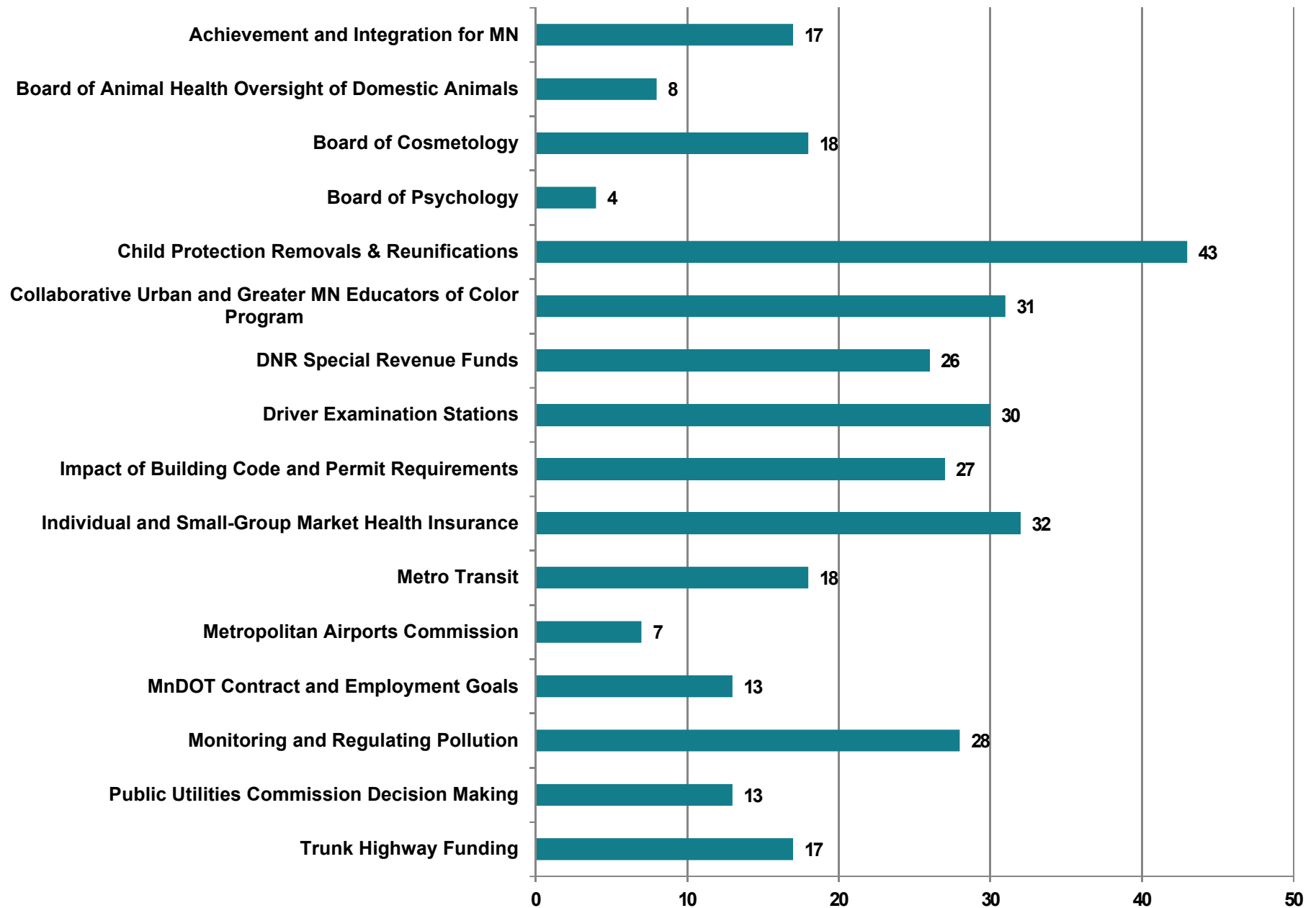



2020 Program Evaluation Topic Selection

N = 87



Program Evaluation Division's Assessment of Proposed Topics, 2020

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|---|--|
| <p><i>Most Promising</i></p>  <p><i>Least Promising</i></p> | <ul style="list-style-type: none"> • Driver Examination Stations • Achievement and Integration for Minnesota (AIM) • Board of Cosmetology • Board of Psychology • Child Protection Removals and Reunifications |
| | <ul style="list-style-type: none"> • Board of Animal Health Oversight of Domestic Animals • MnDOT Contract and Employment Goals • DNR Special Revenue Funds • Collaborative Urban and Greater Minnesota Educators of Color Program • Monitoring and Regulating Pollution |
| | <ul style="list-style-type: none"> • Metro Transit • Metropolitan Airports Commission (MAC) • Trunk Highway Funding • Impact of Building Code and Permit Requirements • Individual and Small-Group Market Health Insurance • Public Utilities Commission Decision Making |

Summary: OLA Staff Assessment of Evaluation Topics against Legislative Audit Commission Criteria, 2020

| | State Resources | State Control | Impact | Timeliness | Feasibility | Balance | Summary |
|---|--------------------|------------------|----------------|----------------|----------------|---------------|---|
| 1. Achievement and Integration for Minnesota (AIM) | Medium | High | Medium High | Medium | Medium High | Medium | Good topic but not urgent |
| 2. Board of Animal Health Oversight of Domestic Animals | Low | High | Low | Medium | High | Medium | Small, not urgent evaluation |
| 3. Board of Cosmetology | Low | High | Low Medium | Medium High | High | High | Could prove informative |
| 4. Board of Psychology | Low | High | Low Medium | High | High | High | Useful evaluation |
| 5. Child Protection Removals and Reunifications | Medium | Medium | High | Medium | Low | High | Requires additional scoping |
| 6. Collaborative Urban and Greater Minnesota Educators of Color Program | Low | High | Low Medium | Low Medium | Medium | Medium | Program impact hard to determine |
| 7. DNR Special Revenue Funds | High | High | High | Medium | High | Medium | An important topic but could be a financial audit |
| 8. Driver Examination Stations | Medium | High | High | High | High | High | Good, timely topic |
| 9. Impact of Building Code and Permit Requirements | Medium | Medium | High | Medium | Low | High | Question as posed may not be answerable |
| 10. Individual and Small-Group Market Health Insurance | High | Medium | High | Low Medium | Low Medium | High | Not evaluative; other topics more promising |
| 11. Metro Transit | High | High | High | Medium | Medium | Medium | Would need additional scoping |
| 12. Metropolitan Airports Commission (MAC) | Low | Low Medium | High | Medium | High | High | Not pressing |
| 13. MnDOT Contract and Employment Goals | Unclear | Medium High | Unclear | Medium | Medium | Medium | Could be useful |
| 14. Monitoring and Regulating Pollution | High | Medium | High | Medium High | Low Medium | Low Medium | Topic requires significant scoping |
| 15. Public Utilities Commission Decision Making | Low | High | High | Medium | Low | Low | Other topics are better suited |
| 16. Trunk Highway Funding | High | High | High | Medium | High | Medium | An important topic suited to OLA's Financial Audit Division |



Achievement and Integration for Minnesota

Topic Selection Background Information

March 2020

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| Program Overview | Achievement and Integration for Minnesota provides school district funding for the purpose of pursuing “racial and economic integration” and increasing student academic achievement by reducing “academic disparities based on students’ diverse...backgrounds.” Eligible districts include (1) those required to submit a plan to improve school integration and reduce student-achievement disparities and (2) members of multidistrict collaborations submitting such a plan. The Minnesota Department of Education evaluates districts’ plans for progress toward their goals. Achievement and integration revenue began in the 2013-2014 school year, replacing Minnesota’s former integration revenue program. |
| Possible Evaluation Issues | To what extent are the program’s rules aligned with state statutes, and have any misalignments affected which school districts get funding? To what extent does the Minnesota Department of Education review and hold school districts accountable for meeting the goals established in their achievement and integration plans? Has the program made a positive impact on academic achievement or integration? |
| State Resources <i>Medium</i> | For the 2018-2019 school year, statewide spending of achievement and integration revenue was an estimated \$70.2 million. This amount represents only 70 percent of the revenue that is aid from the state; the remaining 30 percent is from local school district levies. |
| State Control <i>High</i> | Statutes and administrative rules specify school district eligibility, calculation of the revenue, the process to complete districts’ required plans, and criteria to evaluate the plans. |
| Impact <i>Medium-High</i> | In Fiscal Year 2018, 38 school districts received revenue because their proportions of students of color exceeded concentrations in adjoining districts by at least 20 percentage points. Another 15 school districts received revenue because one or more of their schools had high concentrations of protected-class students as compared with the district as a whole. An additional 82 school districts received revenue for working on integration efforts with the districts containing high concentrations of students of color. |
| Timeliness <i>Medium</i> | Achievement and Integration for Minnesota has been operating for six years and should be evaluated to determine its effectiveness; however, an evaluation does not appear urgent. |
| Feasibility <i>Medium-High</i> | The topic is feasible for evaluation using standard evaluation techniques, including interviews, quantitative analyses, and file reviews. However, certain data (e.g., on the process districts follow) are available only from school districts. |
| Balance <i>Medium</i> | One other education topic is on the list of candidates for possible evaluation. In 2005, OLA evaluated what was then called “integration revenue.” |
| Discussion <i>Good topic but not urgent</i> | Achievement and integration revenue is a good topic for evaluation, but it is not urgent. The program could be evaluated in a future year. |



Board of Animal Health Oversight of Domestic Animals

Topic Selection Background Information

March 2020

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| Program Overview | The Board of Animal Health is responsible for protecting the health of Minnesota's domestic animals. This responsibility extends to cattle, deer, horses, poultry, sheep, and swine, among other animals. It also includes cats and dogs held by breeders and kennels. While the board has licensed kennels for decades, regulations surrounding commercial dog and cat breeders became law in 2014. |
| Requested Evaluation Issues | How well has the Board of Animal Health fulfilled its responsibility to "protect the health of the state's domestic animals" with respect to companion animals? How well has it fulfilled its responsibility to enforce the provisions of the Commercial Breeders Licensing and Enforcement law? |
| State Resources <i>Low</i> | For Fiscal Year 2019, the Board of Animal Health reported total expenditures of just over \$7 million. Approximately three-quarters of the board's funding came from state appropriations. Less than 5 percent (\$284,000) of the board's expenditures were related to dog and cat breeders. |
| State Control <i>High</i> | The Board of Animal Health is established in state law. The board consists of five members, who are appointed by the governor with the advice and consent of the Senate. Minnesota statutes grant the board its authority to license and inspect commercial dog and cat breeders and kennels. |
| Impact <i>Low</i> | In Fiscal Year 2019, the Board of Animal Health licensed 124 commercial dog and cat breeders and 81 kennels. The board is responsible for annually licensing and inspecting these facilities. |
| Timeliness <i>Medium</i> | The commercial dog and cat breeder program took effect on July 1, 2015. The Board of Animal Health has had almost five years to get the program up and running and it might be a reasonable time to evaluate its enforcement of the new law. However, there is no urgent reason to do so this year. |
| Feasibility <i>High</i> | We would use standard research methods to conduct this evaluation, which may include interviews, analysis of agency data, document reviews, site visits, and surveys. |
| Balance <i>Medium</i> | OLA's Program Evaluation Division evaluated the Board of Animal Health's oversight of deer and elk farms in 2018. This year's list of possible evaluation topics does not contain any similar topics. |
| Discussion <i>Small, not urgent evaluation</i> | When the 2014 commercial breeder legislation passed, some stakeholders were concerned because inspection records would not be available to the public; they wondered whether the Board of Animal Health would provide meaningful enforcement. OLA could provide insight into this question. An evaluation focused on the board's oversight of companion animals and commercial breeders would be small and manageable. Other topics, however, may be more pressing. |



Board of Cosmetology

Topic Selection Background Information

March 2020

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| Program Overview | The Board of Cosmetology is responsible for regulating and ensuring the safe practice of cosmetology-related services. The board credentials, licenses, inspects, disciplines, and educates Minnesotans who provide cosmetic hair, nail, or skin care services and education. |
| Possible Evaluation Issues | What is the board's current funding level, and is it appropriate? To what extent does the board use its revenue effectively and efficiently? What are the different types of licenses the board issues, are the licensure requirements appropriate, and do they take into consideration necessary health protections? |
| State Resources <i>Low</i> | The board estimated expenditures totaling about \$3.3 million for Fiscal Year 2019. All of the board's funding comes from the state's General Fund. |
| State Control <i>High</i> | The Board of Cosmetology is established in state law. The board consists of seven members, who are appointed by the governor. Minnesota statutes grant the board its authority to license and inspect cosmetology service providers. |
| Impact <i>Low-Medium</i> | As of 2018, there were over 33,000 cosmetology practitioners and 5,300 cosmetology establishments licensed in Minnesota. Individuals must be licensed before they can provide cosmetology services. |
| Timeliness <i>Medium-High</i> | In the last few years, individuals have voiced concern about several aspects of the board's licensing requirements. For example, in late 2019, freelance makeup artists filed a lawsuit against the board regarding its licensing requirements for makeup services provided at special events. |
| Feasibility <i>High</i> | We would use standard research methods to evaluate the Board of Cosmetology, which may include interviews, data analysis, document reviews, site visits, and surveys. |
| Balance <i>High</i> | OLA has never evaluated the Board of Cosmetology. In 2008—before the Board of Cosmetology separated from the Board of Barbers—OLA conducted a financial audit of the joint Board of Barber and Cosmetologist Examiners. There is one other small board—the Minnesota Board of Psychology—on this year's short list of possible evaluations. |
| Discussion <i>Could prove informative</i> | OLA received considerable interest from legislators on this topic, and a deeper dive into the board's licensing activities could prove informative. However, some questions related to the board's funding could be addressed through a financial audit instead of a program evaluation. |



Board of Psychology

Topic Selection Background Information

March 2020

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| Program Overview | Established in 1973, Minnesota's Board of Psychology licenses and regulates psychologists to ensure safe, competent, and ethical psychological services. The board investigates and resolves complaints about psychologists. It also offers conferences and seminars to educate psychologists on the "rules and laws governing their practice." The board has 11 members; 8 are professionals in the field of psychology, and 3 public members are to represent the public interest. |
| Possible Evaluation Issues | What are the board's practices for processing applications and complaints? Who reviews the complaints, what criteria are used to make determinations, and are these practices reasonable? To what extent are disciplinary actions based on accepted criteria and guidelines? |
| State Resources <i>Low</i> | All board revenue comes from licensure fees; none comes from the state's General Fund. The board's expenditures were \$2.5 million over fiscal years 2018-2019 and are expected to increase to \$2.6 million over 2020-2021. The board employed an estimated 10.8 full-time-equivalent employees in Fiscal Year 2019. |
| State Control <i>High</i> | State statutes and administrative rules provide the board's authority. The governor appoints board members. |
| Impact <i>Low-Medium</i> | In Fiscal Year 2017, Minnesota had nearly 3,800 active psychologists. The board approved 141 applications for licensure that year. It opened 132 investigations, based on 133 complaints that year; 16 of the investigations (12 percent) resulted in corrective or disciplinary actions. The board also conducted nine educational program events for psychologists that year. |
| Timeliness <i>High</i> | OLA has not previously evaluated the Board of Psychology. Some license holders have objected in the recent past to practices related to the board's investigation of complaints about licensees. |
| Feasibility <i>High</i> | OLA would evaluate the Board of Psychology using standard research methods, including interviews of board members and license holders; review of board policies and procedures; comparisons with select other states and certain other health-related licensing boards in Minnesota; file reviews of case data; and a possible survey of license holders. |
| Balance <i>High</i> | OLA has never evaluated the Board of Psychology. OLA last completed a financial audit of the board in 1997. There is one other small board—the Minnesota Board of Cosmetology—on this year's short list of possible evaluations. |
| Discussion <i>Useful evaluation</i> | This evaluation could be useful, especially as the Board of Psychology has not been previously evaluated. |



Child Protection Removals and Reunifications

Topic Selection Background Information

March 2020

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| Program Overview | County and tribal child welfare agencies screen possible cases of child maltreatment to establish whether a child needs protective services. Decisions to remove a child from their home are made either (1) voluntarily by the child's guardian, (2) by court order, or (3) by law enforcement in emergency cases. When a child is placed "out-of-home," local welfare agencies generally provide services and manage their cases. Judges then determine if and when reunification with the parent or guardian may occur. |
| Possible Evaluation Issues | To what extent are removals of children from home later found to be unwarranted? To what extent are there delays in the process to reunite families, and what are the causes for those delays? |
| State Resources <i>Medium</i> | Children's social service funding comes from a mix of federal, state, and county sources; most funding for these services in Minnesota comes from federal or county resources. Among other sources of state funding, the Department of Human Services has allocated \$23.4 million in child protection grants to counties for Fiscal Year 2020. |
| State Control <i>Medium</i> | Federal and state law govern child protective services in Minnesota. However, local entities such as county and tribal child protection agencies administer social services, with oversight by the Department of Human Services. Additionally, juvenile courts and law enforcement play a role in the child protection system, as described above. |
| Impact <i>High</i> | Child protective services deeply affect the lives of children and caregivers involved in this process. In 2018, over 16,000 children were in out-of-home care in Minnesota. Most cases of children removed from home in 2018 were due to parental drug abuse, alleged neglect, or alleged physical abuse. |
| Timeliness <i>Medium</i> | Some news reports have cited concerns about decisions to place children in out-of-home care and the challenges guardians face in reuniting with their children. In recent years, members of the Legislature have proposed a number of bills to change child protective service delivery in the state. In 2019, the Legislature also added new reporting requirements for counties on their child protection performance. |
| Feasibility <i>Low</i> | Data on the key evaluation issues may not exist. Further, this evaluation topic would include multiple entities, and it may be challenging to collect and analyze certain data from court and county sources. |
| Balance <i>High</i> | OLA has issued two program evaluation reports related to this topic in the past: <i>Child Protective Services</i> (1998) and <i>Child Protection Screening</i> (2012). This year's short list of possible evaluations does not contain any other topic related to the Department of Human Services. |
| Discussion <i>Requires additional scoping</i> | Reliable data may not be available to answer the evaluation questions as posed. Although this is an important topic, the evaluation issues would require additional scoping to make it a more valuable evaluation. |



Collaborative Urban and Greater Minnesota Educators of Color Program

Topic Selection Background Information

March 2020

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| Program Overview | First established in 1997 as the Collaborative Urban Educator program, the Collaborative Urban and Greater Minnesota Educators of Color program awards grants to higher education institutions to increase the number of teachers of color and American Indian teachers in Minnesota. Until recently, only four institutions in the Twin Cities metropolitan area received program grants. However, new institutions have received grants since the Legislature introduced a competitive grant process in 2017 and expanded the program to include institutions from Greater Minnesota. |
| Possible Evaluation Issues | How well do these programs prepare students for a teaching career? To what extent have these programs contributed to increasing the diversity of Minnesota's teaching corps? Is funding for the program sufficient, given the expansion in eligible programs? How well are state agencies implementing and overseeing this grant program? |
| State Resources <i>Low</i> | The Legislature has appropriated between \$500,000 and \$1.3 million to the grant program each fiscal year since the program began. Appropriations for Fiscal Year 2020 were \$1.1 million. |
| State Control <i>High</i> | State statutes govern the Collaborative Urban and Greater Minnesota Educators of Color program. The Professional Educator Licensing and Standards Board (PELSB) administers the program, with support from the offices of Higher Education and Grants Management. |
| Impact <i>Low-Medium</i> | Institutions have used grant funds on tuition scholarships, textbooks, and other expenses for teacher candidates of color and American Indian teacher candidates. Relatively few teacher candidates benefit from these grants. The six institutions that received grants in Fiscal Year 2020 enrolled between 20 and 195 of these teacher candidates for the 2019-2020 school year, though not all enrolled candidates necessarily received grant funding. |
| Timeliness <i>Low-Medium</i> | The grant program has undergone changes recently as it transitioned into a competitive grant process. Grant administration also transferred from the Minnesota Department of Education to PELSB in 2019. |
| Feasibility <i>Medium</i> | This evaluation topic would involve multiple entities, due in part to the recent transfer of responsibilities. It may be challenging to determine to what extent these programs contributed to increased diversity in Minnesota's teaching corps, but the other evaluation issues could be addressed using standard evaluation methods. |
| Balance <i>Medium</i> | OLA has never evaluated the Collaborative Urban and Greater Minnesota Educators of Color program or its predecessor. This year's short list of possible evaluations contains one other education topic (Achievement and Integration for Minnesota). |
| Discussion <i>Program impact hard to determine</i> | Determining the extent of the programs' impact on the diversity of the teaching corps will be difficult. Additionally, certain evaluation issues may be addressed in part by PELSB's forthcoming report on activities and outcomes of grant recipients, which is required by state law. |



DNR Special Revenue Funds

Topic Selection Background Information

March 2020

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| Program Overview | The Department of Natural Resources (DNR) has one of the most complex financial structures in state government. To manage its budget, DNR maintains 50 separate funds and accounts. This reflects the fact that about 75 percent of DNR's revenues come from sources that are either statutorily or constitutionally dedicated to specific activities. For example, some revenues come from fees individuals pay to participate in particular DNR regulated activities (e.g., fishing, hunting, camping, etc.). In addition, some revenue is contributed by individuals to support DNR programs (e.g., the Nongame Wildlife Program). Other revenue comes from the constitutionally dedicated Environmental Trust Fund and the four Legacy funds. |
| Possible Evaluation Issues | Does DNR ensure that its spending from dedicated funds and accounts complies with constitutional and statutory requirements? Is the department's use of dedicated revenues transparent and subject to adequate internal controls? |
| State Resources <i>High</i> | DNR's budget for fiscal years 2020-2021 is \$1.2 billion and, as noted above, 75 percent of its revenues are from dedicated sources. |
| State Control <i>High</i> | Except for the federal aid it receives, which is about 6 percent of DNR's budget, the department and Legislature have the authority to determine how DNR allocates and spends its budget as long as the expenditures stay within the requirements established in the Minnesota Constitution. |
| Impact <i>High</i> | DNR's programs and activities have a significant impact on the state's environment and economy, as well as the recreational opportunities and activities of thousands of individuals. |
| Timeliness <i>Medium</i> | While there is no urgency for an evaluation that we are aware of, DNR and its use of special revenues is an aspect of state government that should be subject to frequent oversight and accountability. |
| Feasibility <i>High</i> | OLA has the authority and staff capacity to conduct a review of how DNR uses its special revenues. |
| Balance <i>Medium</i> | This is one of two environment and natural resources topics currently under consideration, the other is <i>Monitoring and Regulating Pollution</i> . |
| Discussion <i>An important topic but could be a financial audit</i> | This topic might be better suited to OLA's Financial Audit Division |



Driver Examination Stations

Topic Selection Background Information

March 2020

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| Program Overview | To obtain a license to drive in Minnesota, individuals must pass knowledge, vision, and road tests. The road test requires an individual to pass a driving performance test and demonstrate the ability to safely drive a motor vehicle. The Driver Services Division within the Department of Public Safety (DPS) is responsible for administering driver exams and measuring the competency of driver license applicants. |
| Possible Evaluation Issues | To what extent are driver examination stations adequately staffed and operated, and how does this vary across the state? How are appointments for driving tests granted, and to what extent are some exam slots reserved for certain driving schools? How has DPS spent additional appropriations it received to improve the scheduling of driving skill examinations? |
| State Resources <i>Medium</i> | DPS's Driver Services Division had \$37.6 million in estimated expenditures for Fiscal Year 2019. Some of those expenditures, however, went towards the division's other duties, including processing driver licenses and imposing sanctions on drivers with suspended or revoked licenses. |
| State Control <i>High</i> | DPS's Driver Services Division regulates driver exams and examination stations. State laws specify the general content of knowledge tests and road tests and identify the events that constitute a failed test. Laws also define eligibility for testing programs and set requirements for individual testers. |
| Impact <i>High</i> | Driver exams affect every Minnesotan who aspires to be a licensed driver. DPS reported that nearly 623,000 driver exams (written, road, and commercial) occurred in Fiscal Year 2018. Furthermore, driving habits potentially affect all road users. |
| Timeliness <i>High</i> | News reports in fall 2019 highlighted difficulties individuals had with scheduling road skills exams in a timely way. DPS responded by temporarily expanding road test hours. However, the 2014 Legislature had appropriated to DPS additional funding for 12 new positions to implement improved driving skill examination scheduling. The division has had almost five years to implement improved scheduling; it could be a reasonable time to evaluate its efforts. |
| Feasibility <i>High</i> | OLA would use standard research methods to evaluate driver education. Methods would likely include conducting interviews, analyzing data, reviewing documents, examining legal requirements, and visiting driver examination stations. |
| Balance <i>High</i> | OLA has not previously evaluated driver examination stations. Aside from recent special investigations of MNLARS, OLA has not evaluated DPS since the 2013 report of <i>Law Enforcement's Use of State Databases</i> . |
| OLA Comment <i>Good, timely topic</i> | The effective operations of driver examination stations is important both to ensure that prospective drivers are licensed in a timely manner, and to ensure safety on the roads. The fact that OLA has not yet evaluated the operations of driver examination stations makes the topic all the more compelling. |



Impact of Building Code and Permit Requirements

Topic Selection Background Information

March 2020

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| Program Overview | The Department of Labor and Industry (DLI) publishes the State Building Code, which is a collection of separate smaller codes for building, electrical work, plumbing, manufactured homes, elevators, and several other types of construction work. DLI also issues permits for certain types of electrical, plumbing, high pressure piping, heating, building, and elevator work. |
| Possible Evaluation Issues | To what extent have DLI code changes or permit requirements had an impact on housing costs? |
| State Resources <i>Medium</i> | DLI's Construction Codes and Licensing Division spent \$32.9 million in Fiscal Year 2018. The division is funded through a special revenue fund, the Construction Code Fund, and operates on a fee-for-service basis. |
| State Control <i>Medium</i> | DLI shares responsibility for code enforcement with counties, cities, and townships. However, depending on whether local governments have formally adopted the code, there may be no entity actively monitoring code enforcement for residential housing. Only 21 of the state's 87 counties have formally adopted the State Building Code. |
| Impact <i>High</i> | The State Building Code applies statewide, but enforcement mechanisms differ. |
| Timeliness <i>Medium</i> | Concerns have been raised about DLI decisions related to the State Building Code and its permitting responsibilities, but there is no particular reason to evaluate this topic this year. |
| Feasibility <i>Low</i> | Determining how code and permit enforcement affects housing costs would require us to fully explore all other factors that drive housing costs in Minnesota and their relative importance. Such an evaluation is likely not feasible with available resources. |
| Balance <i>High</i> | Our last evaluation related to DLI was <i>State Protections for Meatpacking Workers</i> in 2015. Our office last evaluated the State Building Code in 1999. |
| Discussion <i>Question as posed may not be answerable</i> | We could examine DLI's management of the State Building Code and its permit operations. However, we think it unlikely that we will be able to offer useful information on the relationship between DLI's activities and the cost of housing. At best, we could attempt to explore the extent to which codes and permits affect the cost of new home construction, but even that narrower question would be challenging to answer. |



Individual and Small-Group Market Health Insurance

Topic Selection Background Information

March 2020

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| Program Overview | Under the Affordable Care Act (ACA), health carriers in the individual and small-group markets may consider only certain factors when varying the health insurance premiums for their enrollees. Among these factors is the region of the state—known as a “rating area”—in which the person lives. In 2019, premiums for a 40-year-old adult purchasing the benchmark plan in the individual market were 60 percent higher in the southeastern Minnesota rating area than in the Twin Cities rating area. |
| Possible Evaluation Issues | What are the disparities among Minnesota’s nine geographic rating areas in individual and small-group market health insurance rates? How can the state reduce or eliminate these disparities? |
| State Resources <i>High</i> | The Department of Commerce received \$642,000 for rate review for Fiscal Year 2020. Additionally, the state operates a reinsurance program to cover the high cost of claims in the individual market. For the 2018-2019 biennium, \$542 million in state resources were available to the program. This program is set to expire at the end of Fiscal Year 2021. |
| State Control <i>Medium</i> | Federal law determines the maximum number of rating areas that a state may have; for Minnesota, that is nine. State law requires that each rating area contain at least seven counties that form a contiguous region. Changing the current rating areas would require a public comment process and federal approval. |
| Impact <i>High</i> | As of 2017, approximately 149,000 Minnesotans were covered by health insurance purchased in the individual market, and about 294,000 were covered in the small-group, fully insured market. Generally, premium disparities in these markets affect persons with incomes greater than 400 percent of the federal poverty level. Those individuals are not eligible for the federal tax credits offered through MNSure that reduce premiums. |
| Timeliness <i>Low-Medium</i> | There is no particular urgency to an evaluation of rating areas at this time. However, the ACA’s mandate to carry health insurance is the subject of a legal challenge that will be heard by the U.S. Supreme Court, likely in the fall of 2020. If the Court finds the mandate to be unconstitutional, it will also decide whether that portion of the statute is severable from the rest or whether the entire statute must be invalidated. |
| Feasibility <i>Low-Medium</i> | This topic would not be a typical evaluation of an existing program using standard techniques. Instead, it would involve discussing the pros and cons of various proposed methods to reduce disparities. |
| Balance <i>High</i> | No other topics being considered for evaluation this year involve the departments of Commerce or Health. OLA last evaluated health plan regulation in 1988. |
| Discussion <i>Not evaluative; other topics more promising</i> | The existence and magnitude of the disparities among the rating areas is not in question. Other topics that would require OLA’s evaluation skills and access to not-public data would be a better use of resources. |



Metro Transit

Topic Selection Background Information

March 2020

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| Program Overview | Metro Transit, a division within the Metropolitan Council, is the largest transit operator in the Twin Cities metropolitan region. Metro Transit is responsible for operating commuter rail, light rail, and the majority of regular-route bus service in the Twin Cities region. |
| Possible Evaluation Issues | To what extent does Metro Transit operate efficiently and effectively? What are the utilization rates of the different modes of transit? How does total ridership compare with paid ridership, and how does the rider subsidy vary by transit mode? |
| State Resources <i>High</i> | In Fiscal Year 2017, Metro Transit spent more than \$370 million to provide transit services (bus, light rail, commuter rail, and arterial bus rapid transit). The Metropolitan Council reported that it recovered about 20 percent of these expenditures through fares. |
| State Control <i>High</i> | The Metropolitan Council, which oversees Metro Transit, is established in state law. A 17-member board appointed by the governor (and subject to the advice and consent of the Senate) oversees the Council's operations. |
| Impact <i>High</i> | More than three million people live in the Twin Cities metropolitan region, which is where Metro Transit provides transit services. In 2017, Metro Transit provided more than 80 million rides. |
| Timeliness <i>Medium</i> | Metro Transit is an issue of perennial public interest. While there have been recent concerns related to safety on Metro Transit's light rail trains, questions related to ridership and rider subsidy are not urgent at this time. |
| Feasibility <i>Medium</i> | To answer questions regarding utilization rates and rider subsidy, OLA would use standard evaluation methods, including analyzing agency data, conducting document reviews, and interviewing agency staff and others. Evaluating the extent to which Metro Transit operates efficiently and effectively is a much broader set of questions and would require additional scoping. |
| Balance <i>Medium</i> | In 2017, the Legislature enacted a new law requiring the Office of the Legislative Auditor (OLA) to review the Metropolitan Council's transit financial activity on a quarterly basis. OLA released six of these audits before the Legislature repealed the law in 2019. OLA last evaluated Metro Transit in 2011, as part of the <i>Governance of Transit in the Twin Cities Region</i> evaluation. |
| Discussion <i>Would need additional scoping</i> | OLA could answer the questions posed above regarding ridership and rider subsidies. However, questions regarding operation efficiency and effectiveness would need to be further scoped. |



Metropolitan Airports Commission

Topic Selection Background Information

March 2020

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| Program Overview | The Metropolitan Airports Commission (MAC) oversees Minneapolis-St. Paul International Airport (MSP) plus six smaller “reliever” airports in the Twin Cities region. MAC is a public agency, but its facilities are leased mostly by private companies for the benefit of the traveling public. Of the commission’s 15 members, 13 are appointed by the governor, and the other 2 are appointed by the mayors of Minneapolis and St. Paul. MAC appointees are not subject to Senate confirmation. By statute, four of the members must live outside the Twin Cities region. |
| Possible Evaluation Issues | How efficiently and effectively does the commission manage and oversee the Minneapolis-St. Paul International Airport? Does this same level of oversight extend to the other airports under its authority? Is the commission’s governance structure appropriate considering the level of economic activity at the Minneapolis-St. Paul International Airport? |
| State Resources <i>Low</i> | MAC’s operating budget does not include any state or local tax revenues, and its capital budget includes a small amount (about \$100,000) from a state aeronautical grant fund. (Recent annual operating and capital budgets totaled \$189 million and \$226 million, respectively.) Most of MAC’s operating revenues come from airport concessions and airline rates and charges, which include landing fees, ramp fees, and terminal rents and charges paid by airlines using an airport. |
| State Control <i>Low-Medium</i> | The 1943 Legislature created MAC as a “public corporation,” and most of its members are appointed by the Governor. However, MAC’s budget is not part of the Governor’s biennial budget, and MAC operates with considerable autonomy. |
| Impact <i>High</i> | A 2017 consultant report estimated that MSP directly accounts for 18,700 full-time-equivalent jobs, and these jobs account for \$7.1 billion in direct economic output annually. In addition, millions of people rely on MAC airports for business and personal travel, as well as cargo transportation. |
| Timeliness <i>Medium</i> | MSP has generally been regarded as a well-managed airport. For example, the Air Transport Research Association named MSP as its top “efficiency award winner” in 2019 for airports with 25 to 40 million passengers annually. Coronavirus presents new challenges as MSP tries to help protect travelers from illness while it absorbs the revenue impacts of reduced public travel. A review of MAC’s management and governance could be useful, but it does not seem urgent. |
| Feasibility <i>High</i> | OLA issued an evaluation of MAC in 2003, addressing management and governance questions similar to the types we might examine in this evaluation. |
| Balance <i>High</i> | There are other transportation-related topics on the evaluation list, although the issue of airport management and governance is quite unique. We have not evaluated MAC since 2003. |
| Discussion <i>Not pressing</i> | This topic would be more appealing if there was a clear indication of a problem. In general, however, MAC has had a good reputation as an airport manager. |



MnDOT Contract and Employment Goals

Topic Selection Background Information

March 2020

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| Program Overview | Under various state and federal laws, MnDOT gives preference in awarding contracts to businesses that are veteran-owned, female-owned, minority-owned, or owned by a person with a physical disability. Further, the Minnesota Department of Human Rights sets goals for minority and female workforce participation on state construction contracts. |
| Possible Evaluation Issues | How well has MnDOT performed with respect to its goals and requirements for contracting and employing disadvantaged business enterprises, targeted group businesses, veteran-owned businesses, etc.? If it is falling short, why? How could the agency improve? |
| State Resources <i>Unclear</i> | MnDOT spent \$20.1 million on Targeted Group Business contracts and \$0.3 million on Veteran-Owned Business contracts in Fiscal Year 2017. It spent \$79.1 million on Disadvantaged Business Enterprises contracts in federal Fiscal Year 2019. However, these figures do not represent the programs' costs because the contracts would have been awarded in any case. The true costs are the difference between what the state would have paid without the preferences and what it paid with them. |
| State Control <i>Medium-High</i> | The Targeted Group Business and Veteran-Owned Small Business programs are state programs over which Minnesota has control. However, the Disadvantaged Business Enterprise program is a federal program required for projects using federal funds. The workforce participation goals for female and minority employees are state goals. |
| Impact <i>Unclear</i> | Ideally, by providing work to businesses that meet the programs' criteria, MnDOT increases the businesses' capacity to compete for private-sector construction contracts. If effective, the consequences for diversity in the construction sector could be far reaching. However, the actual impacts of these programs are unknown and may be unmeasurable. |
| Timeliness <i>Medium</i> | Although these programs are of continuing interest to legislators, there is no particular reason to assess them this year. |
| Feasibility <i>Medium</i> | We could evaluate these programs using standard evaluation techniques. However, including multiple programs in a single evaluation will create challenges; we will be unable to probe as deeply as we would for an evaluation of any single program. Further, if we find that qualifying businesses are not participating at the targeted rates, it may be difficult to discern why. |
| Balance <i>Medium</i> | Our last evaluations involving MnDOT were <i>MnDOT Measures of Financial Effectiveness</i> in 2019 and <i>MnDOT Highway Project Selection</i> in 2016. One other transportation project is on this year's short list. |
| Discussion <i>Could be useful</i> | An evaluation could address questions that have been raised about the management and outcomes of these programs. However, it will probably remain unclear whether steering public contracts is an effective means of influencing private sector diversity. |



Monitoring and Regulating Pollution

Topic Selection Background Information

March 2020

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| Program Overview | Multiple state agencies—including the Minnesota Pollution Control Agency (MPCA), Department of Health, and Department of Agriculture—are responsible for various programs that monitor air, water, or land pollution. MPCA is the state’s primary regulatory and enforcement agency with regard to pollution control. |
| Possible Evaluation Issues | What measures are used to evaluate how Minnesotans are protected from polluting industries? Are Minnesota departments partnering with industries to reduce regulation while sacrificing public health and safety? What social, environmental, and economic metrics are used to monitor and regulate pollution? |
| State Resources <i>High</i> | The total amount of money spent by the state on pollution-related activities is unclear, largely because these activities occur in many different state agencies. However, for Fiscal Year 2019, MPCA alone estimated its expenditures would total nearly \$240 million. |
| State Control <i>Medium</i> | Federal laws—such as the Clean Water Act—establish pollution-related requirements that states must follow. However, in at least some areas, the state has discretion to decide how to comply with these requirements. Further, state law grants MPCA authority to establish standards regarding air, water, land, and noise pollution. |
| Impact <i>High</i> | Improper monitoring and regulation of pollution poses potential risks to human health and the environment. |
| Timeliness <i>Medium-High</i> | Pollution continues to be a topic of interest to the public and to legislators. Recent issues regarding the Water Gremlin Company’s violation of air pollution laws have recently elevated interest in pollution monitoring and regulation. |
| Feasibility <i>Low-Medium</i> | As currently framed, this is a large, primarily descriptive project, involving multiple agencies and multiple programmatic areas. It would need to be scoped if selected. For example, OLA could provide a broad, descriptive report focusing on state efforts related only to air pollution <i>or</i> water pollution. Or we could evaluate more deeply the adequacy of specific pollution-related activities conducted by one agency—MPCA, for example—such as compliance with air and water quality permits. |
| Balance <i>Low-Medium</i> | OLA is currently conducting a special investigation into MPCA’s actions regarding the Water Gremlin Company’s violation of air pollution laws. This investigation may consider aspects of MPCA’s pollution monitoring and regulation, although the review would be limited to one specific case—Water Gremlin. |
| Discussion <i>Topic requires significant scoping</i> | Pollution monitoring and regulation is an important government function, and recent activities regarding the Water Gremlin Company have raised questions about MPCA’s work in this area. However, to provide more meaningful information on this topic, OLA would need to significantly hone the possible evaluation issues listed above. |



Public Utilities Commission Decision Making

Topic Selection Background Information

March 2020

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| Program Overview | The Public Utilities Commission (PUC) regulates the rates and services of electric, natural gas, and telephone companies. It also makes decisions about the need for and location of large energy facilities. PUC makes its regulatory decisions through quasi-judicial proceedings in which it must base its decisions on state policies set in statute. PUC is both a quasi-judicial and legislative body with authority and powers similar to those of a court or judge. Its orders are enforceable under the law. |
| Possible Evaluation Issues | Does the PUC appropriately apply state statutory requirements when making decisions? To what extent are PUC decisions affected by external pressures or PUC members' personal biases towards particular types of energy generation? |
| State Resources <i>Low</i> | PUC expenditures in Fiscal Year 2019 are estimated to total just over \$9 million, most of which came from the state's General Fund. However, PUC has statutory authority to charge utility companies for certain commission activities. Nearly all of PUC's expenses are recovered from the utility companies it regulates. |
| State Control <i>High</i> | PUC is established in state law. In addition, the commission consists of five members who are appointed by the Governor with the advice and consent of the Senate. |
| Impact <i>High</i> | A large portion of the population in Minnesota is served by utility firms regulated by PUC. For example, according to its website, Xcel Energy alone has more than 1.2 million electricity customers and more than 400,000 natural gas customers in the state. |
| Timeliness <i>Medium</i> | Given the broad impact of PUC's decisions, its activities are frequently of interest to legislators, the governor, and the broader public. However, there is no particular reason for evaluating PUC decision making at this time. |
| Feasibility <i>Low</i> | Given the variety of factors and the complexity of the law that PUC must weigh, it would be difficult for OLA to determine the appropriateness of any given decision. Similarly, it could be difficult for OLA to discern the biases of individual PUC commissioners that may affect their decisions. Nevertheless, OLA could examine recent decisions and attempt to identify relevant factors in those decisions. OLA could also examine protocols PUC has in place to mitigate any potential biases. |
| Balance <i>Low</i> | OLA is completing an evaluation of PUC's public participation processes; this report will be released in April 2020. |
| Discussion <i>Other topics are better suited</i> | The questions suggested are not well suited to an OLA evaluation. Given the complex nature of PUC's regulatory decisions and OLA's 2020 evaluation of PUC's public participation processes, other topics may be a better choice this year. |



Trunk Highway Funding

Topic Selection Background Information

March 2020

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| Program Overview | The Minnesota Constitution requires the state to establish a trunk highway system and identifies revenues the state must deposit in a Trunk Highway Fund and use “solely” for constructing, improving, and maintaining the trunk highway system. The Minnesota Department of Transportation (MnDOT) is responsible for using the money appropriated from the fund for the trunk highway system. |
| Possible Evaluation Issues | How has MnDOT used money appropriated to the department from the Trunk Highway Fund? Has MnDOT’s use of money complied with requirements in the state constitution and state laws? |
| State Resources <i>High</i> | In Fiscal Year 2019, the Trunk Highway Fund totaled approximately \$2.1 billion. |
| State Control <i>High</i> | The state controls how much it spends annually on the trunk highway system. In addition, except for the federal highway aid the state receives (\$645 million in Fiscal Year 2019), the state controls the primary revenue sources that are deposited in the Trunk Highway Fund—a tax on motor fuel, a registration tax on motor vehicles, a tax on motor vehicle sales, and bond revenues. |
| Impact <i>High</i> | The state’s trunk highway system, particularly how well MnDOT maintains the system, has enormous impact on the daily lives of individuals and businesses, as well as the general quality of life in Minnesota. |
| Timeliness <i>Medium</i> | While there is no urgency for an evaluation that we are aware of, there are perennial questions about trunk highway funding and how revenues are used. Now would be a reasonable time for an in-depth review. |
| Feasibility <i>High</i> | OLA has the authority and staff capacity to conduct an in-depth review. |
| Balance <i>Medium</i> | While OLA has conducted several reviews recently of programs administered by MNDOT, we have not conducted an in-depth compliance review of how the Trunk Highway Fund is used. However, one other MnDOT topic—MnDOT’s contract and employment goals—is on the list for a possible evaluation this year. |
| Discussion <i>An important topic suited to OLA’s Financial Audit Division</i> | Given the nature of the questions and concerns, this topic is more suited to OLA’s Financial Audit Division. |