Greater Minnesota Corporation: Structure and Accountability

March 1991

Program Evaluation Division
Office of the Legislative Auditor
State of Minnesota

Program Evaluation Division

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JAMES R. NOBLES, LEGISLATIVE AUDITOR

March 22, 1991

Members
Legislative Audit Commission

Dear Members:

In December 1990, the Legislative Audit Commission directed the Program Evaluation Division to examine the Greater Minnesota Corporation. The commission asked for a review of GMC's overall organization and structure and an assessment of whether GMC, a "quasi-public" agency created in 1987, is adequately accountable to state government.

Our review concludes that, after two years of controversy, GMC's board and new president are making progress in defining GMC's mission and work program and in establishing standard internal operating controls. Today, GMC's structure and accountability are similar to what we found among similar organizations in other states and to other "quasi-public" agencies in Minnesota.

However, GMC and its board are not answerable to any elected state official, and we question whether that is appropriate for any agency that is responsible for large sums of public money.

We received the full cooperation of the Greater Minnesota Corporation and its staff. We also appreciate the help and advice we received from numerous other individuals and agencies.

This report was researched and written by Kathi Vanderwall (Project Manager) and Deborah Woodworth, with assistance from Jan Sandberg.

Sincerely yours,

James R. Nobles
Legislative Auditor

Roger Brooks
Deputy Legislative Auditor

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Executive Summary

The Greater Minnesota Corporation (GMC) was established as a public corporation by the 1987 Legislature [1] to foster economic development, especially in rural Minnesota. It was originally allocated $105 million and exempted from many controls that apply to state agencies.

The GMC quickly became controversial. Some people questioned its general strategy, while others criticized individual programs. Also, the GMC's first president was accused of sexual harrassment and misuse of public funds. He resigned on December 11, 1989.

The GMC has been subject to intense scrutiny.

Because it has been controversial the GMC has been subject to intense scrutiny. For example, between its creation and August 1990, our Financial Audit Division issued three reports on the GMC. In addition, the GMC has annually hired a CPA firm to audit the corporation.

Nevertheless, in December 1990 the Legislative Audit Commission directed the Legislative Auditor's Program Evaluation Division to review the GMC. Essentially, the commission wanted a broad assessment of GMC's history, structure, and accountability so that legislators could better understand why GMC got into trouble.

To conduct our study, we pursued the following questions:

- **Why was the GMC created as a quasi-public entity? What have been the advantages and disadvantages of the GMC's quasi-public status?**
- **How have the GMC's structure and accountability changed since its inception? How do they now compare with other agencies?**
- **What changes would make the GMC more accountable for the expenditure of public funds without limiting its flexibility and adaptability?**

To answer these questions, we relied on interviews with people who are knowledgeable and thoughtful about the GMC and about business or government in general. We also reviewed relevant literature on organizational design and accountability.

1 *Minn. Laws* (1987), Ch. 386, Article 2.

Our most encouraging observation is about the GMC's current situation. We found that:

- **The GMC's new president is working, in concert with the board, to give the organization a more focused mission and to make it more accountable.**

We think these efforts are essential and will, if successful, help correct the problems evident in the GMC's original design and initial experience.

We also found that:

- **Though the GMC is not subject to several significant controls imposed on a state agency, it now has many of the accountability measures typical of other quasi-public organizations.**

No state elected official is accountable for the GMC's performance.

Our only major concern about the current structure of the GMC is that no state elected official is accountable for its performance, even though the GMC was created by the state and is financed completely by state funds.

Going beyond the GMC, we found that:

- **Accountability for "quasi-public" organizations is often confused, since they operate under a variety of standards, procedures, and expectations.**

BACKGROUND

Legislation creating the GMC was introduced early in the 1987 Legislative session. The GMC was created as a public corporation, specifically exempted from most laws governing state agencies. A number of goals for the GMC were presented before and during hearings on the original bill. According to original supporters, one important goal was:

- **to create economic development in Minnesota, focusing on all areas of need in the state, including the inner cities.**

The GMC would spur economic development by encouraging new forms of production, leading to increases in production and jobs. It would encourage joint ventures between universities, private corporations, and federal labs, and it would increase Minnesota's ability to compete nationally and internationally.

A second goal mentioned by supporters was:

- **to involve higher education in economic development by providing a linkage between universities and business.**

A final goal presented by proponents was:

- **to achieve rural revitalization.**

It would do so by fostering new industries in rural Minnesota, thus creating jobs and diversifying the rural economy.

Because of its mission to create economic development, the GMC's sponsors were convinced that it had to be created as an entity outside of state government. Its originators asserted that the GMC should behave like a private company because it would be expected to operate in the private sector and attract private capital. The GMC's creators further believed that it should be apolitical, while a state agency could not be removed from politics. By removing it from the political arena, its originators hoped to protect the GMC from short-term political or economic fluctuations, so it could accomplish its long-term mission. Finally, proponents argued that the GMC should be created outside of a state agency because it would need more flexibility than was available to a state agency.

Concern over accountability developed soon after the GMC was created.

But concern over accountability at GMC developed soon after its creation. Audits performed in 1989 and 1990 noted a lack of control within the organization and raised questions about excessive and inappropriate spending. Also, citizens and legislators, especially from rural Minnesota, began to question whether the GMC was fulfilling its mission in outstate Minnesota. Although the corporation spread offices and institutes around the state, the GMC—with headquarters in downtown Minneapolis—sponsored projects that did not seem to have the expected rural focus.

We think there are three answers to the question: why did the GMC get into trouble?

- **First, the GMC was created without a well-focused and clearly understood mission.**

While proponents promised that the GMC would foster economic development in Minnesota, they did not have a plan for how that would be achieved. Nor did they articulate how the GMC's programs would be coordinated with other state and local economic development efforts. Moreover, after it was created, the GMC was quick to announce programs and raise expectations, but slow to develop a focused strategy.

- **Second, the GMC's status as a "quasi-public corporation" left its accountability unclear.**

The GMC was exempt from many of the statutes and standards that constrain state agencies. But it was not clear what procedures and standards the GMC was supposed to follow in spending public funds. There are no common standards or procedures for "quasi-public" organizations. At the same time, because it was completely state-funded, the GMC did not face the market constraints that control spending in private industry and even at some other "quasi-public" organizations. Nor was the GMC accountable to a membership (like the Minnesota Historical Society, for example) or to shareholders.

- **Finally, the GMC's first president was not an appropriate choice.**

The GMC's first president took advantage of the GMC's "quasi-public" status.

The GMC's first president took advantage of GMC's "quasi-public" status and ignored his responsibility to spend public funds consistent with public sector standards of accountability. In addition, the president did not have adequate experience with new, small companies or expertise in economic development. Ultimately, he relied on a consulting firm to provide him with a strategy for the GMC. Finally, it must also be said that the GMC board was not able to overcome the former president's deficiences.

CHANGES IN THE GMC'S STRUCTURE AND ACCOUNTABILITY

In response to problems that began to emerge at the GMC in 1988, the Legislature increased the corporation's statutory accountability through such actions as appointing the Commissioner of Trade and Economic Development to the board, limiting the president's salary, and including the GMC in the state accounting system.

More recently, GMC staff have also changed the organization, particularly since the new president arrived. The board recently approved a restructuring plan which calls for combining some programs, such as Business Innovation Centers and Technology Resource Centers, and cancelling others. The board and the new president are attempting to sharpen the GMC's focus on what they see as Minnesota's most pressing economic development needs: technology transfer and product development at the early stages of innovation. The new president has also reduced the size of the GMC staff by about 25 percent, and has completed new personnel policies.

The GMC Board of Directors became self-perpetuating following its 1987 appointment by the Governor. The evidence we reviewed indicates that the original board lacked adequate involvement to guide the GMC's formation or to forestall management problems. Our examination of board minutes and our interviews indicated that the current board is more active, works more closely with the president, and is focusing more on its oversight role.

THE GMC COMPARED WITH OTHER ORGANIZATIONS

We compared the GMC's current structure and accountability with state agencies with a single executive, state agencies with a board of directors, other quasi-public organizations, and similar organizations in other states. Overall, we found that:

- **The GMC now has accountability measures typical of other quasi-public organizations, but it is subject to less control than a state agency.**

The GMC is subject to the Data Practices Act, the Ethical Practices Act, Tort Claims law, budgeting and accounting controls, and auditing requirements. In addition, GMC directors must disclose political contributions. The GMC is also subject to open meeting laws, except when proprietary information is discussed.

In contrast to state agencies, the GMC is not subject to civil service requirements, purchasing laws, the Administrative Procedures Act, or contracting requirements.

The GMC board now appoints its own members as well as its president.

Unlike state agencies with boards of directors, reimbursement of GMC board expenses is limited in statute only by an undefined standard of "reasonableness." State agency board per diems are limited to $55, and expense reimbursement is the same as for executive branch employees.

Moreover, we found that, because the GMC board now appoints its own members, and the board appoints the GMC president,

- **No elected official in state government is clearly responsible for the GMC.**

The current board is working to increase its own accountability, for example, by requesting legislative representation on the board.

We compared the GMC with nine other Minnesota quasi-public organizations and two similar quasi-public organizations in other states. We found that:

- **Quasi-public agencies vary widely in organization, accountability, and degree of independence.**

For example, several of the quasi-public organizations that we examined, including the GMC, are designated as "public corporations;" one is a private, non-profit corporation; and one is a state-private partnership. Some organizations have budgets approved by the Legislature or other elected bodies, while some, including the GMC, have their budgets reviewed only by their own boards. Like the GMC, many quasi-public organizations are exempt from civil service requirements, purchasing laws, the Administrative Procedures Act, and contracting requirements, although many of them, including the GMC, have substituted internal policies and procedures which are similar to state agency requirements.

In one area, the GMC is different from other quasi-public organizations, both in Minnesota and the other states we examined. We found that:

- **Only one organization has a board which is as independent as the GMC board, and that organization does not operate under state**

authorization and receives only a small part of its funding from the state.

RECOMMENDATIONS

The GMC needs to institutionalize recent reforms.

The Greater Minnesota Corporation is an organization that got off to a bad start, but it has made progress in the last year toward correcting its problems. Through statute or its own initiative, the GMC today has most of the accountability measures found in other quasi-public bodies and some of those found in state agencies. To a great extent, all that remains is to institutionalize the new structure, so that it will survive changes in the board or the presidency. To that end we recommend:

- **The GMC should compile a comprehensive policy manual, incorporating its recently completed personnel policy manual.**

Much of the necessary material already exists, but other important pieces still need to be formalized, so that the future of the organization is less dependent upon who is its president. We also recommend:

- **The GMC board needs to institutionalize its responsibilities to oversee the organization's operations.**

For example, the board and president together should develop written position descriptions for board members. The board of directors should provide the president with an annual, written review of his performance, and should require the president as one of his duties to provide it with detailed work plans and budgets.

Many of the people we interviewed told us that—given the amount of public funds it handles—the independence of the GMC board was unusual and risky. Most similar boards in Minnesota and in other states include at least some members appointed by the Governor. We recommend:

- **All new members of the GMC board should be appointed by the Governor. Directors' terms should be staggered, so that a new Governor cannot replace the entire board at once.**

The GMC board and staff have defined what they see as their role in economic development in Minnesota. It remains for the Legislature to determine whether that role is important to the state and at what level it can be funded. In making that determination, we recommend that:

- **The state should develop a comprehensive economic development policy, and determine the GMC's role within that policy.**

One method for developing such a state policy would be through an appointed Governor's commission. The commission should be charged with arriving at specific recommendations, rather than simply theories.

We found that there is wide variation in the statutes that govern quasi-public agencies in Minnesota. In our opinion, Minnesota would benefit from a uniform "Quasi-Public Agencies" statute. The statute should establish uniform accountability measures for quasi-public agencies, require that state funds be spent only for public purposes, and establish some reasonable expenditure limits. Agencies seeking exemptions from the statute would bear the burden of proving that they could not accomplish their public missions within the statute's constraints.

Minnesota needs a "quasi-public agency" statute to resolve accountability concerns.

Finally, we found no compelling evidence to suggest that the GMC's functions could not be carried out successfully by a state agency. If the Legislature plans to continue GMC programs, it could, if it wishes, move them to a state agency, such as the Department of Trade and Economic Development, or change the GMC into a separate state agency, similar to the State Arts Board. That option would bring the GMC under all of the accountability measures that apply to state agencies, while allowing for some flexibility in budgeting.

INTRODUCTION

The Greater Minnesota Corporation was established as a public corporation in 1987.

The Greater Minnesota Corporation (GMC) was established as a public corporation by the 1987 Legislature.[1] Its mission was to foster economic development, especially in rural Minnesota. It was originally allocated $105 million and exempted from many controls that apply to state agencies.

The GMC quickly developed problems. The most well-known problems have been the scandals involving its first president, who was accused of inappropriate expenditures of state funds and sexual harrassment of staff members. There have been other, potentially more serious, criticisms. In its attempt to get off to a fast start, the GMC initiated a number of programs which often were not well-coordinated. Although many expected the GMC to be primarily a rural development program, many of its first grants were made to firms based in the metro area. The corporation was also slow to develop written policies and procedures which might have prevented some of its problems and assured legislators and others that it was accomplishing its goals.

Because it has been controversial, the GMC has been subject to intense scrutiny. Between its creation and August 1990, our Financial Audit Division issued three reports on the GMC. In addition, the GMC has annually hired a CPA firm to audit the corporation.

Nevertheless, in December 1990, the Legislative Audit Commission directed the Legislative Auditor's Program Evaluation Division to review the GMC. Essentially, the commission wanted a broad assessment of the GMC's history, structure, and accountability so that legislators could better understand why the GMC got into trouble.

To conduct our study, we pursued the following questions:

- **Why was the GMC created as a quasi-public entity? What are the advantages and disadvantages of the GMC's quasi-public status?**

- **How have the GMC's structure and accountability changed since its inception? How do they now compare to other agencies?**

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1 *Minn. Laws* (1987), Ch. 386, Article 2.

- **What changes would make the GMC more accountable for the expenditure of public funds without limiting its flexibility and adaptability?**

To answer these questions, we relied heavily on interviews with people who are knowledgeable and thoughtful about the GMC and about business or government in general. A list of the people we interviewed is included in Appendix A. We supplemented the information we gained from interviews with a review of literature in the areas of governance, boards, economic development, and public accountability.

Overall, we found that the Greater Minnesota Corporation is an organization that got off to a bad start, with an unclear mission, no plan for achieving its goals, and weak accountability. During the past year, and especially since it appointed its new president, it has made progress in defining its mission and putting in place mechanisms for accountability.

Conclusions in this report may have implications for other quasi-public agencies.

While the focus of this report is the Greater Minnesota Corporation, the findings and conclusions may have implications for other quasi-public entities. Although there is no established definition of "quasi-public" in statute, in general the term refers to an organization created or sanctioned by the legislature, receiving some state funds, or exercising some statutory powers, but outside of the normal policies and rules under which a state agency operates. We conclude that the quasi-public organizational form is not inherently bad. But the less well-defined is the purpose and structure of such an organization, the greater the danger that it will go astray, and the greater the need for legislative guidance and oversight.

BACKGROUND

Chapter 1

Legislation creating the GMC was introduced early in the 1987 Legislative session, although the idea had originated earlier. Minnesota Wellspring, a group of CEOs of major Minnesota companies who were brought together within the State Planning Agency to develop an economic development policy for the state, had convinced the Governor and legislative leaders some years earlier of the need for greater state involvement in technology development. A bill very similar to the 1987 legislation had passed both the House and Senate in 1986, but the session ended before the bill could be passed into law. The idea was also discussed in the 1987 Report of the Governor's Commission on the Economic Future of Minnesota. The report pointed out that technology industries were crucial to job growth in Minnesota, that international competition was growing, and that other states were beginning programs to foster research and technology transfer.

The commission proposed the creation of a quasi-public "Minnesota Corporation for Science and Technology." The corporation would be empowered to spend public money on research and development for technology transfer leading to new product development. The commission recommended that the corporation's board include representatives of state government, the private sector, academia, and the Governor's office. The report suggested that the board should be constructed to ensure continuity, accountability, and political insulation, and to have a long-term perspective.

The GMC was specifically exempted from most laws governing state agencies.

The GMC differed from these early concepts. The GMC was created as a public corporation, specifically exempted from most laws governing state agencies. For example, the board was permitted to set its own compensation and hold closed meetings. The Governor appointed the first board, but as members' terms expired they were to be replaced by the board itself, making the board self-perpetuating. The statute did not include required categories for board members, nor were government or academia required to be represented on the board.

The GMC was created and funded in 1987 without an operational plan that would have laid out a framework of personnel, budgeting, accounting and other operating procedures. (See Figure 1.1 for historical timeline.) Decisions about how to operate were to be made by the board. The GMC statute required that a comprehensive operational plan be submitted to the Governor and the Legislature by November 15, 1987. The statute further required that

Figure 1.1: Greater Minnesota Corporation Historical Timeline

1987	The GMC was created and funded by the Legislature.
November 1987	The GMC submitted an operational plan to the Legislature.
December 1987	The GMC Board of Directors appointed Terry Montgomery acting president.
December 1988	Terry Montgomery was appointed permanent president of the GMC.
December 1989	The president resigned in response to accusations of sexual harrassment and inappropriate use of public funds.
February 1990	GMC staff requested that the Legislative Auditor investigate the president's expenses.
June 1990	The board appointed Jacques Koppel president of the GMC.
August 1990	Legislative Auditor reports found inappropriate use of public funds by the former president.
November 1990	The GMC announced restructuring plans.

The GMC announced restructuring plans in November 1990.

the plan cover at least operating, accounting, grant, loan, personnel, and investment procedures, and board conduct and ethics. However, we found that:

- **The operational plan which was submitted in November 1987 was incomplete in several areas.**

In fact, the only area which was complete was the accounting system. One year later, in the December 1988 operational plan, the policy on board conduct and ethics had also been completed. In every other area, the organization reported that procedures had not yet been developed.

We heard from some interviewees that the original appropriation given the GMC was too large. As shown in Table 1.1, the 1987 Legislature allotted over $100 million to the GMC, although more than $80 million was unallotted in 1988, before the GMC began operations. Instead of the large allocation, the GMC has been granted a portion of future proceeds from the lottery. A recent present value analysis comparing the GMC's 1990 funding plan with the original 1987 endowment showed that the value of the GMC's funding from lottery proceeds will be about $30 million (18 percent) less than the 1987 funding, assuming lottery proceeds do not increase in the future.[1].

1 House Research, *Greater Minnesota Corporation Funding* (January 1991). Present value analysis is a way to estimate the current value of a future flow of money, recognizing that a dollar today is worth more than a dollar in the future.

Table 1.1: Summary of the GMC's Funding, 1987-90

Legislative Session	Financial History	Actual Receipts (millions)
1987	Enacting legislation	
	$95.5 million allotted from budget reserve	$95.5
	$6.5 million for operations	+ 6.5
	$3.5 million specifically designated for AURI	+ 3.5
		$105.5
1988	$80.5 million unallotted from funds	- 80.5
	Given loan repayments from certain DTED loans—totaled about $6 million	+ 6.0
	50% of lottery proceeds promised, if the constitutional amendment passes allowing for a lottery	
		$31.0
1989	Loan repayments reassigned to DTED 50% of net proceeds from lottery given for 5 years	
1990	25% of net proceeds from the lottery for 10 years	
	First lottery funds received in July 1990	
	$9.3 million for April 1990 through October 1990 (July through December receipts)	+ 9.3
	Total funds received (as of December 1990)	$40.3

Source: *Greater Minnesota Corporation 1990 Annual Report*, p. 13.

The GMC's originators stated several ambitious goals for the corporation.

ORIGINAL GOALS FOR GMC

A number of goals for the GMC were presented before and during hearings on the original bill. Proponents were quite enthusiastic, as the following descriptions illustrate.[2] According to original supporters, one important goal was:

- **to create economic development in Minnesota, focusing on all areas of need in the state, including the inner city areas of Minneapolis and St. Paul.**

The GMC would cause economic development to occur by encouraging new forms of production, leading to increases in production and jobs. It was expected to create new jobs, not simply shift jobs from existing businesses. It would spur economic growth by fostering research and development, creating a new kind of economic environment through applied research leading to new technologies and jobs. It would encourage joint ventures between universities, private corporations, and federal labs, leveraging private money to invest in new products and technologies, and bringing in researchers to join those at

2 Much of the language we use here is taken from claims made at hearings surrounding passage of the GMC legislation.

the universities, to allow entrepreneurs to have access to research. By doing all of this, the GMC would increase Minnesota's ability to compete nationally and internationally and create new markets for Minnesota products.

A second goal mentioned by supporters was:

- **to involve higher education in economic development by providing a linkage between universities and business.**

The GMC would not compete with universities, but would complement and expand universities' abilities and attract research dollars. It would be a broker for and help direct research. It was expected to be better able than universities to attract private funds.

A final goal presented by proponents was:

- **to achieve rural revitalization.**

It would do so by fostering new industries in rural Minnesota, thus creating jobs and diversifying the rural economy. While its focus was not exclusively rural, the GMC would give preference to rural Minnesota. It would be close to the rural population, directed by and for people in "Greater Minnesota." It would base development in the community, reverse the trend of population moving from rural to urban areas, and give rural areas access to the executive branch.

REASONS FOR CREATING THE GMC AS A QUASI-PUBLIC CORPORATION

GMC's originators believed that it should behave like a private company.

Because of its mission to create economic development, the GMC's sponsors were convinced that it had to be created as an entity outside of state government. The original developers of the idea believed that the state alone could not have significant impact on economic development, but would need to work with corporate and university partners. Because the GMC would be expected to operate in the private sector and attract private capital, its originators asserted that it should behave like a private company. Their belief was based in part on discussions with private venture capitalists, who said that the state would have to act like them, especially with regard to closed meetings and private data. The GMC was expected to make investments with private investors' money, and private investors would be unwilling to take risks if meetings and data were public. Problems would arise, for example, if research ideas were discussed before they were protected by patent. An additional facet of this argument was that risk-taking, generating capital, investing, and making money were not traditional roles for state agencies.

The GMC's creators further believed that it should be apolitical, while a state agency could not be removed from politics. Private industry was seen as distrustful of government, and the GMC's originators felt it was more important to be credible to the private partners than to the public. In addition, the effects of the GMC's activities were expected to emerge over the long-term rather than the short-term. By removing the GMC from the political arena, its originators hoped to protect it from short-term political or economic fluctuations that might interfere with its mission.

The GMC's creators also gave industry's lack of trust as a reason for exempting the GMC from civil service requirements and for not limiting staff salaries. The GMC would need experienced leaders who would require higher salaries than those paid by government. It was also believed that private investors would not want to risk their money with state employees, who they would see as less competent or professional than private sector employees.

Finally, proponents argued that the GMC should be created independent of state agencies because it would need flexibility. They saw promulgated rules and restrictions as causing dysfunction, in the form of inefficiency, red-tape, and inflexibility, in state agencies. In particular, they thought hiring and budgeting activities were too constrained in state agencies. In a private corporation, changes in personnel could be made more easily and programs could be eliminated when no longer useful. Funds in private corporation budgets could be shifted from one program to another as priorities changed or opportunities arose. In contrast, state agency budgets were viewed as fixed, where state programs become seen as entitlements and thus not easily eliminated.

EARLY PROBLEMS

Three types of controversies engulfed the Greater Minnesota Corporation soon after its inception.

- **First, scandals involving the GMC's first president made headlines.**

GMC staff asked the Legislative Auditor to investigate the first president's expenses.

In February 1990, GMC staff asked the Legislative Auditor to investigate discrepencies they had found in the president's expenses. The discrepencies had come to light during their investigation of sexual harrassment accusations.

- **Second, audits noted a lack of control and accountability within the organization.**

Financial audits showed numerous problems. Personnel policies were lacking or inappropriate. Some administrative expenses were inappropriate or excessive, given that payments were made from public funds. For example, the Board of Directors voted to compensate itself $2,500 per year, plus $500 per meeting. This was far in excess of what state boards are normally compensated. Moreover, the president submitted invoices for travel, meal, and entertainment expenses which were unusually high. Further investigation also revealed that many of his expenses were falsified, and in some cases had no purpose related to GMC business. Yet another area of problems concerned the use of consultants. Auditors found that some consultants' contracts were for unreasonable or unclear purposes, or for excessive amounts. In some cases, no signed contracts could be found to justify contract expenditures.[3]

- **Finally, citizens and legislators, especially from rural Minnesota, began to question whether the GMC was fulfilling its mission, as they saw it.**

With a high level of funding its first year and unclear goals, the GMC's first initiative was to hire SRI International, a private research group, to conduct an assessment of the research and development needs of Minnesota. A report was submitted to the GMC in August 1988. In response to that report, the corporation initiated several programs, including the Business Innovation Centers, Applied Research Institutes, Seed Capital Funds, Advanced Manufacturing Technology Centers, and Technology Research Grants. In addition to initiating those programs, the corporation entered an agreement with the U.S. Small Business Administration to administer their Small Business Development Center Program (beginning January 1, 1989).

Early GMC projects did not seem to have the rural focus many had expected.

Although the corporation spread offices and institutes throughout the state, GMC projects did not seem to have the rural focus that many people had expected. Many of the first grants went to firms and projects based in the Twin Cities, rather than in rural Minnesota. In addition, the board was made up primarily of members from the metro area. Of the nine original members, two were from outstate Minnesota, five from the Twin Cities metro area, and two from out of state.

One of the most important reasons for creating the GMC outside of state government was that it was expected to draw in private investment. During legislative hearings on the GMC bill, proponents cited Pennsylvania's Ben Franklin Partnership (where $77 million invested by the state has leveraged $280 million in private funds) as the model the GMC was expected to follow. However, in Minnesota there has not been the high level of private investment or public-private partnership envisioned by the originators of the GMC idea.

CAUSES OF THE PROBLEMS

In our opinion, the GMC's problems can generally be explained by three factors: an unclear mission, an inappropriate choice for the original president, and inadequate oversight and accountability.

The organization was created and funded before it had an operational plan or a detailed budget. No milestones were in place which would have informed observers if it was on the right track. Indeed, there was no clearly articulated "right track." We found that:

3 Office of the Legislative Auditor, Financial Audit Division, *Greater Minnesota Corporation Financial Audit for the Period October 1, 1988 through September 30, 1989* (August 1990).

- **While proponents promised that the GMC would foster economic development in Minnesota, they did not have a clear understanding of how the GMC would acheive that goal; thus, the GMC lacked a focused mission and measureable objectives.**

In the legislative hearings surrounding passage of the original GMC bill, very little attention was given to how the GMC would accomplish its goals. There was little discussion about what Minnesota was already doing to encourage economic development, or of how the GMC would coordinate with existing economic development programs. Instead, as one early participant told us, proponents simply felt that, while they did not know how the GMC would work, they believed it was a better idea than what existed, and should be given a try.

Originators intended the GMC to be a statewide economic development program.

Although the GMC was promoted largely as a rural development program, we learned that that was not the intention of most of its originators. The GMC was intended to be a state-wide economic development program. While good ideas might exist any place in Minnesota, the research infrastructure and financing were largely centered in the metropolitan area. It was hoped that new technology and jobs would spread to rural areas, but programs would need to start in the cities. Nevertheless, the name "Greater Minnesota Corporation" implied to many a focus on rural issues (since the term "Greater Minnesota" has come to be synonymous with non-metro Minnesota), and it raised expectations about what the corporation could accomplish for the rural economy.

Many of the people involved in the creation of the GMC seemed to accept without question the idea that private investors would not take a state agency seriously and would not be willing to invest with a state agency. They also assumed that the GMC would not be able to hire staff of adequate quality within state hiring and salary guidelines. For these reasons, they argued successfully that the GMC should be set up outside of state government and without most of the constraints under which state agencies operate. Thus:

- **The GMC was created and funded without adequate accountability measures being in place.**

The GMC has been involved politically from its inception.

Most of the reasons for creating the GMC as a public corporation have proven arguable, at best. One of the reasons for creating the GMC as a public corporation was to remove it from politics. In reality, the GMC has not been able to avoid political involvement. In fact, some of its earliest decisions, such as scattering offices throughout the state, appear to have been largely motivated by the desire to gain political support for the corporation. Several of the people we interviewed suggested that the GMC should not be outside of politics, given the large amount of state funds it spends. In addition, it is important for the GMC to be politically sensitive because, as has been demonstrated, the Legislature can decide to change its funding at any time.

In practice, the GMC has not been much more flexible than a state agency. Staff cite one example in which they were able to move quickly to provide matching funds and, thus, acquire a federal grant—something a state agency might not have been able to do. They also point to the recent closing of the Business Innovation Centers (BICs) as the kind of decision a state agency would have great difficulty making. People outside the GMC point out, however, that the functions of the BICs have merely been combined with other programs and not eliminated. In addition, the BICs had not had time to develop a large constituency. Over time, had BIC services proven useful, the GMC might have found it difficult to close them down.

Because it was a new organization, with a very broad and unclear mission, it was particularly important that the GMC's first board and president be carefully chosen. However, we found that:

- **The GMC's first president was not an appropriate choice.**

The GMC's first president lacked appropriate knowledge and experience.

A number of the people we interviewed who had worked with the GMC's first president told us that, in addition to ethical shortcomings which became apparent fairly quickly, the president generally lacked the knowledge and experience to guide the new organization as it defined its goals and operating plans. According to some people who worked with him, his behavior reflected an image of the "private sector" in which high spending habits somehow conferred status on the spender. The extravagance, we were told, was encouraged to some extent by some members of the board and allowed by the organization's poorly-defined status as a public corporation.

We were told that, while the board was made up of members from the private sector, most knew little about technology. Most members had no recent experience with small business or entrepreneurialism, nor were they familiar with operating public organizations. Because of its own lack of experience, the board relied heavily on the president and his staff to set policy. The board accepted the president's recommendations about programs, without having seen either plans or budgets. The board also apparently shared the president's view of the corporation's private status, for example, when they voted themselves large retainers and per diems. The board's stance and its remoteness from the corporation's operations might have been appropriate in a well-established organization. But as a new organization the GMC required a strong, active board to work closely with the president in setting its future course.

Regardless of whether private agencies are generally more professional or efficient than state agencies, problems can arise when a private or quasi-public agency is charged with spending public funds. As we discuss in a later chapter, state agencies in Minnesota operate under many statutes and rules designed to ensure that public funds are spent for public purposes. State agencies are headed by commissioners who are appointed by the Governor, and they must answer to the Governor. State agencies must seek funding for their programs from the Legislature, and must justify their requests with demonstrations of the results of their work. Also, state standards often specify in detail what is considered reasonable and appropriate when public funds are being spent.

Private agencies have different mechanisms for accountability. Private for-profit corporations have stockholders, who hold the board of directors accountable for the use of their money. Private non-profit organizations typically rely to some extent on contributions from private parties. If funds are to be forthcoming, the organization must demonstrate that it is spending money prudently and using contributions to further the organization's purposes.

Neither state agency controls nor "market discipline" applied to the GMC.

The GMC did not operate under any of these constraints. Virtually all of the GMC's funding has come from the state, so the board has not had to justify its actions to either contributors or shareholders. At the same time, because it is self-perpetuating, the board has not had to answer to the Governor or to the Legislature. Unlike a private organization, the GMC did not have "market discipline" to force reasonableness in the areas of personnel policy, expenditure limits, budgeting, or contracting, nor was it subject to the rules that regulate state agencies in these areas.

In one example of the result of lack of accountability, the GMC rented reserved ramp parking places in Minneapolis for every member of the GMC staff, at a cost of over $200 per space per month. The former president's expenditures provide several more examples. The president chose to live in Sauk Rapids during his tenure, and the corporation paid his costs of commuting from there. The former president also used a corporate charge account to pay for meals for himself and others, often for private purposes. A state agency would clearly be prohibited from making these kinds of expenditures, and most private companies would be unwilling to spend company resources for things which did not add to profitability. While inappropriate expenditures can and do occur in all types of organizations, including state agencies, having explicit rules in place makes it more likely that problems will be discovered and corrected quickly.

In the following chapters we compare the current structure and accountability mechanisms of the Greater Minnesota Corporation to those of state agencies, other quasi-public organizations in the state, and similar organizations in other states.

CHANGES IN THE GMC'S STRUCTURE AND ACCOUNTABILITY SINCE 1987

Chapter 2

In response to problems that emerged at the GMC beginning in 1988, the organization has undergone a number of changes in structure and in accountability requirements. We compared the orginal law which created the GMC with its current statute and noted changes. We also examined annual reports and GMC board minutes, and we interviewed individuals who observed the GMC's creation and development.

STATUTORY CHANGES IN THE GMC

Since the GMC's creation in 1987, the Legislature has increased the corporation's statutory accountability by adding the following measures (see Figure 2.1):

The GMC has become more accountable through statutory changes.

- **The Commissioner of Trade and Economic Development now serves on the GMC Board of Directors.**[1]

- **GMC board members may receive "reasonable compensation" for "reasonable expenses," and the Commissioner of Finance may review these expenses annually.**[2]

- **The president's salary is limited to 95 percent of the Governor's salary.**[3]

- **The GMC's finances are included in the state accounting system.**[4]

- **The board must publish its bylaws and amendments in the State Register.**[5]

These changes increased the GMC's accountability to the Legislature and to the public.

1 *Minn. Stat.* §116O.03, subd. 2a.

2 *Minn. Stat.* §116O.03, subd. 2. The Commissioner of Finance does not have the authority to require that the GMC change its budget.

3 *Minn. Stat.* §116O.04, subd. 1.

4 *Minn. Stat.* §116O.05, subd. 1.

5 *Minn. Stat.* §116O.03, subd. 3.

Figure 2.1: Changes in the GMC's Accountability, 1987-91

	Original Accountability Measures	Changes
Staff Policy		
Written personnel policies	Incomplete	Complete manual
Salary limits	None	President's salary limited to 95% of Governor's salary; other salaries not limited
Subject To		
Open Meeting Law	Yes, with exceptions	No change
Data Practices Act	Yes, with exceptions	No change
Ethical Practices Act	Yes	Board members must also file statements of economic interest with the Ethical Practices Board
Administrative Procedure Act	No	Must publish by-laws and changes to by-laws in the State Register
Purchasing laws	No	No change
Tort claims	Yes	No change
Annual reporting	Yes	Reporting date changed
Budget review	No	Budget reviewed by Commissioner of Finance
Accounting and expenditure controls	No	Included in state accounting system
Audit by the Legislative Auditor	Yes	No change
Board Member Selection	Initial appointment by Governor, subsequently self-appointed	No change

The GMC's original mission lacked focus.

CHANGES IN THE GMC'S MISSION AND STRUCTURE

We interviewed numerous individuals, including legislators and GMC staff and board members who had watched the GMC's creation and subsequent evolution. A common observation was that the original mission was unclear, the initial plan was unfocused, and the agency's creators promised too much.

Figure 2.2 compares the GMC's 1988 and 1990 mission statements.[6] Both are drawn from statutory language expressing the agency's purpose, which has remained essentially unchanged since 1987. The GMC's charge is to encourage the development of Minnesota's technology base in three areas: agriculture and natural resources; technology transfer, in particular to small and medium-size manufacturers; and seed money for new product development.

The GMC's mission is to develop Minnesota's technology base.

Figure 2.2: The GMC's Mission Statements, 1988 and 1990

1988	1990
GMC is created "to promote long-term economic development and job creation through applied research, technology transfer, and new product development."[a]	GMC's mission is to help develop Minnesota's technology base through: "applied research and development in agricultural and natural resources, technology transfer to small/medium-size manufacturers, and financial investments in new product development and the start-up of technology intensive companies."[b]

[a]*Greater Minnesota Corporation Annual Report 1988*, p. 4.
[b]*Greater Minnesota Corporation Annual Report 1990*, p. 2.

The GMC's staff told us that they are modifying the agency's structure in order to achieve its legislative purpose in a more focused way. The orginal proposed program structure, the actual 1990 structure, and the proposed 1991-92 restructuring plan are shown in Figure 2.3. In the GMC's 1989 annual report, the interim president reported that "90 percent of the Greater Minnesota Corporation program is now in place."[7] At that time, the portions of the program that were in operation were:

- Two Applied Research Institutes: Agricultural Utilization Research Institute (AURI) (four sites) and Natural Resources Research Institute (NRRI) (two sites). A third, the Minnesota International Technology Center (in cooperation with SRI International), was in the planning stages.
- One Minnesota Advanced Manufacturing Technology Center (MAMTC);
- Six Business Innovation Centers (BICs);
- The Technology Research Grants (TRGs) program; and
- The Seed Capital Program.

6 *Greater Minnesota Corporation Annual Report 1988*, 4; *Greater Minnesota Corporation Annual Report 1990*, 2.

7 D. Bruce Merrifield, *Greater Minnesota Corporation 1989 Annual Report*, 1.

Figure 2.3: GMC Program Structure, 1987, 1990 and 1991-92

1987 SRI Proposal	1990	Restructuring Plan for 1991-92
6-10 Business Innovation Centers (BICs)	7 Business Innovation Centers	(BICs being merged with Technology Resource Centers)
3-5 Applied Research Institutes	Applied Research Institutes (AURI & NRRI)	Applied Research & Development (AURI & NRRI)
Manufacturing Technology Centers	Minnesota Advanced Manufacturing Technology Centers (MAMTC)	6 Technology Resource Centers (merging BICs & MAMTC)
Regional Seed Capital Program	Seed Capital Program	Seed Capital Program
Strategic Research Grants	Technology Research Grant (TRG) Program	New product development and technology start-up
GMC-SRI Institute	GMC-SRI Institute under discussion	GMC-SRI Institute cancelled; need for a Minnesota research center under discussion

Source: *Greater Minnesota Corporation Annual Report 1990.*

Plans were under way for more programs, including several additional applied research institutes and advanced manufacturing technology centers. By 1990, a seventh BIC had been added.

The current GMC president is reducing programs and staff.

The current president of the corporation reported that he is downsizing the corporation's programs and staff. He has also stated an intention to move the GMC away from grant making toward more cooperative projects. For example, previously the Natural Resources Research Institute (NRRI) submitted to the GMC a list of proposals, and the GMC funded those that looked promising. Now the GMC will consider NRRI proposals only if a private company offers a matching grant. In the area of manufacturing, the GMC continues to offer seed money for early-stage product development, but only if the recipient makes a matching contribution that includes at least some cash. GMC staff hope that requiring more monetary commitment from businesses and entrepreneurs will help to ensure the long-term survival of new products and companies.

The restructuring plan for 1991-92 calls for continuation of the two applied research and development centers, elimination of plans for the joint venture with SRI International, and collapsing the BICs and MAMTC into Technology Resource Centers which will focus on technology transfer.

The current president informed us that he has been decreasing the size of the GMC staff, as well. During 1989, the GMC employed about 20 staff members, including a lobbyist. In the process of consolidating several programs, the president laid off five employees. Currently, the GMC has a staff of 15, including 8 support staff. The salary of one of the administrative staff members, the AURI Program Officer, is paid by the federal government.

Through 1989, the Greater Minnesota Corporation had incomplete personnel and operating policies. For example, as late as September 1989, the Legislative Auditor found that GMC had not clearly defined all personnel policies.[8] In their audit, financial auditors found that the GMC had not clearly defined the types of expenses for which the president could be reimbursed.[9] When the president incurred expenses which were deemed excessive and inappropriate, the lack of written policies made it impossible for the Hennepin County Attorney's Office to initiate criminal prosecution against the former president.

The December 1990 version of the GMC Employee Handbook - Personnel Policy manual includes conditions of employment, reimbursement limits, and other policies for GMC employees at the support, professional, and managerial levels. Under these policies, the corporation president's performance and expenses are reviewed by the GMC board. In addition, the corporation has developed a sexual harrassment policy.

The current board and president have tightened personnel policies.

Certain personnel policies have been tightened considerably by request of the current GMC management. For example, annual leave accumulation reductions were approved by the board in November 1990. Under previous policies, senior staff members accrued 9.5 hours of vacation each pay period and were paid for any hours they accrued over 275. The new policy, which is more comparable to state employee plans, limits vacation accrual to no more than six hours each pay period, and states that an employee may not be compensated for hours exceeding 275.

THE GMC BOARD OF DIRECTORS

The GMC board is self-perpetuating.

The GMC Board of Directors is composed of 11 members, initally appointed by the Governor in 1988 for staggered terms.[10] As shown in Figure 2.4, following the original appointments, the GMC Board of Directors became essentially self-perpetuating. When a member resigns, the board may appoint a replacement, subject to the approval of the Senate.

The board's composition has changed in several ways. The 1987 law which created the GMC did not require state government representation on the board.[11] However, in 1989 the Legislature changed the statute to require that the Commissioner of Trade and Economic Development be a board member.

8 Office of the Legislative Auditor, Financial Audit Division, *Greater Minnesota Corporation Financial Audit for the Period October 1, 1988 through September 30, 1989* (August 1990), 2.

9 Office of the Legislative Auditor, *Greater Minnesota Corporation Financial Audit* (August 1990), 6.

10 *Minn. Stat.* §1160.03, subd. 2.

11 *Minn. Laws* (1987), Ch. 386, Article 2, Subd. 2.

Figure 2.4: Changes in the GMC's Board Structure, 1987-91

	Original GMC Components	Changes
Number of Members	11	No change
Appointment	Governor; subsequent appointments by current board, with advice and consent of the Senate	No change
Representation from state government	None	Commissioner of Trade and Economic Development
Term	Six years	No change
Rotation	No requirement	Two-term limit for members; committee chairs limited to two-year nonconsecutive terms (bylaws changed as of January 1991)
Compensation	Set by board at $500 per meeting plus expenses and $2,500 annual compensation	The $500 per diem has been lowered to $50

The GMC board has acted to limit terms and lower per diems.

The GMC management and board told us that they are instigating further changes in board membership. They are seeking candidates to fill two board vacancies with individuals who represent rural Minnesota and have backgrounds in small business. Until now, only one board member has represented small business.

In addition, the president reported that at the March 1991 meeting, the board will consider two further issues affecting board composition:

- **A request to the Legislature to expand the size of the board to include legislative representatives, and**

- **A plan to have the majority of the board representative of non-metro Minnesota.**

Turnover among board members has been relatively low. Eight of the 11 original board members still serve. There are two vacancies, and a search for replacements is under way. The recently appointed Commissioner of Trade and Economic Development has just joined the board. The board recently voted to amend its bylaws to require rotation off the board after the equivalent of two six-year terms, but this will not affect membership for at least seven years.

Many of our interviewees observed that the original board was insufficiently involved in GMC's operation to control the management problems that emerged. One former board member pointed out that, since much of the original board was drawn from large, well established, private companies, they did not perceive the need for a new public corporation to develop a budget, policies, and direction before making substantive decisions.

Our examination of board minutes and our interviews indicated that recently the board has become more active and is working more closely with the GMC's president. Following the first president's resignation in December 1989, the GMC board began a search process for a new president. In June 1990, the board selected the executive director of a similar organization in Pennsylvania, the Ben Franklin Partnership. Board members said that they sought someone with state agency experience and an attitude of public service. The Ben Franklin Partnership is a state agency, and the executive director was a state employee. Moreover, board members believed that his experience with the large agricultural sector in Pennsylvania would be helpful in Minnesota.

The board is more actively involved than it was before.

Several directors told us that the board is focusing more carefully its own structure. For example, two board members said that the board is informally adopting a model articulated by Kenneth Dayton to describe the appropriate roles for directors and CEOs and the relationship between them, specifically in nonprofit organizations.[12] This model envisions a working relationship in which directors establish agency policy and review the performance of the CEO, while the CEO conducts the day-to-day business of the organization and provides information essential to the board's decision making.

Board members reported that they are becoming more actively involved in representing the GMC to the public and the Legislature. In previous years, the GMC used a professional lobbyist to represent the organization's interests to legislators. Several directors stated that they now believe it is the board's responsibility to build support for the GMC in the Legislature and to articulate the GMC's mission clearly both to legislators and the public.

The GMC sees its focus as "technology transfer."

Board members also expressed growing concern with determining the GMC's niche in economic development. The GMC's creators hoped that it would solve a wide variety of the state's economic development problems. As a result, the organization's mission was unfocused. Several current board directors and the president stressed their belief that the GMC should focus on "technology transfer" and funding at early stages of innovation, which they assert is an area of development not well supported by other means, such as venture capitalism.

12 See Kenneth N. Dayton, *Governance is Governance.* (Independent Sector, September 1987).

THE GMC COMPARED WITH OTHER ORGANIZATIONS

Chapter 3

The originators of the GMC argued strongly that the corporation must be independent in order to leverage private dollars effectively and accomplish its economic development mission. The GMC's creators also said that the corporation was modeled on several similar organizations in other states. In order to clarify the balance of independence and accountability which the GMC currently operates under, we compared the GMC's structure and systems of control with those of state agencies, other quasi-public organizations, and similar organizations in other states.

ACCOUNTABILITY MEASURES AFFECTING STATE AGENCIES COMPARED WITH GMC

Several individuals we interviewed believed that the GMC was not covered by many of the laws and rules that ensure the accountability of state agencies. House Research recently completed an analysis which compares state agencies with the GMC, as well as other types of organizations, in terms of their accountability to state government and the public.[1] As Figure 3.1 shows,

The GMC is subject to less control than a state agency.

- **The GMC is subject to the following laws which govern state agencies: the Data Practices Act, the Ethical Practices Act, Tort Claims law, budgeting and accounting controls, and auditing requirements.**

GMC directors must also disclose political contributions, and the GMC must have an annual audit by a private CPA. In fact, the GMC has been audited eight times in the past three years. Moreover, the GMC is subject to the Open Meeting Law, except when proprietary information is discussed.

- **In contrast to state agencies, the GMC is not subject to civil service requirements, purchasing laws, the Administrative Procedure Act, or contracting requirements.**

The GMC board is also granted the right to set directors' compensation and level of expense reimbursement, while state agency heads are subject to statutorily limited salaries, per diems, and reimbursements. The only restriction on the GMC board's discretion is that compensation and expenses be "reason-

1 House Research, *Public Corporations: Balancing Autonomy and Accountability* (December 1990).

Figure 3.1: Accountability of the GMC Compared With State Agencies

	Laws that Govern State Agencies	How the Laws Apply to GMC
Governance	• Governor appoints board members. • Board vacancies published in the State Register and nominations process set. • Senate confirms governor's appointments. • Legislators cannot serve as voting members on boards.	• The board fills vacancies. • Not applicable. • Senate confirms board's selections • Legislators do not serve on the GMC board.
Expense reimbursement	• Per diems limited to $55. • Expense reimbursement same as for executive branch employees.	• Reasonable compensation may be set by board, and reasonable expenses may be reimbursed.
Open Meeting Law	• Meetings are open to the public	• Meetings are open but may be closed when proprietary information is discussed.
Appointing and compensating employees	• The governor appoints agency heads. • Salaries may not exceed 95% of the governor's salary.	• The board appoints GMC's president. The president's salary may not exceed 95% of the governor's salary.
Data Practices Act	• Most government data is open to the public, with some exceptions.	• Applies to GMC.
Ethical Practices Act	• Commissioners, their deputies and assistants, and board members must file statements of economic interest and disclose conflicts of interest.	• Applies to GMC. Board members must disclose political contributions.
Administrative Procedure Act	• Agencies must follow APA procedures to establish rules.	• GMC is exempt from the APA but must publish their by-laws and amendments in the State Register.
Purchasing laws	• Commissioner of Administration oversees or performs most purchasing.	• GMC is exempt.
Tort claims	• The state's responsibility for tort claims is limited.	• Applies to GMC.
Budget and accounting controls	• The Department of Finance oversees budgets and exerts accounting and expenditure controls.	• Applies to GMC.
Audits	• The Legislative Auditor audits state agencies.	• Applies to GMC. In addition, GMC must have an annual audit by a private CPA.

Source: House Research, *Public Corporations: Balancing Autonomy and Accountability* (December 1990).

able." Moreover, while the president's salary may not exceed 95 percent of the governor's salary, the salaries of other managerial staff at GMC are not limited in statute.

COMPARISON OF THE GMC WITH STATE AGENCIES HAVING BOARDS OF DIRECTORS

The Minnesota State Arts Board and the Minnesota Housing Finance Agency are both state agencies with appointed boards. As Figure 3.2 shows, the

Figure 3.2: Comparison of the GMC with the Minnesota State Arts Board and the Minnesota Housing Finance Agency

	GMC	Arts Board	MHFA
BOARD			
Number of members	11	11	7
Appointed by	Current board	Governor	Governor
Terms	6 years	4 years	4 years
Compensation	$50/meeting; $2,500/year; reasonable expenses	$35 per diem; expenses at state employee rate	$55 per diem; expenses at state employee rate
Number of terms allowed	2 (by-laws)	No limit	No limit
Required membership categories	Commissioner of Trade and Economic Development	One from each congressional district	State Auditor, Commissioner of Trade and Economic Development, 5 citizens
Removal by	Board	Governor	Governor
STAFF			
Written personnel policies	Yes	Yes	Yes (state policies)
CEO appointed by	Board	Board	Governor
Salary limited by statute?	President limited to 95% of governor's salary (*Minn. Stat.* §1160.04, subd. 1)	No	Yes (*Minn. Stat.* §15A.081)
ACCOUNTABILITY—Subject To:			
Open Meeting Law	Yes, with exceptions	Yes	Yes
Data Practices Act	Yes	Yes	Yes
Ethical Practices Act	Yes, plus disclosure of political contributions	Yes	Yes
Civil Service laws	No	Yes	Yes
Contracting laws	No	Yes	Yes
Administrative Procedure Act	No, but must publish by-laws in State Register	Yes	Yes
Purchasing laws	No	Yes	Yes
Tort claims	Yes	Yes	Yes
Budgeting/accounting controls	Yes	Yes	Yes
Audits	Yes—Private CPA and Legislative Auditor	Yes—Legislative Auditor	Yes—Private CPA and Legislative Auditor

Source: *Minn. Stat.* §15.0575; 15.06; 462A.05; 129D; and interviews.

The GMC board is more independent than the MHFA or Arts boards

GMC is in many ways similar to these agencies. The GMC is subject to many of the state laws which are designed to ensure accountability to the government and the public. Budgeting, accounting, and audit oversight are similar for the three organizations, and each undergoes regular audits by the Legislative Auditor and an outside auditor.

The main difference between the GMC and these two state agencies is in the area of board independence. Unlike the Arts Board and the MHFA, the GMC board may appoint and remove its own members and set its own compensation (within the limits of "reasonableness"). We found that, because of the board's independence,

- **No single elected official in state government is clearly responsible for the GMC.**

We interviewed the executive directors of the Arts Board and the MHFA about their relationships with their boards. We found that in both agencies the executive director works closely with the board and encourages members to be active policy makers. The Arts Board executive director reported that his board is highly involved in the establishment of agency policy regarding the process of awarding grants to artists and groups. The MHFA board, which oversees a larger and more complex organization, has required more encouragement from the commissioner to become active. The current GMC board appears to be moving toward a more active stance and is working closely with the new president.

COMPARISON OF STRUCTURE AND ACCOUNTABILITY BETWEEN THE GMC AND SIMILAR ORGANIZATIONS IN OTHER STATES

The originators of the GMC asserted that similar structures were operating successfully in other states. We selected four of the best known of these organizations—located in Connecticut, Indiana, Pennsylvania, and Ohio—and interviewed their staff by telephone. Of the four organizations we contacted, two were quasi-public like the GMC and two were state agencies. The two quasi-public organizations were Connecticut Innovations, Inc. (previously named the Connecticut Product Development Corporation) and the Indiana Corporation for Science and Technology. The state agencies were Pennsylvania's Ben Franklin Partnership and Ohio's Thomas Edison Program. We compared these four organizations with the GMC as it is currently constructed.

The GMC is audited more than similar organizations in other states.

As Figures 3.3 and 3.4 show, the GMC is similar to organizations in other states in a number of ways. In a few cases, more limitations apply to the GMC than to these organizations. In particular:

- **As of January 1991, GMC bylaws require board members to serve no more than two terms, while none of the other organizations required board rotation.**

- **The GMC is required by statute to undergo regular audits by both the Legislative Auditor and a private CPA, while the GMC's quasi-public counterparts in other states are routinely audited only by their state auditor.**

Figure 3.3: Comparison of the Board and Staff Structures of the GMC and Similar Organizations in Other States

		Quasi-Public Organizations		State Agencies	
	GMC	Connecticut	Indiana	Pennsylvania	Ohio
Are your staff state employees?	No	Unclassified	No	Yes	Yes
Do your employees participate in a state retirement and insurance plans?	Yes	Yes	Medical and dental only	Yes	Yes
Is the salary of your chief executive limited or reviewed by the state?	Yes	No	No	Yes	Yes
Does the state limit expense reimbursement for board members?	No, but reviewed for "reasonableness"	No	Yes	Yes	No
Are board members' terms limited?	6 years	4 years	No	No	6 years
Are board members required to rotate off the board?	Yes	No	No	No	No
Who appoints your board members	Current board	Governor	Governor	Senate, House, and Governor	Senate, House, and Governor
Are there required categories of board membership?	Commissioner of Trade and Economic Development	Commissioner of Economic Development	Members from public, private business, labor, and university sectors	Members from private sector, small business, education, labor, state legislature, several commissioners	Two state legislators
Who appoints your chief executive officer?	Current board	Current board	Current board	Commerce Department	Administered by the Department of Development and an Advisory Board

Source: Interviews and House Research documents.

The GMC also appears to be under somewhat stricter ethical practices requirements.

Similar organizations in other states have boards appointed by elected officials.

However, in comparing the board structures of these organizations, we found that:

- **The GMC board of directors is more independent of state government than is any of the four similar organizations we examined in other states.**

Only the GMC's board is self-perpetuating. In the other states, the Governor or the Governor and the Legislature appoint the boards. The GMC has only

Figure 3.4: Comparison of Accountability Measures Which Govern the GMC and Similar Organizations in Other States

		Quasi-Public Organizations		State Agencies	
Accountability Measures	GMC	Connecticut	Indiana	Pennsylvania	Ohio
Are you governed by a state corporation act or non-profit corporation statutes?	Business Corporation Act	Quasi-Public Act	501C	No	No
Are you under a state open meeting law?	Yes, with exceptions	Yes, with exceptions	Yes, with exceptions	Yes	Yes
Are you under a state data practices act?	Yes	Yes, with exceptions	No	Yes, proprietary information confidential	Yes, with some confidentiality
Are you under an ethical practices act?	Yes	Yes	No	Yes	Yes
Are you under an administrative procedure act?	No, but must publish by-laws in State Register	Yes	No	No	No
Are you under state purchasing laws?	No	No	No	No purchasing done	Yes
Are you under state tort claims laws?	Yes	No	Yes	Yes	Yes
Are you under state budgeting and accounting controls?	Legislative Audit; on state accounting system; outside annual audit	Audited by state auditor	Audited by state auditor	Yes	Yes

Source: Interviews and House Research documents.

one executive branch board member, the Commissioner of Trade and Economic Development, and no legislative representation. Connecticut Innovations has only one executive branch member, as well, but the Governor appoints the board chair. Staff also said that their organization works closely with the Connecticut Department of Economic Development.

The GMC president's salary is limited statutorily, while Connecticut and Indiana do not restrict the salaries their quasi-public organizations may offer their chief executives. However, staff at Connecticut Innovations told us that the board considers it "a matter of ethics" to keep all salaries in line with state employee salaries.

THE GMC COMPARED WITH OTHER QUASI-PUBLIC AGENCIES

We compared the GMC's structure and accountability with those of nine other Minnesota quasi-public agencies: Minnesota Educational Computing Corporation (MECC), World Trade Center Corporation, Minnesota Zoological Garden, Amateur Sports Commission, Minnesota Historical Society, Minnesota High Technology Corridor, Science Museum of Minnesota, St. Paul Port Authority, and Dakota County Housing and Redevelopment Association. We interviewed staff, examined documents, and compared statutes to determine the powers and limitations of each organization.

As Figures 3.5 and 3.6 show, in general we found that:

Quasi-public organizations vary widely in structure and accountability.

- **Quasi-public agencies in Minnesota do not follow a consistent pattern in organization, accountability, and degree of independence.**

However, we also found that:

- **In areas such as staff and board compensation, the quasi-public agencies are generally subject to limitations similar to those applied to state agencies.**

Figure 3.5 shows a summary comparison of the nine quasi-public agencies we examined. As we found in other states, most of the Minnesota quasi-public boards are appointed, at least in part, by elected officials such as the Governor. Only the Board of the Science Museum is entirely self-perpetuating, like the GMC's board.

The GMC's board is more independent than boards of most other quasi-public organizations.

However, unlike the GMC, the Science Museum offers no compensation to its board members and relies on private memberships for a significant portion of its funding. All of the nine quasi-public agencies offer similar or less compensation to their board members than is allowed for state employees. None of the boards receives an annual retainer, as GMC board members do. Moreover, most of the staff salaries are limited to no more than 95 percent of the Governor's salary.

Figure 3.6 describes various governmental accountability measures and how these apply to the nine quasi-public agencies. Again, organizations vary widely in accountability. For instance, six are subject to the same budget and accounting controls as state agencies, while three others appear to be exempt from these requirements. Four of the nine are subject to audit by the Legislative Auditor, and five are audited only by a private CPA. In particular, the Science Museum appears to be exempt from many of the accountability measures which limit the GMC.

Figure 3.5: Comparison of Quasi-Public Agencies — Structure

	Minnesota Educational Computing Corporation[1]	World Trade Center Corporation	Minnesota Zoological Garden	Amateur Sports Commission
MISSION	To profitably produce and distribute instructional computing software for K-12 schools nationally.	To represent the state of Minnesota, to develop and promote the Center as a regional focus and resource for international trade.	Strengthen the bond between people and the living earth, using programs in education, research, conservation and recreation.	To promote the social and economic benefits of sport for all Minnesotans, making Minnesota a national model.
TYPE OF ORGANIZATION	Public corporation	Public corporation and state agency	State agency State/private partnership	State agency
BOARD				
Number of Members	9	15; nine voting and six non-voting	30	9 voting 3 non-voting
Appointed By	Governor	Governor and membership	Governor and self-elected	Governor
Open Appointments Law	Yes	Yes	Yes	Yes
Senate Confirmation	No	Yes	No	No
Terms	Three year staggered	Six year staggered	Four years	Three years
Compensation	Travel expenses only	$55 per meeting; travel expenses	$55 per meeting; travel expenses	$50 per meeting
Number of Terms Allowed	No limit	No limit	Two	No limit
Required Membership Categories	Knowledgeable in use of computers in elementary, secondary, or higher education or business	Six elected — represent the international business community Three appointed — knowledgeable in international trade	No set requirements	Four must be experienced in promoting amateur sports. Ex officio — president MSHSL, one Senator and Representative
STAFF				
Written Personnel Policies	Yes	Yes	Yes	Yes
Civil Service	No, report to Legislative Commission on Employee Relations each biennium	No	Yes	Yes
State Retirement	Option to participate	Option to participate	Yes	Yes
State Insurance	Option to participate	Option to participate	Yes	Yes
Salary Limits	95% of Governor's salary	Top of Cmsr. of Finance range	Top of Cmsr. of Agriculture range	All approved by DOER

[1] Originally MECC was a Joint Powers organization. MECC was sold January 2, 1991 and currently is privately owned.

Minnesota Historical Society	Minnesota High Technology Corridor	Science Museum of Minnesota	St. Paul Port Authority	Dakota County HRA
To nurture a knowledge and appreciation for the history of Minnesota, collect and preserve materials and serve as an information center.	To promote technology-intensive business in MN by providing land, workspaces, and services adjacent to the Univ. and to create jobs in rural MN which result from technologies developed in the corridor.	General science education, through exhibits, education programs and maintenance of collections.	To create net job growth and increase the tax base in St. Paul through financing businesses that want to expand or locate here.	Provide low/moderate income housing opportunities, redevelopment, preserve existing housing stock.
Private, nonprofit	Non-profit corporation	Private, nonprofit corporation	Public corporation	Public corporation
30 elected, six ex-officio (voting), additional non-voting officers	18	40 voting, 60 non-voting	7	5 + 1 non-voting
Membership	Self-elected	Self-elected	Mayor and City Council	Dakota County Commissioners
No	No	No	No	Dakota County Open Appointments Policy
No	No	No	No	No
Three year staggered	Three year staggered	Three year staggered	Six year staggered	Five year staggered
None	Travel expenses	None	$35 per diem; out of town travel	$35 per meeting, expenses for out of state meetings
Three terms	No limit	Two consecutive terms	No limit	No limit
Six ex-officio only—Governor, Lt. Governor, State Auditor, Treasurer, Secretary of State, Attorney General	Mpls. Mayor and City Council Pres., Dir. of Commun. Dev. Agency of Mpls., U. of MN Pres., Brd. of Regents Chair, IT Dean, reps for the Gov., Spkr. of House, Sen. Maj. Leader; nine prvt. sector elected	None	Two from St. Paul City Council	Resident of Dakota County, one non-voting county commissioner
Yes	In progress	Yes	Yes	Yes
No	No	No	No	No
Option to participate	No	No	No	No
Option to participate	No	No	No	No
All but director comparable to state employees	No	No	95% of Governor's salary	95% of Governor's salary

Figure 3.6: Comparison of Quasi-Public Agencies—Accountability

Subject To:	Minnesota Educational Computing Corporation[1]	World Trade Center Corporation	Minnesota Zoological Garden	Amateur Sports Commission
Open Meeting Law	Yes, except when trade secrets discussed	Yes	Yes	Yes
Data Practices Act	Yes except for Trade Secret Information	Partial	Partial	Yes
Ethical Practices Act	Yes	Yes	Yes-General Director Exempt-Board	Yes
Administrative Procedure Act	No	No	Partial; must publish rules in the State Register	Yes
Purchasing Laws	No	No	Partial	Yes
Tort Claims	Possibly through municipal law	Yes	Yes	Yes
Budgeting/Accounting Controls	Submit biennial budget to Commissioner of Finance	No	Yes except for fee setting	Yes
Audits	Private CPA	Legislative Auditor	Legislative Auditor; private CPA	Legislative Auditor
Reports	House Appropriations and Senate Finance and Education Committees	Economic Development and Appropriations Committees	Annual to Legislature	Reports to Legislature at appropriation time
Budget Approval	Submitted to Governor, Commissioner of Finance	Board	Board	Legislature, Board
Source of Revenue	Direct sales, consulting; no state funds	State of Minnesota, fees, rentals, programs and services	State, fees, donations	Legislative appropriation, bond issues, fund raising

[1]Originally MECC was a Joint Powers organization. MECC was sold January 2, 1991 and currently is privately owned.
[2]Own ethics policy.

Minnesota Historical Society	Minnesota High Technology Corridor	Science Museum of Minnesota	St. Paul Port Authority	Dakota County HRA
Yes	No	No	Yes	Yes
No	No, except through grant agreement with DTED	No	Partial	Partial
No[2]	No	No[2]	Yes	Yes
No	No	No	No	No
No	No	No	Yes	Yes
Yes	No	Yes	Yes	Yes
No	No	No	Yes	Yes
Legislative Auditor/private CPA	Private CPA	Private CPA	Private CPA	Private CPA
Society members, legislature	Department of Trade and Economic Development	To Legislature at appropriation time and Attorney General	City Council on a project-by-project basis	State Auditor, US government
Board	City of Minneapolis, University of Minnesota, DTED through their reps. on the board	Board	Board	Dakota County Board of Commissioners approves local levy and funding requests
State of Minnesota, federal grants, fundraising, sales	City of Minneapolis, University of Minnesota, Department of Trade and Economic Development	Fees/sales, state, contributions, county, federal	Fees, leases	Federal Government, local levy, some from MHFA, Jobs and Training, bond sale proceeds

CONCLUSIONS AND RECOMMENDATIONS

Chapter 4

As we have shown in previous chapters, the Greater Minnesota Corporation is an organization that got off to a bad start, but which has made progress in the last year toward correcting its problems. Overall, we found:

The GMC has made progress toward correcting its problems.

- **The GMC's current president is working to give the organization a more focused mission and to make it more accountable.**
- **Though the GMC is not subject to several significant controls imposed on a state agency, it now has many of the accountability measures typical of other quasi-public organizations.**
- **Accountability for "quasi-public" organizations is often confused, since they operate under a variety of standards, procedures, and expectations.**

In some areas the GMC is subject to more oversight than state agencies or other quasi-public organizations. That may be appropriate for an organization whose mission is still somewhat unclear and which receives a relatively large amount of state funds. To a great extent, all that remains is to institutionalize the new structure, so that it will survive changes in the board or the presidency. To that end we recommend:

- **The GMC should compile a comprehensive policy manual, incorporating its recently completed personnel policy manual. The manual should include, in some detail, policies regarding the board, operating procedures, programs and services, and public information.[1]**

As the president of one organization told us, a comprehensive policy manual should serve to "determine before something happens, how you will deal with it." Much of the necessary material already exists in the form of board resolutions or by-laws, but other important pieces, such as purchasing policies, still need to be formalized, so that the future of the organization is less dependent upon who is its president.

1 The Minnesota State Arts Board Policy Manual is one good example which could be used as a model.

The GMC board also needs to institutionalize its responsibilities to oversee the organization's operations. One source we consulted suggested several procedures to clarify and formalize board and presidential roles in the organization.[2] We recommend that:

The GMC board needs to institutionalize its responsibilities.

- **The board and president together should develop written position descriptions for board members.**

These would help to clarify the board's responsibilities and can be used in selecting new board members.

- **The board of directors should provide the president with an annual, written review of his performance.**

GMC staff have informed us that the board plans to perform a review of the current president when he has been in his position for one year. Such a review can be a valuable way to organize the board's oversight, and will serve to keep the president informed of the board's expectations.

- **As part of his performance, the board should require that the president provide it with detailed work plans and budgets.**

Especially in its formative years, the organization should proceed only with careful planning. Later, when the organization has developed a track record, less detailed plans and budgets may be needed.

- **The board of directors should cease paying itself the $2,500 per year retainer. Instead, directors' reasonable costs of attending meetings should be reimbursed.**

No other public board we encountered, in Minnesota or the other states we talked to, was paid a retainer. Eliminating the payment would be a helpful demonstration of the board's commitment to public service and emphasize the GMC's status as an organization with a public mission.

Many of the people we interviewed told us that the independence of the GMC board was unusual and potentially problematic. Most similar boards in Minnesota and in other states include at least some members appointed by the Governor. Many also include legislators as members. The GMC board has already moved to limit the terms of members and will request some legislative representation, as well. We recommend against including legislators on the board of directors. Including legislators in executive branch agencies may weaken the objective oversight that results from separating the powers of the two branches. Instead, we recommend:

- **New members of the GMC board should be appointed by the Governor. Directors' terms should be staggered, so that a new Governor cannot replace the entire board at once.**

2 Kenneth Dayton, *Governance is Governance*.

A board appointed by the Governor is subject to clear lines of accountability to an elected official, and thus to citizens. Assuming the Legislature continues to support the GMC's role in economic development, the GMC should report to the Legislature regularly and in sufficient detail to reassure legislators that the corporation is carrying out its mission to their satisfaction. To make the reporting meaningful, we recommend:

- **The GMC should develop measures that can be used to determine whether its programs are affecting economic development.**

The GMC's mission is long-term, and real results cannot be expected in a period as short as two years. But the corporation will need to justify its continued funding. Two possible ways to measure impact would be surveys of customer satisfaction and analyses of products that have been commercialized with GMC technical and financial assistance. Customer surveys have been developed by the Department of Trade and Economic Development with the assistance of the Urban Institute. These might be used as a model by the GMC.

The GMC has defined its role in Minnesota's economic development.

The GMC board and staff have defined what they see as their role in economic development in Minnesota. It remains for the Legislature to determine whether that role is important to the state and at what level it can be funded, given tight budgets and competing needs. In making that determination, we recommend that:

- **The state should develop a comprehensive economic development policy and determine GMC's role within that policy.**

Staff in other states which have organizations similar to the GMC told us that a state economic development policy was in place before the organization was created. These organizations had clearly defined roles from their inception, which helped them to avoid the kinds of problems the GMC has had. In order to be properly accountable, the GMC must know what the Legislature expects of it.

There have been efforts in the past to develop an economic development policy in Minnesota, but they have fallen short either in design or implementation. One possible method of developing a policy is the creation of a Governor's commission. A good example of such a commission was the Tax Study Commission of 1985. That commission was made up of experts from government, academia, and the business community, groups which should be included in a study of state economic development policy.

The charge to the commission should be to arrive at specific recommendations, rather than simply theories. One important piece of its work should be a catalog of all economic development programs currently operating in the state, so duplication can be eliminated and avoided in the future. The commission should study the advisability of direct intervention by the state, versus indirect methods, such as improved education, enhanced infrastructure, Worker's Compensation reform, or tax reform. The commission should also determine in which sectors the state could most profitably concentrate any aid.

Finally, we note that we found no compelling evidence to suggest that GMC's functions could not be carried out by a regular state agency. In fact, many of the people we talked to said that the Department of Trade and Economic Development could do what GMC does, and that there is already some overlap of programs. Therefore, if the Legislature plans to continue GMC's programs, it could, if it wishes, move them to a state agency such as the Department of Trade and Economic Development, or it could change the GMC into a separate state agency, similar to the State Arts Board. That option would bring the GMC under all of the accountability measure that apply to state agencies, while allowing for some flexibility in budgeting. That flexibility would continue to be an advantage to any new organization with a similar mission.

There is wide variation in the statutes that govern quasi-public organizations.

In directing us to examine GMC's structure and operations, the Legislative Audit Commission asked us also to offer general recommendations on how to make quasi-public organizations more accountable. As we described in Chapter 3, there is wide variation in the statutes that govern quasi-public organizations. In fact, there is no statutory definition of a quasi-public organization and no common understanding of its obligations.

Our first suggestion is that the Legislature should be reluctant to create an organization that is exempt from the controls that state agencies are subject to. Those controls protect against the misuse of public funds. They define what is "reasonable" and set forth definite methods of accountability. They should not be set aside easily.

Claims by those proposing to create quasi-public entities that state controls are onerous should be proved, not simply asserted. Too often, controls are labeled as "red-tape" and portrayed only in a negative light. But people who ask for an exemption from standard state controls should demonstrate—specifically, not vaguely—why they cannot accomplish their public objectives under the standards and procedures that apply to other state agencies.

If a clear case for exemption is made, the exemption should be narrowly drafted and some clear alternative standard and procedure of accountability should be put in place. The Legislature should, in fact, consider enacting a "public accountability law," which would apply to all quasi-public organizations. It would clearly state that public funds must be spent for public purposes and in amounts that are reasonable—as defined by a public sector standard. It would also require all quasi-public organizations to have an adequate system of internal financial controls to protect public funds from misuse. Connecticut's "Quasi-Public Agencies Act" contains many of these elements.[3]

The GMC's troubled history demonstrates the risks in creating a quasi-public organization which is dependent on state funding, yet independent of much public oversight. If, in addition, the organization's purpose and structure are not well defined by its originators, then the early leaders have power to mold the organization as they wish.

3 *Conn. Gen. Stat.* §17-21a.

Without adequate public oversight, public funds may be misused.

Leaders who lack attitudes of public service can, and do, misuse public funds. But when the checks and balances that automatically apply to state agencies are in place, problems can be identified and solved more quickly. It is vital that any quasi-public agency's mission, structure, and lines of accountability be clearly defined before it begins operating, so that problems in those agencies can also be quickly identified and corrected.

LIST OF PERSONS INTERVIEWED

Appendix A

Nina M. Archabal, Director
Minnesota Historical Society

Michael Behm
Ohio's Thomas Edison Program

Jim Bellus, Director
St. Paul Port Authority

Robert Benner
Deputy Commissioner
Department of Trade and Economic Development

Patty Billings, Staff
Greater Minnesota Corporation

John Brandl, former Chair
Legislative Audit Commission

Dick Buske, Operations Director
Minnesota Zoological Garden

Bill Cook
Ben Franklin Partnership

Kenneth Dayton
Oakleaf Foundation

Paul Erickson, Director
Amateur Sports Commission

Mary Foster
St. Paul Port Authority

Sam Grabarski, Executive Director
State Arts Board

Elaine Hansen, Controller
Greater Minnesota Corporation

Edward Hunter, Former Director
Minnesota Wellspring

Herb Johnson, President
Minnesota Technology Corridor Corporation

Representative Phyllis Kahn, Chair
House Appropriations Committee, Division on State Government

Jacques Koppel, President
Greater Minnesota Corporation

Senator Karl Kroening, Chair
Committee on Finance
Economic and State Affairs Division

Representative Richard Krueger, Chair
House Division on International Trade and Technology

Senator Keith Langseth, Chair
Committee on Finance,
Agriculture, Transportation, and Regulation Division

Dale LaFrenz, President
Minnesota Educational Computing Consortium

Senator Gene Merriam, Chair
Senate Committee on Finance

Senator Roger Moe, Chair
Senate Committee on Rule and Administration

Victor Moore, Executive Director
Senate Committee on Rules and Administration

Lee Munnich
Former Deputy Commissioner
Department of Trade and Economic Development

Richard Nolan, President
World Trade Center Corporation

William Norris, Chair
Greater Minnesota Corporation board

Eric Ott
Connecticut Innovations, Incorporated

Jim Peterson, Director
Science Museum of Minnesota

Devon Rice
St. Paul Port Authority

Katie Schultz
Connecticut Innovations, Incorporated

Representative Wayne Simoneau, Chair
House Appropriations Committee

James Solem, Commissioner
Minnesota Housing Finance Agency

David Speer
Former Commissioner
Department of Trade and Economic Development
Former GMC board member

Cindy Sullivan-Green, Staff
Greater Minnesota Corporation

Glen Taylor, former Legislator
Former Greater Minnesota Corporation board member

James M. Thompson
Indiana Corporation for Science and Technology

Mark Ulsers, Director
Dakota County Housing and Redevelopment Authority

May Ka Yee Yue, board member
Greater Minnesota Corporation

SELECTED PROGRAM EVALUATIONS

Board of Electricity, January 1980	80-01
Twin Cities Metropolitan Transit Commission, February 1980	80-02
Information Services Bureau, February 1980	80-03
Department of Economic Security, February 1980	80-04
Statewide Bicycle Registration Program, November 1980	80-05
State Arts Board: Individual Artists Grants Program, November 1980	80-06
Department of Human Rights, January 1981	81-01
Hospital Regulation, February 1981	81-02
Department of Public Welfare's Regulation of Residential Facilities for the Mentally Ill, February 1981	81-03
State Designer Selection Board, February 1981	81-04
Corporate Income Tax Processing, March 1981	81-05
Computer Support for Tax Processing, April 1981	81-06
State-sponsored Chemical Dependency Programs: Follow-up Study, April 1981	81-07
Construction Cost Overrun at the Minnesota Correctional Facility - Oak Park Heights, April 1981	81-08
Individual Income Tax Processing and Auditing, July 1981	81-09
State Office Space Management and Leasing, November 1981	81-10
Procurement Set-Asides, February 1982	82-01
State Timber Sales, February 1982	82-02
Department of Education Information System, March 1982	82-03
State Purchasing, April 1982	82-04
Fire Safety in Residential Facilities for Disabled Persons, June 1982	82-05
State Mineral Leasing, June 1982	82-06
Direct Property Tax Relief Programs, February 1983	83-01
Post-Secondary Vocational Education at Minnesota's Area Vocational-Technical Institutes, February 1983	83-02
Community Residential Programs for Mentally Retarded Persons, February 1983	83-03
State Land Acquisition and Disposal, March 1983	83-04
The State Land Exchange Program, July 1983	83-05
Department of Human Rights: Follow-up Study, August 1983	83-06
Minnesota Braille and Sight-Saving School and Minnesota School for the Deaf, January 1984	84-01
The Administration of Minnesota's Medical Assistance Program, March 1984	84-02
Special Education, February 1984	84-03
Sheltered Employment Programs, February 1984	84-04
State Human Service Block Grants, June 1984	84-05
Energy Assistance and Weatherization, January 1985	85-01
Highway Maintenance, January 1985	85-02
Metropolitan Council, January 1985	85-03
Economic Development, March 1985	85-04
Post Secondary Vocational Education: Follow-Up Study, March 1985	85-05
County State Aid Highway System, April 1985	85-06
Procurement Set-Asides: Follow-Up Study, April 1985	85-07

Insurance Regulation, January 1986	86-01
Tax Increment Financing, January 1986	86-02
Fish Management, February 1986	86-03
Deinstitutionalization of Mentally Ill People, February 1986	86-04
Deinstitutionalization of Mentally Retarded People, February 1986	86-05
Management of Public Employee Pension Funds, May 1986	86-06
Aid to Families with Dependent Children, January 1987	87-01
Water Quality Monitoring, February 1987	87-02
Financing County Human Services, February 1987	87-03
Employment and Training Programs, March 1987	87-04
County State Aid Highway System: Follow-Up, July 1987	87-05
Minnesota State High School League, December 1987	87-06
Metropolitan Transit Planning, January 1988	88-01
Farm Interest Buydown Program, January 1988	88-02
Workers' Compensation, February 1988	88-03
Health Plan Regulation, February 1988	88-04
Trends in Education Expenditures, March 1988	88-05
Remodeling of University of Minnesota President's House and Office, March 1988	88-06
University of Minnesota Physical Plant, August 1988	88-07
Medicaid: Prepayment and Postpayment Review - Follow-Up, August 1988	88-08
High School Education, December 1988	88-09
High School Education: Report Summary, December 1988	88-10
Statewide Cost of Living Differences, January 1989	89-01
Access to Medicaid Services, February 1989	89-02
Use of Public Assistance Programs by AFDC Recipients, February 1989	89-03
Minnesota Housing Finance Agency, March 1989	89-04
Community Residences for Adults with Mental Illness, December 1989	89-05
Lawful Gambling, January 1990	90-01
Local Government Lobbying, February 1990	90-02
School District Spending, February 1990	90-03
Local Government Spending, March 1990	90-04
Administration of Reimbursement to Community Facilities for the Mentally Retarded, December 1990	90-05
Pollution Control Agency, January 1991	91-01
Nursing Homes: A Financial Review, January 1991	91-02
Teacher Compensation, January 1991	91-03
Game and Fish Fund, March 1991	91-04
Greater Minnesota Corporation: Organizational Structure and Accountability, March 1991	91-05
State Investment Performance, forthcoming	
Corrections, forthcoming	
State Contracting, forthcoming	

Evaluation reports can be obtained free of charge from the Program Evaluation Division, 122 Veterans Service Building, Saint Paul, Minnesota 55155, 612/296-4708.