol group of buildings and its report details the specific needs of the several structures in this area.

REPORT OF THE TASK FORCE

The Functional Task Force on Physical Plant reviewed the findings of the operating task forces and personally inspected the facilities covered in the report. Because of limited time, the Task Force restricted its study to the Capitol group of buildings but recognized an urgent need to extend the study to include the state's entire physical plant.

Since new construction is under way in the Capitol area, the Task Force assumed that many departments will be re-located. It, therefore, focused its attention on the buildings in the area rather than on the needs of individual departments in their present locations.

The Capitol area analysis does not cover the numerous installations in all parts of the state, such as the many welfare institutions, the offices, laboratories, and maintenance shops of the Departments of Highways, Conservation, and Agriculture, the Department of Health on the University of Minnesota campus, and state offices located in Duluth and Minneapolis where consolidation in one central state-owned building would provide more efficient service and considerable savings.

Adequate physical working conditions are important factors in the operation of a successful office. Environment should be as pleasant, comfortable, and conducive to good work habits as it is possible to supply at reasonable and proper cost. In evaluating present physical working conditions, the Task Force considered the related matters of adequate working space, sufficient and proper lighting, satisfactory heating, ventilating and air conditioning, and noise control.

I. State Office Building

When the two new office buildings in the capitol perimeter are completed, present space assignments of particular departments will change considerably. The Task Force, therefore, concerned itself with recommendations for generally improving use of the present structure.

A. *Lighting Substandard*

In the general working areas lighting was found to be far below generally accepted standards. The Task Force recom-

mends that qualified engineers prepare drawings and cost estimates to bring lighting up to accepted standards uniformly throughout the building. This should be undertaken in sufficient time so that the needed work will coincide with construction of the new office buildings and new assignments of office space.

B. *Adequate Fire Exits Needed*

Adequate fire exits that meet the standards of the fire underwriters and the State Fire Marshal should be provided the State Office building. This should be undertaken at the same time as other alterations. Adequate coat-hanging facilities and adequate womens' lounge areas should also be provided.

C. *Air Conditioning Favored*

Air conditioning and proper ventilation should be carefully considered as part of a project of rehabilitating the building. If found economically feasible, air conditioning should be planned after careful analysis by qualified engineers.

The new office buildings now in progress will have proper air conditioning, providing proper control over atmospheric conditions. This will improve employees' comfort and efficiency. Failure to provide similar conditions for employees in the existing office building might create a serious morale problem.

D. *Partitions Should be Movable*

Partition walls should be cut to a minimum. Whenever used, they should be the movable type simplified and standardized.

E. *Elevator Survey Needed*

A survey should be undertaken of the elevators in relation to future occupancy of the building. Installation of automatic traffic pattern controls should be part of such survey.

II. Capitol Building

When the new office buildings are completed and occupancy determined, a new plan for permanent use of the Capitol building should be undertaken limiting occupancy to the Legislature and its committees, the Supreme Court and the constitutional officers. Such limited use would restore the monumental character of the Capitol. Architects and engineers should be engaged to develop plans and cost estimates to adapt the building to this usage. The plans should cover:

- (1) Rewiring and relighting.
- (2) Improvement of the air conditioning system to provide local controls for legislative chambers and other areas.
- (3) Lavatory exhaust fans.
- (4) Adequate restaurant facilities.
- (5) An elevator for legislators.
- (6) New deck on the roof of the north wing.
- (7) Caulking and pointing the dome.
- (8) New cement insulated decks on the west, northwest and north terraces.
- (9) Restoring the murals, military flags and Governors' pictures.
- (10) Cleaning and redecorating over east and west stairs.

III. State Office Building Annex

This building located at 117 University Avenue, which now houses the Department of Public Welfare, should be continued as presently utilized until new office space is made available. The building should then be remodeled for record storage, such remodeling to include repairs to the exterior walls, roof parapets, installation of intermediate floors, and air conditioning.

IV. Historical Society Building

Architects and engineers should be engaged to develop plans and cost estimates for rehabilitation needed for continued usage of the building.

The plans should cover:

- (1) Replacement of two elevators.
- (2) Improvement of lighting.
- (3) An air conditioning system to replace the present ventilation system and the sealing of windows in the stack rooms.
- (4) Finishing of stack room in southwest terrace.

V. Security Protection

The Task Force believes that it should be specially noted that, with completion of the office buildings, the state will have an investment of \$25,000,000 in the Capitol area and that maintenance of this enlarged and beautified plant requires adequate security. The Task Force, therefore, recommends that the state and local officials cooperatively develop a security protection plan for the Capitol area.

VI. Parking

There is at present an estimated shortage of 1,200 to 1,500 parking spaces in the Capitol area. This does include the new Highway building but not the new State Office building. With construction of the intercity highway, the Capitol area will become more accessible to both visitors and persons conducting state business, resulting in still more pressure for parking space.

The Task Force, therefore, recommends that the critical shortage of adequate parking space receive serious consideration and that the necessary long-range off-street parking facilities for the public, legislators and employees be undertaken immediately as part of the current building program.

VII. Standardization of Equipment

The Task Force carefully reviewed the laws and procedures relating to the Division of Purchasing in the Department of Administration. Nothing in the statutes prevents buying under specifications that achieves uniformity and standardization.

The Task Force recommends that a permanent committee of not less than three be established as a part of the Division of Purchases to devote full time to standardization of all state equipment. The committee shall be permitted to engage the services of specialists in various fields in order to determine proper specifications for standardization and uniformity of equipment in both purchase and maintenance.

VIII. Maintenance Program

In the interests of an effective and efficient maintenance, the Task Force recommends that a study be undertaken to determine the feasibility of establishing a preventive maintenance program for equipment in the Division of Public Property in the Department of Administration. The program should include a single building to house the division's maintenance equipment, shops, and personnel. The area immediately east of the Capitol power plant should be given first consideration for the location of this building.

Functional Task Force Report
on
Research, Reports, and Public Information

*TASK FORCE ON RESEARCH,
REPORTS, AND PUBLIC INFORMATION*

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INTRODUCTORY NOTE

Quick access to accurate information is indispensable in government. Agencies cannot perform their work without a free and rapid flow of basic data, and services become inoperative if the public is not informed about them. The extent to which information is effectively gathered, evaluated, interpreted, and disseminated determines not only how widely and how well the activities of government will be understood; it also determines how well they will be planned. Information is, in short, a two-way street.

Unfortunately, this is an area of administration that has had only limited attention in Minnesota. The pressure of day-to-day operations, in the face of limited funds, frequently smother's efforts to develop programs of research and planning. Activities in this area demand an unusual degree of originality and managerial ability, and these require time and high-grade personnel.

A number of recommendations in these related fields are offered in the report of the Task Force on Research, Reports, and Public Information. It urges the recognition of the fact that the state can profit by the use of trained personnel in these fields and by establishing specialized agencies, such as a council of economic advisers and a statistical standards unit, that will improve collection and interpretation of available data.

REPORT OF THE TASK FORCE

The Task Force on Research, Reports, and Public Information evaluated the processes of research and planning within state departments, including the function of providing information to the public. It also reviewed the process of communication among departments and between state departments and the general public.

These processes are of fundamental importance, because the quality of service of state agencies is largely determined by the information at their disposal and the legislature is greatly dependent upon research and survey work done by the departments. Important sections of private business in the state and much public and private planning find such information indispensable.

The Task Force did not have the scope of information concerning research, planning, and communications that would have been desirable. The reports of the Self-Survey operating task forces were inadequate in this respect and time did not permit the making of additional inquiries. What is said in this report will indicate the nature of such inquiries, were they to be made, as it is the consensus of this Task Force that research, planning, and communications deserve continuing study and that the business of the state and the service of government to the people will be greatly enhanced thereby.

I. Developments in Research and Planning

A. *Trend Toward Specialized Staff*

Until recently administrative planning was one of the many duties of top level management. At present, however, there is a trend toward recognizing the need for continuing management and organizational research and analysis and toward creating, within departments of government, staff units charged entirely with this function.

An outstanding example is to be found in the state of New York where a very active administrative planning program has been under way for 20 years. At the present time, 16 agencies of state government in that state have administra-

tive planning units. These units maintain a continuous review of the agencies' organizational structures, policies, operating procedures, management reports, and forms, as well as identify and assist in the solution of problems in these and related areas.

It is our feeling that the concept of administrative planning implies a continual looking forward to the development of improved patterns of organization and performance, methods, procedures, and reporting, which should lead to improved efficiency and a higher degree of overall prudent use of resources.

B. Recommendations

1. *Sufficient Staff for Commissioner of Administration.* The Task Force found that in Minnesota the function of overall administrative planning in state government is concentrated largely in the office of the Commissioner of Administration as the management arm of the executive department. It is necessary that this office have sufficient specialized staff personnel assigned to perform and coordinate this function.

2. *Implementation by Departments.* Responsibility for the implementation of administrative planning in the various state agencies is the duty of the respective department or agency head.

3. *Specialized Departmental Personnel.* In the major state departments, there is need for sufficient specialized staff personnel to conduct the research needed for administrative planning, subject to the overall direction of the department head and to the review and approval of the Commissioner of Administration.

4. *Service for Smaller Agencies.* There is equal need to gather, correlate, and make available information for administrative planning in smaller departments and agencies; however, the work entailed in each may not be great enough to justify full-time, specialized personnel for this function. In such cases, the Commissioner of Administration should be responsible for providing these services.

The Task Force found that valuable progress in the direction of administrative planning has been made in a few of the larger departments of state government. Those depart-

ments which have assigned specialized personnel to this function have felt that the efforts in this direction have paid off through economies in expenditure and in more effective utilization of available manpower. Some of them should expand further their efforts in continuing research and administrative planning.

However, in most departments little or no concentrated attention has been given to organizational streamlining, realignment of duties, clarifying of management responsibility, or the assignment of specialized staff members to this particular function.

II. Economic Research and Appraisal

A. Use of Research Data

A great deal of statistical material is available in the various state departments. In some cases the material is not developed on a formal basis and in many instances the raw data are not, and can not be, properly analyzed and interpreted. This may be due to inadequate staff, to obsolete equipment, or lack of full appreciation of the value of the data. There is very little opportunity for precise appraisal of the available data and their usefulness.

The public should not be asked to supply information which is not needed or is not useful.

The persons responsible for the development of research and information, however, need some guidance on the scope of the informational program required for effective administration.

B. Recommendations

It is recommended, therefore, that two new units be established in the proper agency of state government to facilitate the development and full use of economic data.

1. *Council of Economic Advisers.* This group would coordinate a program devoted to economic outlook and appraisal. It is important to look ahead and to make plans for the future. It is also important to appraise current developments and their meaning to existing plans and programs.

It is recommended that a start on formation of such a group be limited to state employees. Outside help can be solicited as needed at a later time.

2. *Statistical Standards Unit.* The functions of such a unit would include: (a) Work with departments to eliminate unneeded overlap and duplication in research and reporting programs, (b) appraisal of the personnel, facilities, equipment, and materials available in the departments for statistical work so as to insure maximum utilization at a minimum cost, (c) promotion of the interchange of ideas and techniques between research and reporting personnel in state service, and (d) promotion of the development of information needed by legislative and administration policy makers.

III. State Printing and Publications

A. *Reporting Vital to the Public*

State publications include reports, magazines, pamphlets, leaflets, posters, mimeographed sheets, newsletters, and many other published materials. The purpose and requirements of each vary greatly and no single control formula seems applicable. Publications are justified on the basis of the right of the people to know about their government. Reports of progress sometimes are as necessary a part of the job of government as acts of government itself.

Basic to state publication policy is the desire to inform the citizen about his government and about general business and social conditions. Publication of factual material serving these purposes is recognized as a principle of sound administration. In the preparation of such materials there is no substitute for work of professional quality. Propaganda, in the popular sense, has no place in a state publication. The ruling policy should be validity of information.

Certain advantages are claimed for the idea of a central publications unit to prepare all state publications, but the Task Force did not have enough information on the subject to make a comprehensive recommendation at this time. One of its recommendations, if adopted, will give the Commissioner of Administration an opportunity for a start in this direction and encourage him to make a further study of the proposal.

There was considerable discussion by the committee as to the relative virtues of publications issued free to the public (that is, paid for wholly by department funds) and those for which a charge is made to the public, either directly or through fees collected for state services or licenses. More information is needed about the appropriateness, in representative instances, of free, fee, and paid distribution policies for publications.

B. *Standardized Format Desirable*

It would be desirable to standardize state reports from the standpoint of format, size, and makeup. Unnecessary reports should be identified and discontinued and format should be studied with a view to keeping costs to a minimum consistent with attractiveness and readability. We do not have evidence to show that distribution of state reports is planned for the best advantage of the state government and the people. We suggest that evidence be required in appropriate instances so as to make all departments aware of the possibilities of more effective distribution.

There is need to classify publications so that reasonable standards of production for each category can be established. Several state departments lack personnel qualified to edit and plan publications or conduct research projects needed in overall planning. Assistance should be provided for these departments as needed from qualified personnel in the Department of Administration. The very diversity of state publications as to subject matter, standards of format, and specifications for printing appears to call for recommendations, both administrative and legislative, on all matters pertaining to state publications.

C. *Recommendations*

1. *Technically Trained Personnel.* The staff of the Commissioner of Administration should be enlarged to include technically trained personnel that would advise and assist the departments with their printing and publications with a view to making research and publications of maximum usefulness to the public and to policymakers in state and local government.

2. *Standardized Formats.* State printing and certain state publications should be standardized with reference to format, size, and general makeup.

3. *Review of Requirements.* Legislation should be prepared to call for a review and revision of the present requirements for state reports and publications.

4. *Uniform Distribution Policy.* A uniform policy should be established with reference to classification of publications to be distributed free and for which a charge is to be made.

IV. Dissemination of Public Information

One of the most significant factors in maintaining the democratic form of government in this country is informing the public, without bias or prejudice, of what is going on in government. The public has a right to know everything that goes on concerning their government, and this information can best be given to them by a "free press"—the term including daily newspapers, weekly newspapers, radio, and television.

A. Cooperation With Press Essential

For a free press to function properly it must have the cooperation and aid of state government officials and employees at all times. The press, as representatives of the public, must have the freedom to inspect public records and to obtain information on the significant developments in government.

A subcommittee of this Task Force held a public hearing July 24 open to representatives of the press, radio and television, department heads, and state informational representatives employed by several state departments. In the opinion of press representatives present, it appears that the Departments of Conservation, Highways, and Employment Security are offering acceptable service, through their information specialists, for help in the dissemination of routine news and for aid in obtaining information on more significant news stories.

However, press representatives are concerned with the effect that too much reliance by departments on their informational specialists to the exclusion of full cooperation with any reporter will have on the public's right to know the news—good or bad.

B. Central Agency May Be Detriment

Department heads should be willing at all times to give to the press full information about the operation of their departments. Any trend toward disseminating the bulk of state government news through a central public information office is considered by the daily press to be a detriment to the public's right to know, if such practices tend to infringe on a reporter's right to gather stories on his own initiative. The committee did not have an opportunity to discuss fully the general subject of a central public information office and is therefore unable to make a recommendation in this area.

C. Recommendations and Observations

The committee, however, makes the following observations and recommendations:

1. *Full Reporting A Duty.* Every department head should be cognizant of a duty, as a public official, to report the activities of his department to the public at all times.

2. *Authorized Press Officer Needed.* Department heads should authorize at least one employee in each department or section to release all but top-policy information to the press. (In this recommendation a department head is defined as a responsible administrative official in charge of a department, bureau, division, or similar administrative unit.)

3. *Press Officer Should Be Available.* At least one official in each department should always be available and authorized to answer policy questions from newsmen.

4. *Simultaneous Release Favored.* Every department, where possible, should make arrangement for simultaneous release of routine reports and information.

5. *Contact Man With Weeklies.* Weekly papers would appreciate having each department designate someone as contact man with the weeklies for "local-interest" stories.

6. *Weeklies Oppose Sunday Release.* Weekly editors frown on the practice of some departments in sending out material for Sunday release, shutting out the small dailies which have no Sunday editions and minimizing possible coverage from the weeklies. They state that a weekday release would provide statewide coverage and greater circulation.

7. *Statewide Service Available.* The Minnesota Edito-

rial Association press release service provides a medium for statewide coverage, particularly for those departments not having an information setup.

8. *Radio and Television Interested.* Radio and television stations provide an excellent medium for dissemination of information and, besides desiring regular news and periodic releases, also are interested in special shows and public service presentations which provide departments with opportunity to promote special programs. All radio stations in the state are interested in short (5 to 15-minute) tape recordings.

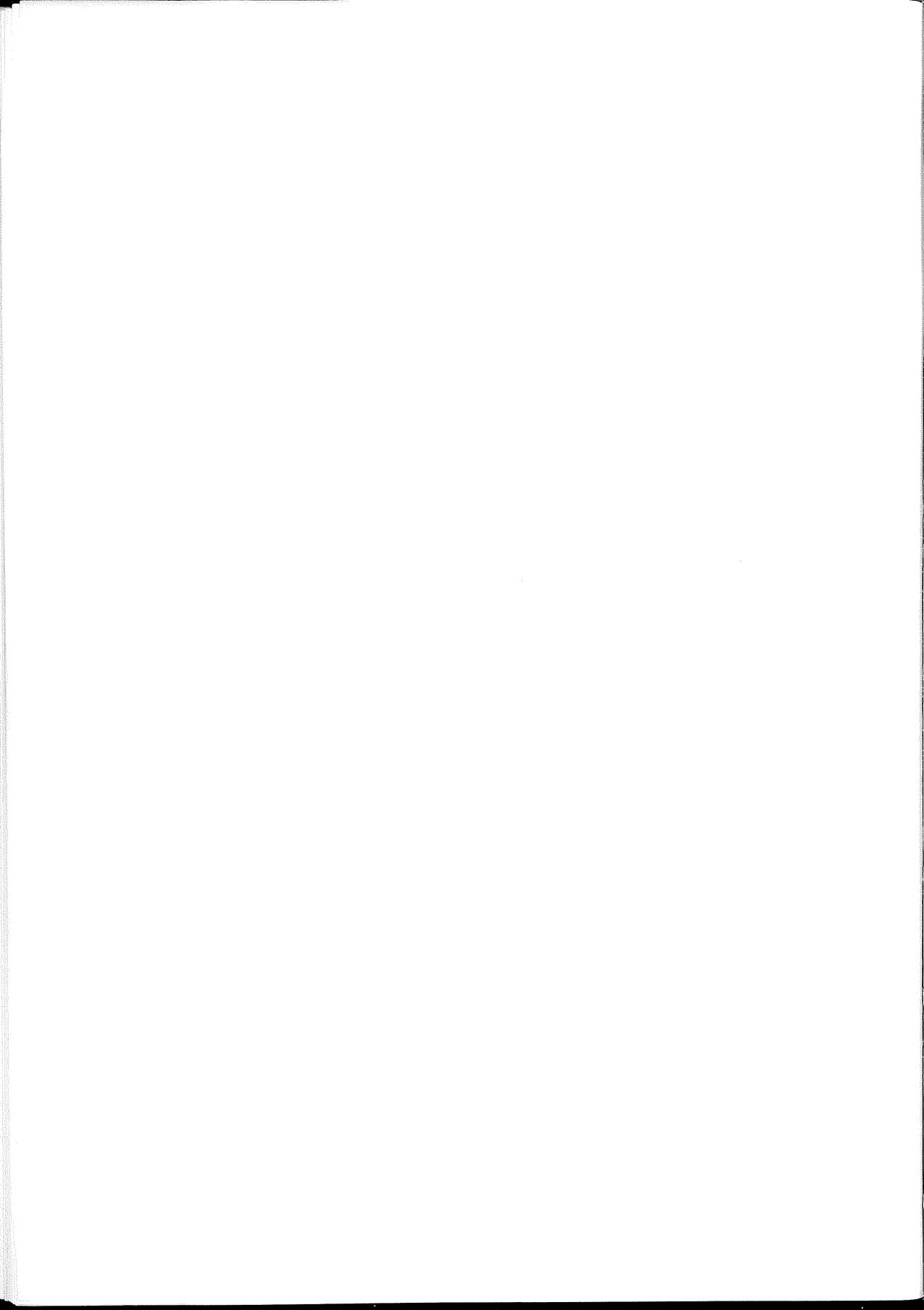
D. Specific Improvements Urged

In the context of relationships of state departments with the mass media of information, therefore, the Task Force makes three recommendations.

1. *Revise Publicity Prohibition Law.* Sec. 54, Chapter 856, Laws of Minnesota, 1955, concerning the employment of publicity representatives should be reexamined. It is not clear that the statute was designed to prevent all except specially designated departments from gathering and disseminating information useful to the public. In fact, it may have been aimed only at discouraging the systematic use of publicity agents in activities not useful to the public.

2. *Prepare Information Manual.* A "Manual of Recommended Public Information Procedures" for use by state departments should be prepared by a committee to be organized by the Commissioner of Administration with the assistance of an advisory committee including representatives of the working press.

3. *Meetings of Information Officers.* The Commissioner of Administration, in order to provide better coordination of public information activities, should arrange regular group meetings of at least one person from each department to deal with the subject of reports, research, statistics, and informational work so as to promote the consideration of mutual problems and to improve services to the public.



Functional Task Force Report
on
Overall Structure

TASK FORCE ON OVERALL STRUCTURE

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INTRODUCTORY NOTE

Minnesota state government is made up of six agencies headed by elected officials, 21 headed by an appointed administrator, 18 headed by boards or commissions, and a miscellaneous group of 27 with varying types of top authority. In addition there are 19 examining and licensing boards and 14 semi-state agencies. In all, there are 105 separate units.

The vast array of independent agencies diffuses administrative authority and creates much complexity and confusion. The need to reduce the number of agencies by consolidating them into a limited number of major departments has been long recognized and supported by many surveys. Governor Freeman, in a special message to the 1955 legislative session, proposed a basic reorganization of the state's governmental structure. A substantial portion of the Governor's proposal was adopted but the act was unfortunately invalidated because of a clerical error in its engrossment.

The Task Force on Overall Structure has surveyed the needs here again. Its findings are in general similar to those of Governor Freeman. It goes further, however, recommending an even more sweeping reorganization, including constitutional amendments to abolish a number of elective positions.

In receiving the report, Governor Freeman made it clear that he was not endorsing the recommendations made by the Task Force. He said he would submit another proposal to the 1957 session but that its exact provisions were yet to be determined.

REPORT OF THE TASK FORCE

The Task Force on Overall Structure has set forth an organizational arrangement for Minnesota state government that will permit the executive branch to operate with maximum efficiency and that will enable the Legislature to assure itself that the executive branch carries out the intent of legislation. The Task Force confined its attention to overall structure and did not review intradepartmental organization.

The group accepted its assignment with the understanding that it would have a free hand to make any recommendations it saw fit, with no boundaries or exceptions. Every effort was made to view the project from the long-run best interests of the state as a whole.

In the course of its study, the Task Force analyzed the relevant materials gathered by the operating task forces. Other reports, in particular the 1950 Report of the Minnesota Efficiency in Government Commission and Governor Freeman's Special Message to the 1955 Legislature on Governmental Reorganization, were reviewed. The committee evaluated these materials in the light of accepted organization principles. Most of its recommended changes can be accomplished by legislative action. Others, principally those relating to elected officials, require constitutional amendment.

1. Background Considerations

A. Improvement Long Needed

Need for improvement in organization of the Minnesota state government has been recognized for a long time by many people. In 1939, progressive action was taken with passage of the Reorganization Act and the Civil Service Act. The importance of these two steps cannot be overestimated. Adequate financial controls were established and the spoils system was eliminated.

There was, however, another major need recognized at that time, namely, reorganization of the entire structure of state government. It is significant that the Reorganization bill as originally introduced in 1939 was basically similar to the

Report of the Minnesota Efficiency in Government Commission and to Governor Freeman's Special Message to the 1955 Legislature. *Many of the organization problems we face today would not exist if the 1939 Reorganization act had passed in its original form.*

B. Agencies Increasing

In the 17 years since 1939 the number of agencies in the executive branch has increased, making the situation more acute. Although there has been one major reorganization accomplished (integration of the Divisions of Social Welfare and Institutions into the Department of Public Welfare), there has been a general tendency in the other direction. New independent agencies have been established by the Legislature adding to the heavy burden on the Governor and to the complexity of the structure.

Legislative committees and individual legislators have been fully aware of the situation. For example, an interim committee of the Legislature made the following comment:

"Too many governmental agencies have been created in Minnesota, many without serious thought given to the problem of organization. The Governor, being the political leader of his party, the ceremonial head of the government, as well as the chief executive, rarely finds enough hours in a day to give consideration to the multitude of problems presented to him by these agencies. . . .

"A state government the size of Minnesota needs only a limited number of major departments. Too many agencies hamper administrative control, impair efficiency of service to the public, and create duplication of plant, equipment and effort, and consequently waste of taxpayers' money. A remedy for this problem is consolidation of all related activities in a few major departments."

C. Structure Has Deteriorated

In short, the organization structure of the state govern-

ment, rather than getting better, has actually been deteriorating since 1939. To date there is little to show for the thousands of hours devoted to these matters by members of the legislative and executive branches, hundreds of highly qualified citizens and leading consulting firms.

The need for improvement grows daily. The size and complexity increases with each session of the Legislature, and the state government becomes increasingly important to each of us. Like any large organization it can be effectively and efficiently administered only when it is properly organized. State government in Minnesota is big business and important business.

D. Standards for Organization Appraisal

Without some set of standards it is difficult to appraise the present form of such government or judge the merits of any legislation proposing reorganization.

Fortunately, however, a body of administrative and organization principles and standards of operation have been developed for state government. They are the results of a quarter-century of surveys and studies by administrators, consultants and legislators. They are well established and accepted by those interested in improving the quality of governmental services. They bolster the two central pillars of strong democratic government, administrative responsibility and political accountability.

The principles outlined below follow quite closely successful practices in industry, church, labor, farm, military and voluntary organizations.

1. *Executive Authority.* Authority resting with the executive branch of government should be vested in the Governor so that he may have the unity of command essential to planning, directing, controlling and coordinating all activities of state government. A multi-headed executive branch runs counter to common sense and experience, as do administrative boards. Furthermore, if the citizens and the Legislature are to be fair to a Governor in holding him responsible for properly administering the laws of the state, he must have authority to appoint and remove his immediate subordinates. All other employees, however, should be in the classified service of the state, subject to dismissal only for cause.

2. *Coordination.* Effective administration of the many and varied affairs of the state requires appropriate machinery for coordination. State activities should be functionally grouped in a few departments so as to permit a department head to direct the total state program in one functional area such as welfare, agriculture, revenue, conservation. In addition, organization on this basis gives a Governor an opportunity to direct administrative activity and to develop program integration through a cabinet of manageable size.

3. *Central Staff Services.* As the essential element in improving administrative management, a Governor must have a strong central staff agency. This agency should provide essential services and control data. Fiscal techniques include budgeting, pre-auditing, and accounting and combine to provide basic control data for top management. Of equal importance to a chief executive is personnel. He must have a staff agency to provide a positive and effective program of personnel administration. Other staff functions should be organized centrally for the principal purpose of economy, in such matters, for example, as purchasing and central stores.

4. *Boards and Commissions.* Boards and commissions should generally be eliminated as administrative agencies. They diffuse responsibility and are generally slow and indecisive in action and timid in executing their responsibility. They were often set up to counterbalance the spoils system which has been eliminated in Minnesota.

Where performing a quasi-legislative or quasi-judicial function, however, a board or commission is quite essential and should be retained. They should be placed in departments for housekeeping purposes, but members should be appointed by the Governor for overlapping terms and not responsible to the department head.

Advisory boards are desirable in many cases provided they are established with a clear understanding that they are without authority.

5. *Post-Audit.* The preceding four principles give a Governor the tools he needs to do an effective job of administering state government. The Legislature, on the other hand, must be assured that the executive branch is doing what the Legislature has directed be done. Therefore, the Legislature must have as part of its own machinery a strong post-audit

group to perform financial, program, and management audits.

E. Effect of the Electronic Age

To a degree paralleled in private industry only by financial institutions, government is a "paperwork factory." The impact of electronic data processing equipment on clerical operations will soon become a significant factor in governmental organization. Centralization of many facilitative operations will be forced in the interests of economy. More important, however, giant computers and auxiliary equipment will provide vastly improved and fully adequate control information for all levels of management and for the Legislature.

II. Suggestions for Progress

Dramatic progress has been made in federal, state and local government reorganization throughout the country. Generally, it has come slowly and with considerable effort. Minnesota contributed to this program in 1939 when it was the recognized leader in state government organization. Long since, however, other states have gone ahead while Minnesota has retrogressed.

The Task Force has given considerable thought to this problem. The conclusions reached are (1) that failure to progress in this area is a responsibility shared by many persons and (2) that there will continue to be no action until there is a better understanding of the nature of organization.

A. Answering Arguments For Delay

The consensus of the Task Force is that there are four primary reasons why reorganization has been so slow in Minnesota, typified by the comments that introduce the following points and which the Task Force feels must be answered constructively.

1. "*We just had a reorganization in 1939.*" Earlier in this report reference was made to the fact that the Reorganization Act of 1939 substantially improved financial administration in the state. It was *not* a thoroughgoing functional reor-

ganization in its final form, although the original draft called for sweeping changes. (Furthermore, even if it had been, it is likely in these days of dynamic change that further functional reorganization would prove advisable.)

2. "*You are giving the Governor too much power.*" The Task Force believes that within the framework of the separation of powers in the Minnesota constitution, fear of excessive executive authority is not realistic. On the contrary, there is far greater danger to the state inherent in a chief executive with insufficient authority to perform his function.

Strong executive authority is fundamental to good administration. The President of the United States, for example, has powers far greater than any governor. He appoints department heads for a term equal to his and may remove them at his discretion. He has a small number of men with total functional responsibility in his cabinet and can readily direct and coordinate programs through them. It is of interest also to note that Congress gave the President broad and effective power in organization.

In state after state, when there has been reorganization, the Governors have been given greater authority, almost without exception.

In summary, failure to clothe a chief executive with the authority and organizational framework he needs is often fatal to a private organization and invariably weakens the democratic process. The entire experience of mankind demonstrates that executive authority is desirable *if* the policy-making body establishes and maintains adequate control machinery such as post-audit, described above.

3. "*What's to be gained? Let well enough alone.*" Much of the benefit available through proper organization is intangible. This Task Force believes that a great disservice has been done by attaching large estimated dollar savings to proposals. Sometimes there are substantial immediate cash benefits from reorganization, but frequently no immediate direct dollar savings result. The estimates detract from the main purpose of more effective operation in the long run.

There is overwhelming evidence in every field of human endeavor of the importance and value of proper organization. There is, we believe, the same kind of concrete evidence to support this as there is evidence demonstrating the value of the

University of Minnesota agricultural research and Minnesota mining project research.

Many large organizations, public and private, employ men who are expert in matters of organization. These men do not look upon good organization primarily as a means to show immediate savings, but rather as an indispensable requirement for the orderly and successful management of human endeavor. Out of the experience of these persons have developed certain principles of organization, which are outlined in Part I of this report. Although these principles do not have the same rigid scientific base as laws of physics, it would appear that the burden of proof is on those who disagree with them, just as the burden of proof is on the patient if he disagrees with the doctor's diagnosis of his illness.

4. "*The persons concerned are satisfied with present arrangements.*" Much opposition to reorganization comes from groups who are regulated in some way by the state. These groups are concerned that relationships between their members and the regulating state agency will be in some way disturbed in reorganization. The likelihood of disturbing any legitimate relationship appears to the Task Force to be remote.

This, however, is not the central question of concern to those responsible for studying or voting on organization. Rather, the central question is what will organization accomplish for the state as a whole. The reason for state regulation is not to regulate the industry, but to protect the public from unsafe or unfair practices. The purpose of organization is to establish the most effective functional framework within which to protect the public interest.

Similarly, some opposition comes from employees who are fearful of consequences of reorganization. Although it is inevitable and to some extent desirable that outside groups and state employees make their opinions known, it is incumbent upon all concerned with determining proper organization structure that they give primary consideration to the public interest.

B. *Action Imperatively Needed*

Review of the efforts toward better organization of the Minnesota state government points out clearly the constructive

statewide approach to the problem. Representatives of labor and management, both political parties, members of the Senate and the House, top management from Republican and Democratic state administrations have worked together and found wide areas of agreement. The basic pattern has been set and all that remains is legislative action.

The Task Force suggests with the strongest possible emphasis that the legislature equip itself with a fully adequate post-audit system and then give to the executive branch in the person of the Governor the authority and organization structure he requires in order to do the job he was elected to do.

III. Detailed Recommendations

The detailed recommendations of the Task Force, which follow, combine major state functions into fourteen departments, as charted on page 129.

A. Governor

The Governor's term should be increased from two to four years with no limit on the number of terms a Governor may serve. He should have authority to appoint department heads (except for the Department of Education) for terms coterminous with his own, subject to the approval of the Senate. Department heads should be removable at the pleasure of the Governor.

B. Other Elected Officials

1. *Lieutenant Governor.* This official should continue to be elected. To a considerable degree the office of Lieutenant Governor has been legislative in function. His principal duty is presiding over the Senate at its biennial session. He is also properly used on ceremonial occasions and may be called on occasion by the Governor for other assignments.

2. *Attorney General.* This office should be removed from the ballot. The head of the proposed Department of Law and Public Safety would hold the title of Attorney General and should, like other department heads, be appointed by the Governor.

3. *Secretary of State.* This office should be removed from the ballot. The recording and filing functions of the of the Secretary of State should be continued under an official with this title appointed by the Governor. His other functions should be assigned to appropriate departments.

4. *State Auditor.* This office should be removed from the ballot and all its functions reassigned.

5. *State Treasurer.* This office should be removed from the ballot. The cash custody and disbursement functions would be assigned to an official with this title appointed by the Governor. Liquor stamp tax operations would be transferred to the Department of Revenue.

6. *Railroad and Warehouse Commission.* This three-man commission should be removed from the ballot. The rate-making and other quasi-judicial powers should be assigned to a Public Utilities Commission composed of three persons appointed by the Governor for six-year overlapping terms. The administrative functions should be assigned to appropriate departments, namely, Agriculture and Commerce.

7. *Clerk of the Supreme Court.* This office should be removed from the ballot. The Supreme Court is fully competent to select a qualified individual to act as office manager for its activities.

C. Departments

1. *Department of Administration.* Supplementing the management of allotment control, budget, purchasing, building construction, contracting, and central services, the Task force has further centralized and strengthened staff functions in the Commissioner of Administration.

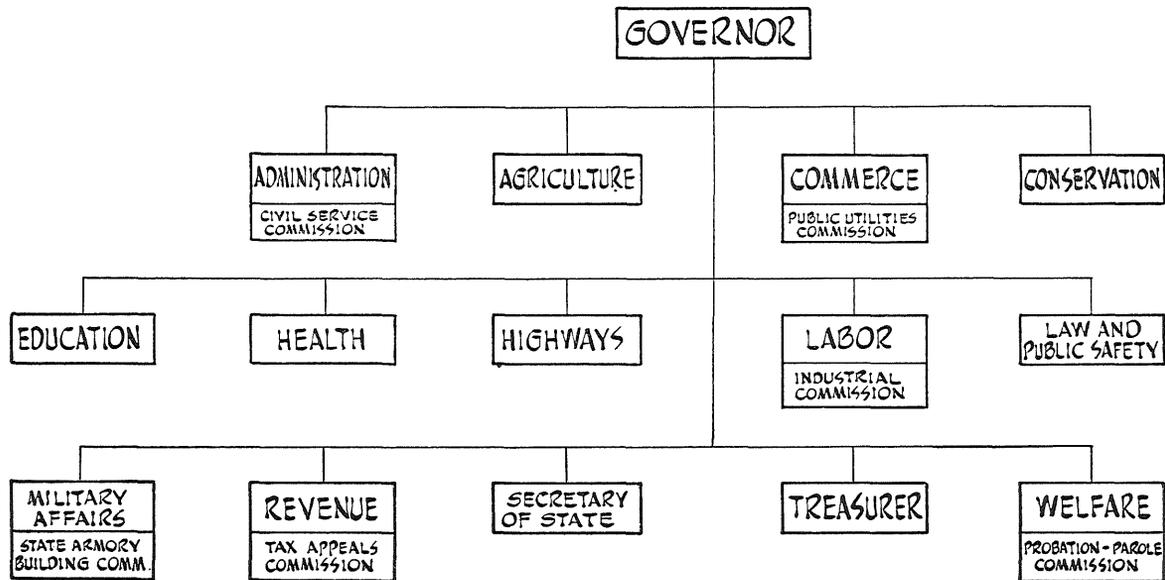
Recommendations for this Department:

(a) Responsible for pre-auditing and accounting functions (from the State Auditor).

(b) Responsibilities of the State Archives Commission for retention and destruction of records with requirement for thirty-day prior notification to the Attorney General, the Legislative Post-Auditor and the Director of the State Historical Society.

(c) In conjunction with the Civil Service Commission (new name for the Civil Service Board), responsible for ad-

Proposed **REORGANIZATION**
STATE OF MINNESOTA
 SELF-SURVEY FUNCTIONAL TASK FORCE ON OVERALL STRUCTURE
 1956



ministering the civil service law through a Division of Civil Service. The director of this division is to be appointed by and responsible to the Commissioner of Administration. Appointment will be from a list certified by the Civil Service Commission from an examination conducted by the Commission. The Commission is to retain its present powers and is to be attached administratively to the Department of Administration. The Commission members are to be appointed in the same manner as at present, by the Governor for six-year overlapping terms.

(d) Responsible for functions of the State Veterans Building Commission, which agency should be abolished.

(e) Grant authority to the Commissioner of Administration, with approval of the Governor and subject to Legislative Advisory Committee review, to transfer personnel and to direct performance of a service for one department by another in the interests of efficiency, and to transfer funds necessary therefor.

2. *Department of Agriculture.* The following functions are recommended for transfer to the Department of Agriculture, Dairy and Food:

(a) Livestock weighing and licensing of livestock buyers and dealers from the Railroad and Warehouse Commission.

(b) Hotel inspection activities from the Department of Health.

(c) Livestock Sanitary Board.

(d) Poultry Improvement Board.

(e) Soil Conservation Commission with provision for an advisory committee.

(f) Land Use Committee.

3. *Department of Commerce.* It is recommended that a Department of Commerce be established with responsibility for the functions of the following agencies:

(a) Department of Aeronautics.

(b) Division of Banking.

(c) Division of Insurance, except fire inspection and arson investigation which are transferred to the new Department of Law and Public Safety.

(d) Division of Securities.

(e) Department of Business Research and Development, except fair trade practice enforcement which should be divorced from this Department.

(f) Iron Range Resources and Rehabilitation Commission.

(g) Grain inspection, regulation of warehouses, and weights and measures regulation from the Railroad and Warehouse Commission, and the Grain Appeals Board.

(h) The Great Lakes-St. Lawrence Tidewater Commission, the Tri-State Water Commission, and the Upper Mississippi-St. Croix Improvement Commission.

(i) Compensation Insurance Board.

A Public Utilities Commission with responsibility for quasi-judicial functions now assigned to the Railroad and Warehouse Commission should be attached for administrative purposes to this Department. The three members of the Commission should be appointed by the Governor for six-year overlapping terms and should be independent of the Commissioner of Commerce.

4. *Department of Conservation.* Recommendations pertaining to the Conservation Department are:

(a) Place division heads in the classified service (they are currently in the unclassified service).

(b) Transfer to this department the duties of the Surveyor General.

(c) Undertake boat inspection functions currently assigned to the Department of Health.

(d) Perform functions of the Land Exchange Commission, abolishing that agency.

(e) Assume duties of the State Geographic Board, eliminating the present board, but providing for consultation with the State Historical Society.

5. *Department of Education.* It is recommended that a central secretariat for all state professional and vocational licensing and examining boards, except State Board of Law Examiners, be established within the Department of Education. The central secretariat would perform routine administrative tasks in connection with examining applicants, keeping records, and issuing licenses.

(See the Department of Labor for transfer of teacher placement activities and also the Department of Welfare for transfer of the vocational rehabilitation function.)

6. *Department of Health.* It is recommended that the State Board of Health be replaced by a Department of Health

headed by a Commissioner of Health, with the state board assuming an advisory role and that the Water Pollution Control Board be made advisory, with responsibility for pollution control functions centered in the Commissioner of Health.

(See Agriculture for transfer of hotel, sanitary and health inspection functions, and Conservation for boat inspection.)

7. *Department of Highways.* It is recommended that the Highway Patrol and Drivers License be transferred from the Department of Highways to the Department of Law and Public Safety and that the Commissioner of Highways be made responsible for the functions of the Historic Sites and Markers Commission.

8. *Department of Labor.* A new Department of Labor is recommended to include:

(a) Department of Employment Security.

(b) Labor Conciliator, with provision that this official be deputy commissioner in the unclassified service.

(c) All functions of the Industrial Commission, with provision for retention of the Industrial Commission to handle quasi-judicial matters pertinent to this department's responsibilities. The Commission should be attached administratively to the Department of Labor, but its three members should be appointed by the Governor with approval of the Senate for six-year overlapping terms.

(d) The Teacher Placement Service from the Department of Education.

(e) The electrical inspection functions from State Board of Electricity.

9. *Department of Law and Public Safety.* A new Department of Law and Public Safety is recommended, to be headed by an Attorney General appointed by the Governor, and to include:

(a) Present responsibilities of the Attorney General.

(b) Drivers License, highway patrol and accident records from the Department of Highways.

(c) The Chauffeurs License Section from the Secretary of State.

(d) Bureau of Criminal Apprehension.

(e) Liquor Control except beer taxes which are transferred to the Department of Revenue.

(f) Fire Marshal activities from the Division of Insurance.

(g) Civil Defense.

(h) Athletic Commission.

10. *Department of Military Affairs.* It is recommended that the Department of Military Affairs take over the military records activities of the Department of Veterans Affairs.

11. *Department of Revenue.* All of the revenue collection of the state, other than fees and charges for services collected by the several state departments, should be centralized in the Department of Revenue, the proposed new name for the present Department of Taxation. These include:

(a) Motor Vehicle Registration Division from the Secretary of State, including car dealer licensing.

(b) Mortgage registration tax from the State Auditor.

(c) Liquor stamps issuance from the State Treasurer.

(d) Aviation license fees from the Department of Aeronautics.

(e) Beer tax collection from Liquor Control.

(f) Insurance taxes from Division of Insurance.

The Tax Appeals Commission (new name for Tax Appeals Board) should be attached for administrative purposes to Department of Revenue. Its members would be appointed in the same manner as presently and would continue to perform the same functions.

12. *Department of Welfare.* The consolidation of the welfare functions of the state begun by the 1953 Legislature should be completed in the Department of Welfare, the proposed new name for the Department of Public Welfare, by including:

(a) All functions of the Youth Conservation Commission.

(b) Public assistance activities of the Department of Veterans Affairs.

(c) Vocational rehabilitation activities currently assigned to the Department of Education.

(d) The Soldiers Home.

(e) The Board of Parole.

(f) Designation of the Commissioner of Welfare or his delegatee as secretary to the State Pardon Board.

A commission should be established to handle quasi-

judicial functions now performed by the Board of Parole and the Youth Conservation Commission. This could be designated the Probation and Parole Commission and would be attached to the Department of Welfare. The commission would be limited to quasi-judicial functions and not control administratively the personnel necessary in administering the system of probation and parole.

13. *Secretary of State*. See p. 128.

14. *State Treasurer*. See p. 128.

D. Board of Regents

The Task Force is of the consensus that higher educational needs of the state can be properly analyzed, planned for, and met only under the direction of a single authority. We therefore recommend that the five State Teachers Colleges be made part of the University of Minnesota and brought under the jurisdiction of the Board of Regents. The Teachers College Board would then be abolished.

E. Post-Audit

One of the basic principles underlying all recent considerations of reorganization of the Minnesota state government is assignment of the post-audit function to the Legislature. There is nothing more fundamental to democratic processes than ensuring executive compliance with legislative acts.

It is therefore recommended that the office of Legislative Post-Auditor be established and assigned the functions presently performed by the Public Examiner. (There is some opinion that certain functions performed by the Public Examiner could not be transferred to the legislative branch—for example, local government audits and financial reporting. If legal opinion supports this view, then such functions as could not be undertaken by the Legislative Post-Auditor would be assigned within the executive branch.)

The audit of county welfare boards (now performed by the Department of Public Welfare), the audits of the justices of peace (now performed by the Department of Highways), audits of game and fish license activities (now performed by the Department of Conservation), and audits of the Depart-

ment of Military Affairs should be performed by the Post-Auditor.

F. State Investment Board

The Task Force recommends that the personnel of the present State Investment Board be replaced by a board composed of five members appointed by the Governor. The board should be empowered to appoint in the unclassified service a person highly trained and competent in portfolio management. (The Task Force feels compelled to comment that the state will not realize the maximum benefit from this board until modification of constitutional and statutory restrictions on state permanent trust funds is accomplished.)

G. Retirement Associations

The Task Force is of the consensus that the public retirement associations, the funds of which are now invested by the State Board of Investment, should be administered centrally.

H. Executive Council

Functions of the Executive Council would be transferred to appropriate departments as the following examples suggest:

Reinstatement of escheated bank accounts to Commerce.

Approval of timber permits and sales to Conservation.

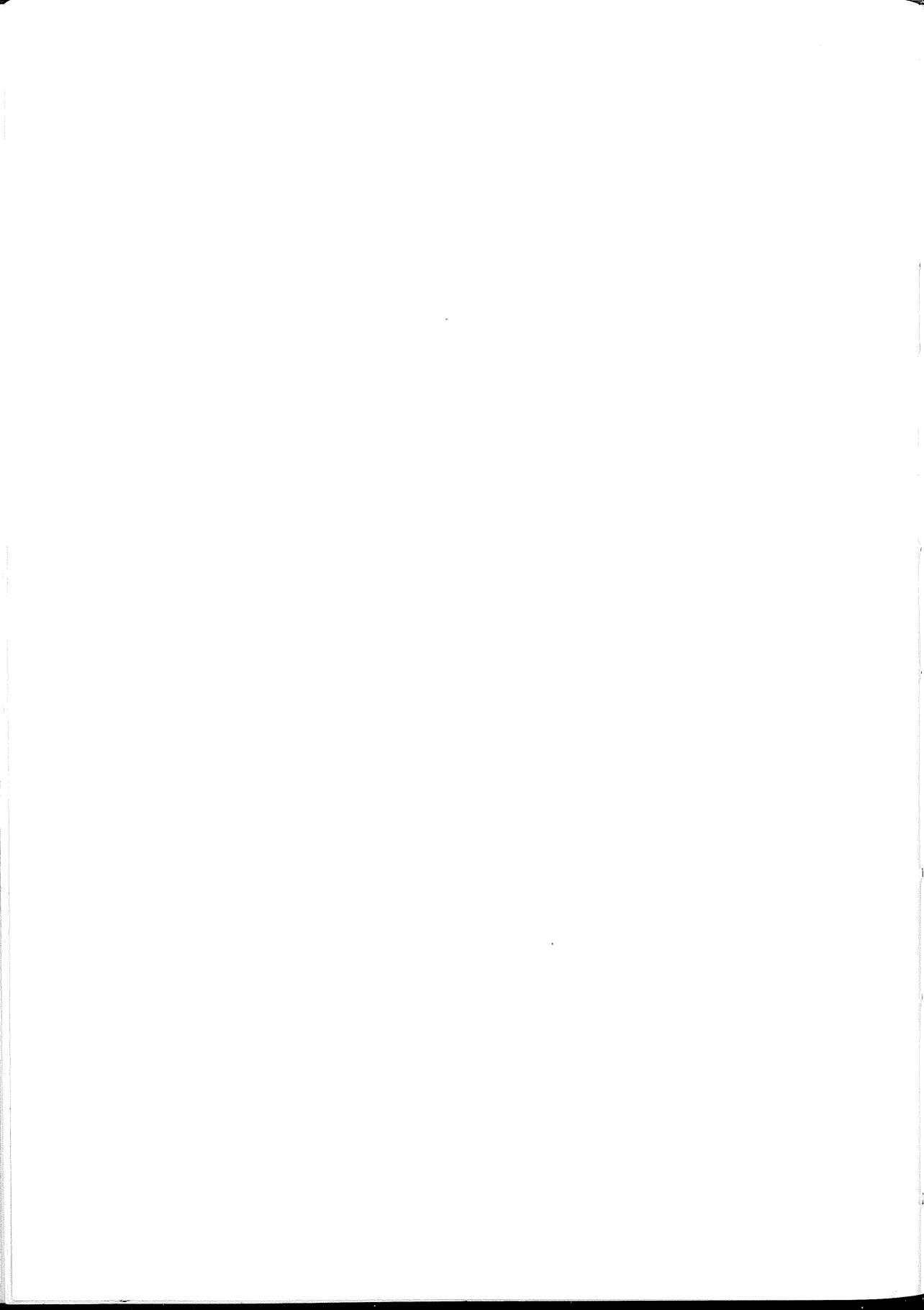
Leasing Lac qui Parle area land to Administration.

Approval of categories of supplies for open market purchase, Calamity Fund management and approval of Civil Defense warning equipment expenditures to Legislative Advisory Committee.

Secretary to Pardon Board to Welfare.

Approval of Motor Vehicle Registrars to Revenue.

Approval of interest rates on Certificates of Indebtedness to Legislative Advisory Committee.



Functional Task Force Report
on
State Functions and Intergovernmental Relations

Part I: State Functions

*TASK FORCE ON STATE FUNCTIONS
AND INTERGOVERNMENTAL RELATIONS*

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Herbert Rogers
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Harry A. Sieben
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Dorothy Jacobson
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George Wilkens
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State Representative
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Roy E. Wiseth
State Senator
Goodridge

Cy Magnusson
Executive Secretary
Governor's Office

INTRODUCTORY NOTE

The Self-Survey was designed primarily to examine and evaluate *how* state government performs rather than *what* it does in terms of programs that serve the public. Nine of the 10 functional task forces dealt with the *how* of government, reviewing the operations and services that are involved in the execution of the state's business. The remaining task force was assigned the broad subject of *what* state government administers, covering the full sweep of all programs, activities, functions, and services that constitute the *substance* of state operations.

In addition, this task force was asked to pay particular attention to state functions that are dependent upon financial support from the federal government.

The Task Force on State Functions and Intergovernmental Relations had, therefore, one of the most difficult assignments in the Self-Survey project. Within the time available it could make only a general survey of the many problems in these related areas.

The Task Force did, however, submit a comprehensive report consisting of two parts. Part I reviews the functions of state government and Part II covers the problems of intergovernmental relations with special reference to federal-state relations and grants-in-aid.

STATE FUNCTIONS

The Task Force's recommendations are not intended to be a conclusive definition of functions that Minnesota state government should perform. It is instead an analysis of selected matters that are worthy of special comment. The Task Force reviewed the findings of the 33 operating task forces but time did not permit a further independent investigation that would have gone beyond these findings.

The report is based upon an evaluation of data relating to five major questions:

(1) What services presently being performed and not specifically required by law could be discontinued?

(2) Where existing fees do not cover costs, should fees be increased, and should charges be made for services now given free?

(3) What functions are not being performed up to the statutory standard or the standard considered desirable by the department?

(4) What new services are being urged for state government?

(5) What services will likely be eliminated or curtailed in the next several years?

I. Activities Not Required By Law

Many services currently performed but not specifically required by law cannot be considered as unauthorized because they are probably authorized under the broad statutory powers of a particular department.

In the main, services in this category are of four types: (1) giving information to the public, (2) assisting in preparing documents and forms required by law, (3) giving advice and assistance, and (4) public relations activities such as State Fair exhibits and speeches by state officials.

General Recommendations

The Task Force submitted the following general observations and recommendations:

(1) Some of these services should not be continued unless a fee is charged to cover the cost of the service.

(2) Any new service not required by statute should be reported by the department concerned to the Governor for his evaluation and for his reporting to the Legislature.

(3) Individually many of the services are not expensive, but collectively they may represent considerable cost to the state government. It is possible that herein lies an important opportunity for economy.

(4) A review should be made of the question, How far can state government be expected to go in giving information to the public?

Specific Recommendations

(1) The Department of Administration should charge a fee for measuring legal notices.

(2) The Civil Service Department should discontinue giving credit information unless the employee requests that the information be given. Civil Service should confirm the fact that the employee works for the state.

(3) A policy decision should be made on preparation of State Fair exhibits by the various departments. Funds should be provided in the budget if the departments are to participate.

(4) Information as to car ownership should be given by the Motor Vehicle Division to law enforcement officers without charge and to the public with a charge for the service.

(5) When one party to a labor dispute is a municipality, it is proper that the Labor Conciliator's service should be available to assist in settling the dispute. The Labor Conciliator's present practice of assisting only when requested should be confirmed by an amendment to the statutes.

II. New or Increased Fees

The problem of fees is one of the most difficult in state government. There are no uniform standards to determine which services should be supported by fees and whether the fees should be high enough to cover the cost of the services. Periodic review of fees and their relation to costs should be

made and action taken to eliminate inequities. Where the Legislature continues to set fees, recommendations as to changes should be made by the Commissioner of Administration in each session.

The operating task forces recommend new fees in 10 cases, higher fees in 13, and no change in 11 cases.

General Recommendations and Observations

(1) In determining license fees, consideration should be given to whether the license is compulsory and whether its purpose is to protect the public or a private interest. If for private benefit, the license fee should cover costs. Fees charged for other services should meet the same test.

(2) The Legislature should designate certain fees to be adjusted administratively to cover costs. Some of the fees charged by the Public Examiner and the Railroad and Warehouse Commission are set in this manner.

(3) The practice of distributing copies of reprints of portions of the state statutes without charge should be reviewed. Perhaps license fees should be high enough to cover the cost of this service to license holders and a charge should be made for other copies.

Specific Recommendations

(1) The Game and Fish Division should charge a fee for the supervision of aquatic nuisance control.

(2) Fees for auto registration should be uniform, whether issued in the State Capitol building or elsewhere.

III. Functions Inadequately Performed

Concerning functions that are not being performed up to the standard required by law, the Task Force found deficiencies of three types: (1) functions that are not performed at all, (2) those that are partially performed, but not up to the standard directed by the statute, and (3) those partially performed but not up to the standard regarded as desirable by the department.

The deficiencies may result from one or more of the following factors:

(1) Available funds are inadequate, either because of an inadequate budget request or an inadequate appropriation by the Legislature.

(2) Personnel is insufficient to do the work either because of difficulty in filling vacancies or the limitation on number of employees allowed by the Legislature.

(3) Legislative action in preventing a function from being performed may be due to an effort to meet a shortage of revenue by curtailment of functions or a deliberate intention to prevent the function from being performed up to the standard requested by the department or the statutory standard set by a previous legislature.

(4) A department may choose to neglect a function in favor of other functions by failing to allocate funds or assign personnel.

General Recommendations

(1) Each department should evaluate the work it is doing to determine whether it should reduce some of its activities, especially those not required by statute, and perform more adequately some of the functions listed in the departmental task force reports.

(2) In its budget request for 1957-59, each department should indicate the importance of each function so that cuts by the Governor or the Legislature will be made in items having the lowest priority.

(3) Where functions are not adequately performed it may be advisable to eliminate entirely some functions rather than continue inadequate performance of many of them. An analysis may show that some things can be more efficiently performed at the local level or by private agencies.

(4) Such services as boiler inspections and elevator inspections should be reviewed to determine whether the state government's role is as important as when the service was started. If private agencies, such as insurance companies or private contractors, now perform the same function as the state did originally, it may be possible to terminate or reduce the state service.

Specific Recommendations

(1) More funds should be given to the Department of

Business Development, particularly to assist in community planning when requested by a municipality.

(2) Enforcement of the fair trade laws should not be under the Department of Business Development.

(3) In order that the Fire Marshal's office may give more assistance to communities which do not have adequate fire prevention bureaus, it is recommended that the state discontinue its inspection of public buildings in large cities. The state should give state aid money to the large cities to carry on this program.

(4) Study should be given to the suggestion of a Director of Elections in the Secretary of State's office.

(5) Special attention is called to the recommendation of the Bureau of Criminal Apprehension of tying into a nationwide teletype network.

(6) The Task Force favors giving the Liquor Control Commissioner's field inspectors the power of regular peace officers in matters relating to the sale of alcoholic beverages.

(7) Annual inspections of hotels and restaurants by the Board of Health ought to be limited to municipalities which do not have adequate health departments. State aid funds should assist local health departments in performing this function.

(8) Periodic inspection of hospitals by the Board of Health should be reviewed in light of the activities of the College of Surgeons in this area.

(9) The Task Force recommends the proposal to increase the number of local public health nurses and to continue state aid for that purpose.

(10) Increased assistance by the Board of Health in planning the construction of nursing homes is recommended.

(11) All departments should conform to the state law requiring them to send copies of any book, document, journal, map, pamphlet, or report to the state library.

(12) The Legislature should appropriate enough money to finance the prisoner pay scale adopted by the 1955 legislature.

IV. Proposed New Services

The state is being urged to undertake many new services

and functions requiring legislation and/or federal government action. Generally the proposed services are meritorious. The Task Force found none seriously objectionable. Most of them, however, will not be self-supporting and until funds to finance them are at hand, the Task Force recommends that the state proceed cautiously.

Recommendations

(1) Proposals that the Department of Administration undertake new functions of a car pool, central statistical service or central reporting should be studied.

(2) Study should also be given to the proposal that the Railroad and Warehouse Commission regulate gas and electric utilities.

(3) The Task Force recommends a statewide index of marriage and divorce information as recommended by the Health Department task force.

(4) The Board of Health should be given inspection and enforcement powers to back up its regulation of sanitary conditions in migrant labor camps.

(5) The Task Force recommends additional state funds for the Department of Civil Defense so that advantage can be taken of federal funds.

(6) The Division of Banking should be given supervision of time sales financing.

(7) In education, the state should make necessary preparation to avail itself of federal funds when, as, and if available.

(8) If the Secretary of State is given direction of a certificate of title law, financing should be arranged to make the operation self-supporting.

(9) The Task Force does not have sufficient information to evaluate the various new and undoubtedly worthy services being proposed in the welfare areas. It recommends an exhaustive study in those fields not already surveyed and studied.

V. Services To Eliminate Or Curtail

A review of the reports of the operating task forces indicates that only minor savings are likely to be realized from present plans to eliminate or curtail services.

It appears that the operating task forces were not set up to search out effectively services which could be eliminated or curtailed. This Task Force, therefore, recommends that state departments set up internal committees to (1) review functions being performed by the departments, (2) seek legislative authority to eliminate or curtail services no longer required by the public, and (3) recommend new or improved services in the light of new conditions.

Functional Task Force Report
on
State Functions and Intergovernmental Relations

Part II: Intergovernmental Relations

This section of the report was written for the Self-Survey by Professor William Anderson, of the Department of Political Science at the University of Minnesota, who was a member of the Task Force.

*Professor Anderson is a national authority in this field. He was named by President Eisenhower to The Commission on Intergovernmental Relations and is the author, among many other studies of American Government, of *The Nation and the States, Rivals or Partners?* (University of Minnesota Press, 1955). He is also the author of *Intergovernmental Fiscal Relations, No. 8 in the Minnesota Intergovernmental Relations Series* (University of Minnesota Press, 1956).*

PROBLEMS OF INTERGOVERNMENTAL RELATIONS

Introduction

This report deals primarily with the relationships between state agencies and the federal government and secondarily with problems in state-local and interstate relations that affect state operations. It does not, however, discuss those complex functions in which national, state, and local governments are all involved.

Many Agencies Involved

Many state agencies are in close and continuous contact with the federal government. Those most fully involved are Aeronautics, Agriculture, Civil Defense, Conservation, Education, Employment Security, Health, Highways, Labor Conciliator, Military Affairs, and Public Welfare, but other state departments are also involved to some extent. The "tie that binds" is usually a federal grant-in-aid which often contributes a substantial fund for the state service.

A state agency that depends in large part on federal funds obviously must budget in the light of what it expects to get from the national treasury and must conform to applicable federal rules. There is need for frequent conferences between state and federal officials who are jointly responsible for carrying out the grant-in-aid program, because neither level can succeed in a strictly "go-it-alone" policy.

Sources of Information

The Work Manual used by the Self-Survey operating task forces included a number of questions concerning these relations, the answers to which are summarized in the opening section of this report with some comments and suggestions added. This information was supplemented by statements made by state officials at meetings with the Task Force.

Other sources of information include:

(1) Replies by a number of state agencies to an inquiry from the Committee on Government Operations of the United States House of Representatives made in January 1956. These materially supplement the Self-Survey data.

(2) The report of the Commission on Intergovernmental Relations (Kestnbaum Commission, June 1955), which reviews national-state relations in recent years and suggests likely changes.

I. State-National Relations

Self-Survey Work Manual items requested information concerning (a) new or expanded services being proposed at the federal level and their approximate annual cost to the state, (b) implications of federal-state relations in terms of their dependence upon natural resources, (c) the relative financial support of the state and federal governments, (d) special administrative problems created by federal aid programs, and (e) the effect that discontinuance of federal aid would have on particular services.

A. *Proposed New and Expanded Services*

One question in the Work Manual asked, "Are new or expanded services affecting this department being proposed at the federal level? Specify, indicating approximate annual cost to the state." (p. 151.)

In response to this question, a number of state agencies reported proposals, although the phrase "proposed at the federal level" is ambiguous. Many proposals that come up in Congress and in national agencies originate in one or more states and are then taken up at the federal level. Some of the principal proposals listed by state agencies include:

Aeronautics. Recent congressional action has increased amounts available for airport construction. Minnesota will receive about \$1,100,000 per year, for which nearly \$900,000 in matching state and local funds is required. Also, changes in federal law is shifting more responsibility outside of major terminals and airways to the states—about \$90,000 each biennium in Minnesota. Increased ROTC flight training is increasing the state's activities in licensing and in supervision to meet minimum standards of operation and safety.

Agriculture. In its report to the House Committee the state Department of Agriculture urged passage of a bill in Congress to require the national agencies to exercise as good

weed control on federal lands in the state as the state practices on state lands. It also urged more and better federal action to prevent the importation and spread of plant and animal pests and to improve crop and livestock reporting. These would not involve any state expenditures.

Civil Defense. The report of the Kestnbaum Commission recommended that civil defense be made a primary responsibility, financially and otherwise, of the national government, but urged that state and local cooperation be continued on the basis of approved state or area plans. The Commission also recommended that federal grants and other forms of assistance be continued for states and local governments in critical target areas. This proposed policy would presumably reduce the contributions to civil defense expected from the states.

Commerce. To encourage industrial growth in the state, the Minnesota Department of Business Development recommended state stimulation of exploration for nuclear energy materials and for nuclear power development. This would bring this agency into closer touch with the Atomic Energy Commission of the United States. The Department also recommended that the state take advantage of the federal aid law to create the position of community planner in the Department—community planning having become important to the attracting and proper location of new industries.

Conservation. The Division of Parks in the Department of Conservation recommended that the state take advantage of federal aid available through the National Park Service to employ a qualified park planner to help bring up to date the state's park plan. Annual salary probably \$8,400.

Education. The State Department of Education called attention to the continued interest in Congress in providing funds for school construction (not passed in the 1956 session of Congress). If and when this is authorized, it will be a question of how much will be required in state and local matching funds and how much will be saved by having federal aid.

Proposed increases in the vocational rehabilitation program are also in prospect.

No mention was made of the grant-in-aid measure recently passed in Congress for aid to communities of under

10,000 in providing library facilities. In the first years of its operation this law will make available to Minnesota up to \$170,000 in federal funds, with the state providing \$145,000 in matching.

Employment Security. This Department calls attention to a study of the older worker that may lead to new legislative proposals. Since this Department's administrative costs are borne by the national treasury, the increased burden on the taxpayers and employers of the state will depend upon the nature and the extent of the program that is enacted.

Health. This Department called attention to proposals for an expanded national school health program, with increases also for maternal health and for mentally retarded children—presumably all on a grant-in-aid basis. Cooperating states will presumably contribute something.

A revised method of providing punch cards for registering vital statistics at both the national and state levels would presumably cost the state nothing and might save something through elimination of a present duplication of work.

The Department recommends that the national government reinstitute a former program of aiding financially in the training of public health personnel, a program that seems to have produced valuable results. Presumably this would be an aid and not an added cost to the states.

The Department has also applied for a United States Public Health Service research grant to be used on a research and demonstration project for the improvement of patient care services. What, if any, additional cost there will be to the state is not indicated.

Not mentioned in the Department's reply were changes in the federal Hospital Construction act that will make increased funds available for hospitals and related facilities and a substantial new federal program to assist communities in building sewage treatment plants that will reduce water pollution in this and other states. Congress provided for both of these in its 1956 session. These are not likely to add greatly to the state's direct expense, but probably will increase the Department's work in helping Minnesota communities to plan hospitals and sewage treatment plants and in supervising their operation.

Highways. The greatly increased program of federal

aid for highway construction recently enacted by Congress, including provisions for the new interstate system, will bring not only more money but also more responsibility to the Minnesota Department of Highways. To implement this act and some regulations under the 1954 federal aid act concerning increased state responsibility for supervising work on federal aid secondary roads will require the employment of additional engineers and other changes that involve new expense.

Labor Conciliator. This agency expects increased responsibilities in settling labor disputes because of the withdrawal of the National Labor Relations Board from certain types of cases where the interstate character of the dispute is doubtful.

Military Affairs. Development of the Anoka Air Base and the transfer to it of Air National Guard units from Holman Field will involve some increase in expense. The federal government will provide 75 per cent, the state 25 per cent, and the state's share may be about \$5,000 a year more than at Holman Field.

State Employees' Retirement Association. If state employees are brought under Social Security (OASI) as supplement to the present retirement system, the state will have to contribute on the first \$4,200 or less of each covered state employee's salary. The amount will depend upon the coverage provided by state law.

Public Welfare. This Department's budget is affected by congressional changes in many laws, especially those dealing with the categorical aids (Old Age Assistance, Aid to Dependent Children, Aid to the Blind, Aid to the Disabled). Various programs for Indians are unsettled as the federal government moves toward integrating the Indians with the rest of the population and turning their health, educational and welfare problems over to the states.

In its report to the Congressional committee, the Department recommends various improvements in Aid to the Disabled, Aid to the Blind, and relief for Indians. For the latter it recommends 100 per cent reimbursement by the national government to the state, but the other changes are likely to involve additional state cost.

Other proposals that may involve increased service by the

state at increased expense to the state will be reviewed in the following sections.

Clearly many state agencies and functions are connected rather closely with the comparable agencies and functions in the national government. Neither the state nor the national agency in any field, where they have joint interests, can change its rules, policies, procedures, or financing without somehow affecting the other.

The tendency in areas of joint concern is toward expansion and improvement of the service, with the result that expenditures constantly increase in most services. It must be remembered, however, that increases in population and the declining purchasing power of money account in large part for recent increases in total expenditures and that efforts are always being made to reduce unit and per capita costs by improving organization and methods.

B. Federal Services Affecting Natural Resources

A second major question in the Work Manual asked, "Are there federal-state implications involved in the services dependent on a natural resource? What is the outlook for federal action in this field?" (p. 161.)

Two departments in particular, Agriculture and Conservation, paid special attention to this query.

Agriculture. In its report to the Congressional House Committee, the state Department of Agriculture urged (1) that the national government provide as good control over weeds on federal lands in Minnesota as the state does on state lands, (2) that it provide more adequate laws and appropriations to prevent the importation and spread of plant and animal pests, and (3) that it provide more personnel for crop and livestock reporting. On the matter of pest control it suggested the need to have emergency funds, both national and state, ready for use at all times.

Conservation. The Department of Conservation made a number of suggestions for improvement and expansion of service, involving some increases in both federal aid and state expenditures, to accomplish adequate watershed control, improved forest fire protection, better control of stream pollution, the advance planning of park developments, more aid to Soil Conservation districts to continue the mapping program

in conjunction with the United States Geological Survey and to produce more adequate information to protect better the state's rights in public waters.

Iron Range resources received special attention. The suggestions included the adding of three more counties to the area under the land management and forestry program, additional research, especially on minerals in the region, more research on the utilization of minerals and forest products, and other projects that would call for state expenditure and might also involve appeals for funds to the national government. In the past the national government has provided much of the money for research on low grade ores.

There were also suggestions from several other departments, such as one from the Department of Business Development for stimulating exploration for fissionable materials and the development of nuclear energy.

C. Federal Aid: Present Extent and Future Prospects

Several items in the Self-Survey Work Manual raised questions of fact and of prophecy concerning the current dependence of state agencies upon federal aid. These questions concerned the amounts of federal aid currently received by the state's agencies for different functions (p. 172), the tendency of federal aid to increase or decrease (p. 174), and what would happen to the state services if federal aid were to be cut off (p. 175).

Information gathered under these items was helpful to the Task Force but was not sufficiently complete to warrant summarizing. It is evident, however, that many state agencies rely heavily upon federal funds, among them Aeronautics, Civil Defense, Conservation, Education, Employment Security, Health, Highways, Military Affairs, and Public Welfare. All would be seriously handicapped by elimination of federal aid.

It appears unlikely, however, that Congress will eliminate or even reduce any major grants, where the need may have been met for the time being, for example, in hospital construction.

The tendency is for federal grants to increase, both in scope of programs and in amounts. So far the percentage of

state and local revenues coming from federal grants for all purposes is not enough to be a dominating factor. In 1955 federal payments were less than a fifth of the revenues of the states from their own sources and less than one-tenth of the combined revenues of the states and local units from their own sources. Of course, over 85 per cent of federal grants go to the states, and less than one-sixth to local governments. On a per capita basis Minnesota receives a little more than the average in federal grants but not significantly so.

D. Administrative Problems Raised by Federal Aid

While the amount of federal aid, though important, is not enough to dominate state finances, it does bring with it relationships that affect the operations of state agencies that spend federal funds. This was revealed in responses to the question, "What special problems arise because of the federal support?" (p. 179.)

Many Adjustments Suggested. None of the responses impugn the federal-aid system as a whole. Procedural adjustments suggested by the state agencies can be accomplished by appropriate federal and state legislation, *plus* the proper cooperative action by federal and state agencies. It is most unlikely, however, that all the "bugs" will ever be removed or the kinks straightened out. State agencies see the problems from the state point of view, and each believes, if it could be left free to do this or that with federal funds in its own way, it could do a better and more expeditious job. This attitude is commendable, but it overlooks the problems faced by Congress and the national administration, and it fails to appreciate the underlying conditions of government and politics in Washington.

No attempt is made here to repeat all the various suggestions. The responses of the state agencies and the several Task Force reports should be consulted for the details.

Timing of U. S. Appropriations and Payments. Three agencies—Aeronautics, Military Affairs, and Health—report that they are inconvenienced by the timing of federal appropriations. In some years they come late (after the beginning of the fiscal year on July 1). They come for only a year at a time which makes it difficult for the state agencies to budget

properly, and the actual payments to the state are frequently delayed. These and no doubt other state agencies would like to have the grants-in-aid appropriated, or at least assured, for, say, two years in advance, with payments on projects made more promptly.

Congress, on the other hand, in trying to keep a tight control on federal spending, takes its time about making all appropriations. Federal agencies as well as state agencies are inconvenienced by this fact. Furthermore, Congress expects the federal agencies to keep careful control over expenditures, and few agencies would dare, even if they legally could, make advances of funds or payments of any kind where all the legal and accounting formalities have not been fulfilled. It must be remembered that federal grants to the states account for less than 5 per cent, as a rule, of all federal appropriations and that the procedures in Washington are designed primarily to protect the government's control of funds in all the major fields. In the case of highways, however, Congress does guarantee funds to the states for two years in advance. Last year for the first time Congress adopted a similar plan for airport construction. It could certainly do the same for the national guard and other functions.

Other Problems and Suggestions. The state Department of Agriculture points out that federal aid is much more effective when it comes in the form of funds to be spent by regular state agencies than in loaned federal personnel or equipment.

The Department of Education believes all federal actions in its field should be channeled through the state department and all state action in local education through the local units. It also questions the wisdom of continuing the distribution to the states of federal surplus property. The Department of Public Welfare disagrees with this view.

The Department of Employment Security, whose entire administrative budget (as in other states) is appropriated by Congress, calls attention to the difficulties of budgeting in accordance with state standards and timing when it must also budget for the national government according to national standards.

The Department of Health says in an excellent statement that "Federal support has had, generally, a strengthening effect on public health work," but that, "Such aid . . . is not

without its problems for state and local agencies participating in the tripartite health effort." Besides difficulties that arise from the uncertainty and possible discontinuity of grants, it mentions inconveniences resulting from the narrowness of the categories (e.g., grants for work in heart disease, cancer control, tuberculosis control, etc.), problems of state accountability for equipment bought with United States funds, and the excessive stringency of some federal controls in declining programs like that of tuberculosis control.

The Department of Highways points out that the decentralization of controls over federal highway grants to the states is imposing extra work on it in connection with the federal aid secondary program. It makes other comments, also, but none of a severely critical nature.

The State Employees Retirement Association has had some difficulties with federal agencies over deductions for SERA from the pay of employees who are paid from both federal and state funds.

The Department of Public Welfare, which is heavily involved with federal funds and supervision, presents a very good summary of some of its problems with the federal administration. In negotiating contracts for services to the Indians in Minnesota, for example, it finds that it must deal with a number of different agencies in Washington. Consequently it makes a plea for more coordination in the national administration. Federal administrators often feel the same way about negotiations with the states. Administrative reorganization might be desirable at both national and state levels, but it is doubtful that it should come about primarily to make easier the negotiation of minor and exceptional contracts for limited purposes.

II. State-Local Relations

In the Self-Survey Work Manual there were no specific questions concerning state administrative relations with the counties, cities, villages, towns, school districts, and other units of local government. These units are legally mere agents of the state, but in view of the fact that each one is a separate local corporation, more or less remote from the capitol, with powers of self-government under local popular control, even in per-

forming state functions, a state administrative agency cannot deal with the local governments as it deals with other state agencies in or near the capitol.

Many of the distinctive problems of relations between the state agencies and these local governments in the carrying out of their respective duties in such state functions as education, public health, public welfare, highways and finance are reflected in the replies made by state agencies to various general queries in the manual. It seems to be worthwhile, therefore, to present a brief summary of these replies, even though it is clear that if specific questions had been asked in this field much more information would have been available for this summary. This section covers briefly these state-local relations.

Business Development feels the need of a community planner on its staff (for which federal aid is available) to "assist local areas to organize public works programs (hospitals, parks, libraries, schools, etc.)."

Civil Service questions the adequacy of the fees it charges for conducting examinations for municipalities.

Conservation has problems in assisting mineral counties to determine whether they should sell tax-forfeited lands located near mineral areas; thinks that about 10 small parks in the state system might better be turned over to the municipalities or counties concerned; feels the need for a recreational consultant to municipalities; and renders occasional consulting service to local park authorities. To improve its technical and clerical aid to soil conservation districts it feels the need of a larger budget. County land management aid to more counties will also call for more funds.

Bureau of Criminal Apprehension does blood and urine analyses for county sheriffs and local police at no cost to them.

Education needs more funds and staff to carry out state laws on approval of rentals and of school transportation contracts by school districts, to expand library field services, and to put school district reorganization staff on a regular basis.

Employment Security foresees additional work if called upon to administer unemployment compensation for local and state public employees.

Health now has eight district offices for local health services which could be reduced by consolidation if and when

county or multiple-county health departments are established. It sees the need for an intensified school health program, a larger number of public health nurses employed locally, more funds and staff to assist in the planning of new community hospitals and state-local cooperation in a home-safety program.

Highways tests and inspects materials for county highways, at the expense of the counties, audits accounts of justices of peace and municipal courts and collects from them for the trunk highway fund the fines levied for highway patrol arrests, foresees the need for supervising state-aid municipal construction on highways, and, because of the lack of enough qualified engineers, reports difficulty in assisting counties in finding competent highway engineers.

Historical Society finds its field work increasing as more counties establish historical societies of their own.

Labor Conciliator, though not required by law to do so, assists in settling labor disputes for local governments. He thinks this service should continue.

Liquor Control assists county and municipal liquor enforcement officials with advice, information, cooperation in arresting violators, and feels that licensing of 3.2 dealers with bonding requirements could be handled on the local level.

Public Examiner feels the need for more personnel and funds to provide for more regular and frequent audits of county, municipal, and other local government accounts. Believes that pamphlet now prepared and published by his office for local governments on tax levy authorizations and limitations that apply to them should be continued.

Public Welfare feels the need for state aid to local units to establish and maintain community mental health clinics, but foresees a decline in need for state aid to county tuberculosis sanatoria.

Railroad and Warehouse Commission foresees need for legislation to authorize it to regulate rates and services of local gas and electric utilities.

These various items, interesting and important as they are, obviously give only small glimpses of the many significant relations which exist between state administrative agencies and the numerous local governments of the state. To get at those relations fully and effectively would require a far more com-

prehensive study and one that was pointed directly at state-local relations.

III. Interstate Relations

In a few instances there is clear evidence that interstate relations are important in the administration of state services. Work Manual replies contained limited information on this subject because there were no specific questions concerning it.

Interstate cooperation is important in many state and local functions, including law enforcement, collection of income, inheritance, sales and other non-property taxes, health protection, civil defense, workmen's and unemployment compensation for workers who move across state lines, interstate highways and stream pollution. Indeed, it affects nearly all state functions.

In the few references to this subject, the *Department of Business Development* mentioned the importance of continued attendance at Missouri Basin Interagency Committee meetings, where plans for development and use of the Missouri River and its power are discussed by state and national officials; the *Department of Highways* emphasized continuing its reciprocal agreement with other states under which cooperating state highway departments inspect and test local materials for each other at cost; and the *Bureau of Criminal Apprehension* urged that Minnesota join other states in the interstate teletype service established by the International Association of Chief of Police for the prompt and nationwide distribution of crime reports and information.

These suggestions came to the surface without special help or urging. A systematic inquiry in the field of interstate relations would surely produce many dozens more.

IV. Recommendations

While recognizing the limits of their own knowledge of intergovernmental relations of Minnesota, the Task Force members feel duty bound to make such recommendations for future state policy as their study and discussions seem to warrant. None is intended to imply that any state agency has

been remiss in performing its duties. For aught we know, most of the things we suggest may already be the established policies and practices of most if not all of the state departments and agencies.

A. State-National Relations

1. *Trends Should Be Observed.* All state agencies that receive federal grants-in-aid should keep the Governor and the Department of Administration fully and currently informed on the trends in such grants and on proposals for future changes in them in all cases where such trends or proposed changes affect the services or the finances of the agencies concerned. The appropriate legislative committee chairmen and the Legislative Research Committee should also be kept informed.

This function is exceedingly important for legislative planning and budgeting. In all cases where important increases in public expenditures are proposed, special care should be taken to consult with all important executive and legislative authorities.

2. *Early Coordination and Consultation.* Agency heads who feel the need to promote the services provided by their agencies and in the state appropriations and federal grants should consult early and fully with the Governor, the Commissioner of Administration, appropriate legislative committee chairmen, and the district and regional officers of the related agencies of the United States government.

A state administration works best when it has a unified program and policy. This cannot be always fully achieved but an approach to it is important. Only by timely and adequate communications and consultations within the administration can such an approach be made, and, where federal grants are involved in a department's financing, the federal agencies concerned also need to be informed and consulted.

3. *Protection of Natural Resources.* Protection and development of natural resources calls for the utmost cooperation among national, state, and local governments. State agencies should cooperate with all reasonable federal proposals on fair terms with adjoining states. It should, however, insist upon its own rights and should urge the national government to do its share in protecting natural resources within the state.

4. *Continuous Reporting Service.* The federal grant-in-aid system has become a sufficiently permanent and important factor in financing state services to warrant establishment in some state agency of a continuous reporting service on federal grants to the state and its subdivisions. The rise and fall of the several distinct grants-in-aid, the changes in their conditions and amounts, and the effects of the total federal program on Minnesota's government and its finances, should be studied and reported upon annually by some central state agency. Such a reporting service might help to lay the foundation for constructive proposals to improve the administration of federal aids, as discussed in the next recommendation.

5. *Advance Appropriations.* To enable the state to budget intelligently the state should urge upon Congress and federal agencies the desirability of advance appropriation, for two or more years at a time, of all the well-established grants-in-aid. Temporary and experimental grants would not come under this principle, nor would the "open-end" grants, such as those for old age assistance.

Sound budgeting requires that all expected revenues be included in the revenue calculation. As long as the state government operates with biennial budgets, the uncertainty of federal grants, especially when made late each year and for only a year at a time, constitutes an impediment to sound state budgeting. Even if the state had annual legislative sessions, there would be considerable advantage in knowing more exactly in advance the amounts of the expected federal grants for each function.

6. *Settlement of Administrative Problems.* Differences that inevitably arise between a state department and the national agency that supervises expenditure of a grant should, as far as possible, be negotiated and settled directly between them with due notice to the Governor and other overhead administrative officers.

Full participation by Minnesota agency heads in their respective national functional associations is very helpful. It brings together state and federal officers in the same field for discussion of common problems.

7. *Some Cases Require United Approval.* While direct state-federal dealings are of the utmost importance, some questions common to a number of state agencies may call for a

more united approach by state authorities. The states have the Council of State Governments to represent them in Washington, and the national administration has in the Executive Office of the President an Assistant to the President to consider the more general questions in which states are concerned. These devices should not go unused. General questions affecting a number of Minnesota agencies, such as the integration of Indians into the general population, might be dealt with through these channels, but Minnesota departments and the Governor need first to get together on a common policy.

8. *Problem of OASI.* The problem of Social Security (OASI) coverage for state employees as a supplement to the State Employees Retirement Association is another question of general importance between state and national officials. It definitely calls for legislative action also.

9. *No One Pattern Binding.* The proposition put forward by the state Department of Education that the national government should administer its programs through the state department, which, in turn, should administer them through local school districts, is no doubt applicable in principle to other functional fields. It probably, however, should not be made an absolutely binding rule for all fields. Some instances may require the creation of a state agency to channel federal funds or the addition of such a function to an existing state agency that has no real interest in it. The legislature should keep general control over what the local governments do but should not bind itself to one pattern of supervision in all fields.

B. State-Local Relations

State administrative agencies, while primarily responsible for services in their respective fields, should act upon a strong secondary responsibility for maintaining an effective system of local government in Minnesota and for strengthening that system. In almost every important field of state service the local governments play essential roles.

The Kestnbaum Commission asserted that the strengthening of local government is a major responsibility of the states, one that is important to strengthening the states themselves.

The Commission outlined a program of continuing state activities leading toward this goal. State agencies, with their

daily contacts with local authorities, are in a strong position to promote such a program. If in carrying out this function they encounter difficulties and misunderstandings, they may become more appreciative of the difficulties faced by national agencies in dealing with the states. Essentially the problems involve mutual education and understanding.

C. *Interstate Relations*

It has been long recognized that a federal system of government cannot do its best work without a great deal of interstate cooperation. Most major tasks of government are handled by the national government alone, by the separate states, or by the local governments, with considerable vertical cooperation (state-national and state-local). But for the states to perform their functions well, in a country with much movement of population and commerce, and with communications crossing state lines, considerable interstate cooperation is also needed for maximum service and effectiveness.

Minnesota has been an average state in promoting and maintaining such interstate cooperation. State agencies should keep the advantages of such cooperation before themselves at all times.

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