

# Department of Administration

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FY12-13 Budget Presentation

House State Government Finance Committee

Spencer Cronk, Commissioner

*March 10, 2011*



# A Legacy of Reform and Efficiency

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Admin was created in 1939 to reform and professionalize state government administrative services. We build on that by:

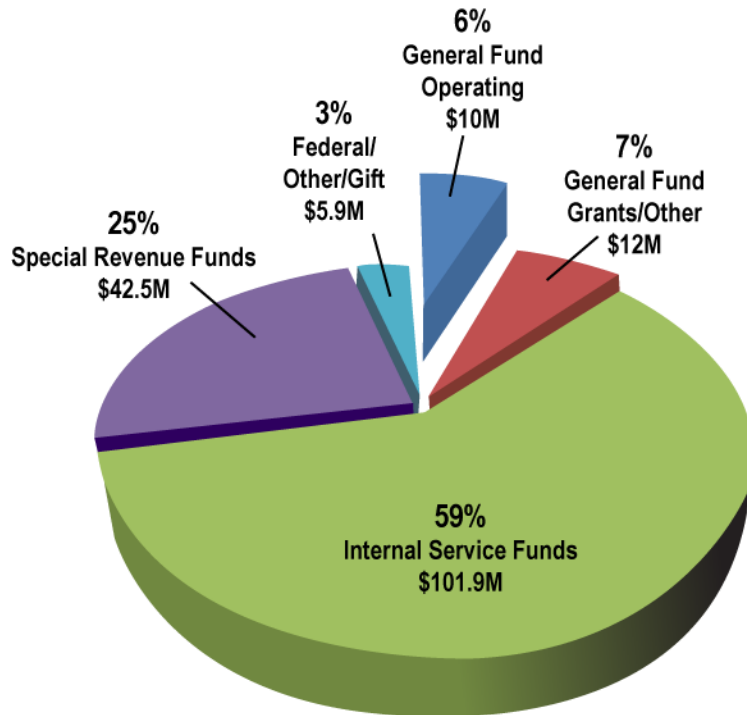
- Using economies of scale
- Developing specialized expertise
- Serving customers professionally
- Managing for outcomes

# Budget at a Glance



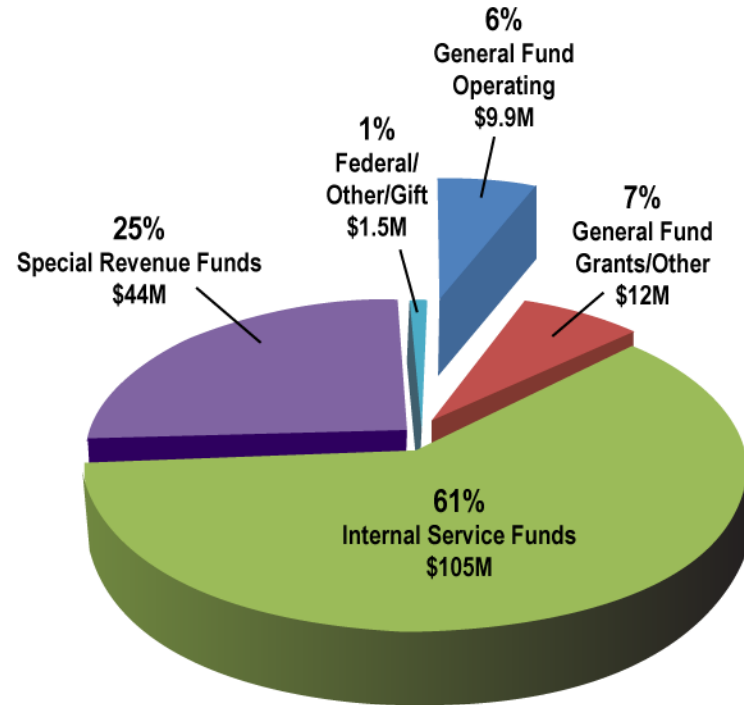
## FY2012

\$172.3M



## FY2013

\$172.4M



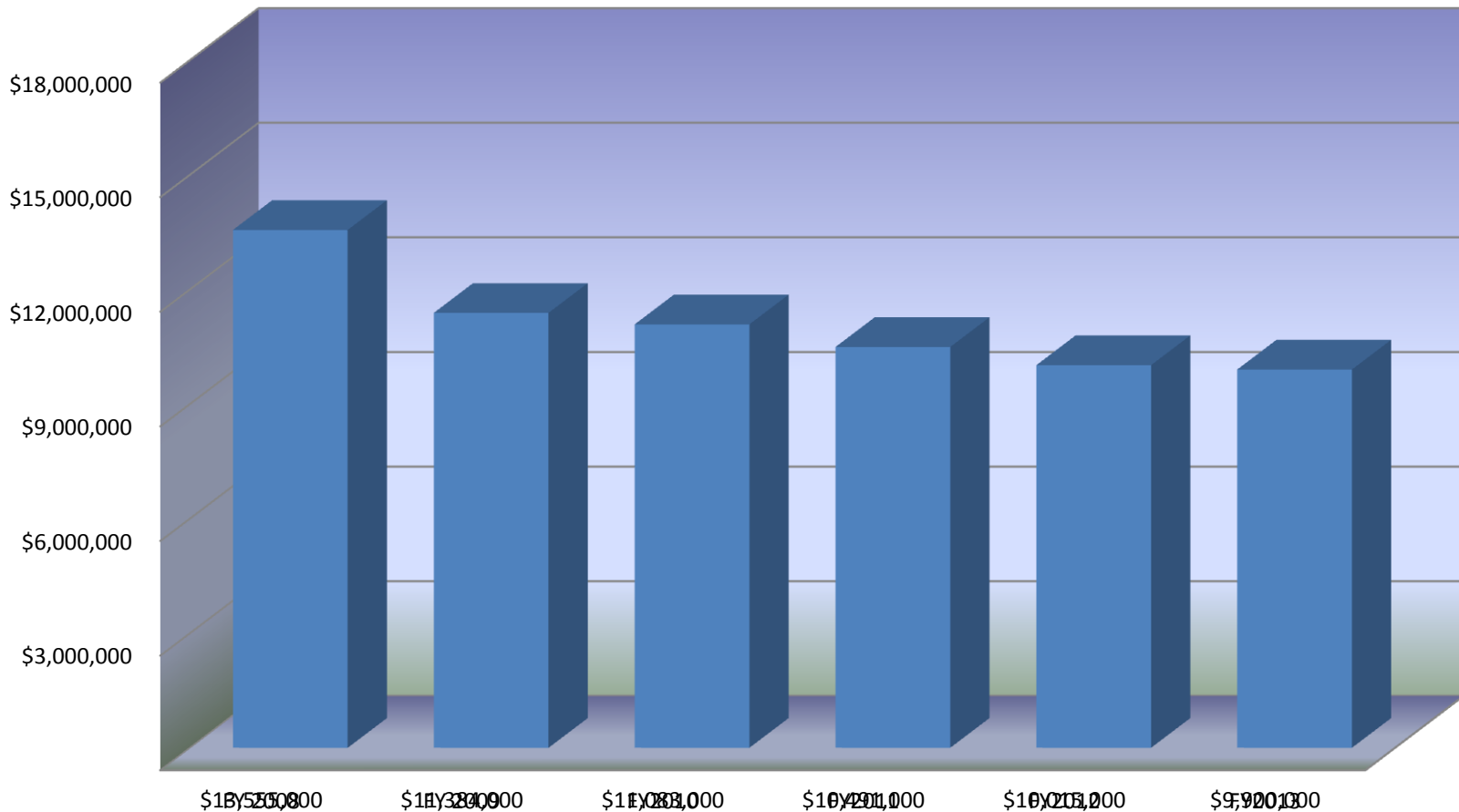
## General Fund – 6% of Total

- Procurement and contract oversight
- Construction project management
- Financial and HR management
- Continuous improvement (Lean)
- Data practices
- Space leasing services
- Demography/Census/redistricting
- Geospatial information
- Archaeology
- EQB staffing
- Small Agency Resource Team (SmART)

**FY12**

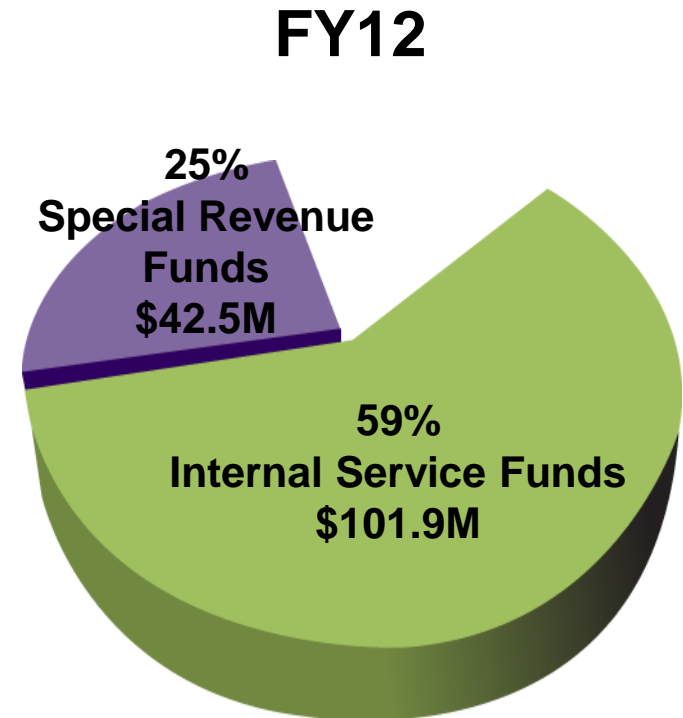


# General Fund Operating Budget



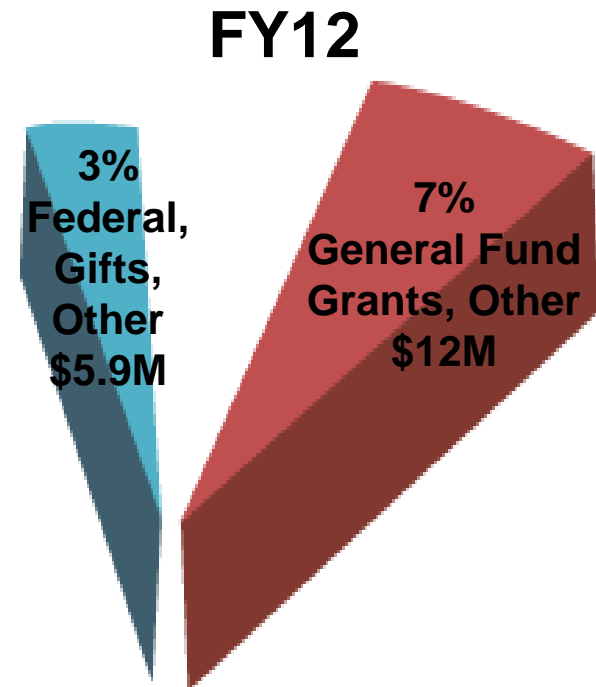
## Fee-for-Service Funds – 84%

- Provides specialized services for state agencies
- Leverages economies of scale, expertise, and coordinated strategies
- Establish rates through tightly managed business plan process
- Results:
  - Most rates decreasing or unchanged
  - \$1.2 million energy savings
  - Reduced state agencies' lease expenses \$1M



# Grants/Federal/Pass Through – 10%

- Federal Funds:
  - Governor's Council on Developmental Disabilities
  - STAR Program / Assistive Technology
- Public broadcasting pass-through grants
- In lieu of rent
- Miscellaneous grants



# Budget Change Items

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FY12-13





# Expand SmART Services

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- Allows more agencies to use Admin's Small Agency Resource Team (SmART) services, addressing human resources and financial management needs
- Centralized service delivery achieves economies of scale for agencies, boards and councils not equipped or resourced to handle on their own
- Benefits include:
  - Efficient, cost-effective support functions
  - Service levels that support needs of customers
  - Knowledgeable staff experienced in state policies, procedures
- Annual increase of \$145,000

# Relocate EQB Staff Support

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- The Environmental Quality Board (EQB) continues as independent entity but relocates their administrative and support staff
- Report to Legislature in January 2012 on roles, responsibilities, and staffing
- Reduction: \$800,000 per biennium to the General Fund

# Government Reform & Innovation

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Three current examples from Admin:

- Real Property System
- Maximizing Utilization of State-Owned Space
- Enterprise Performance Improvement – *Lean*

# Enterprise Real Property System

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*Nicky Giancola*

*Assistant Commissioner, Facilities Management*

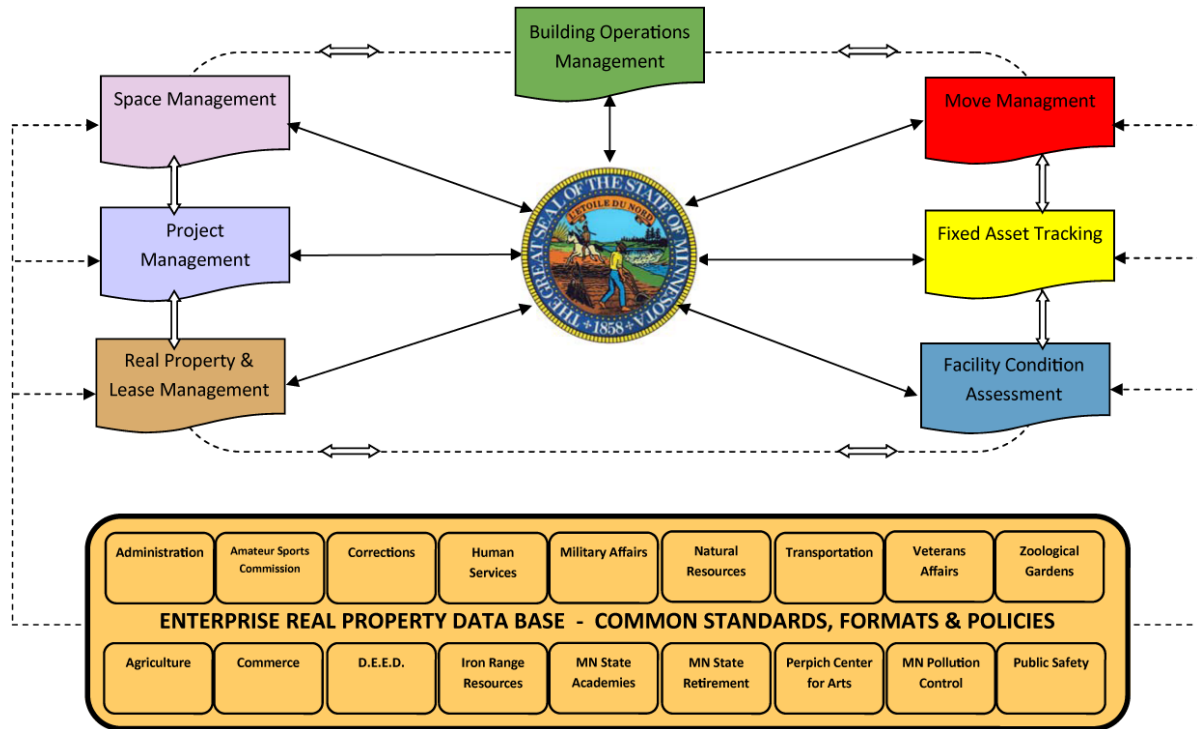


# System Overview

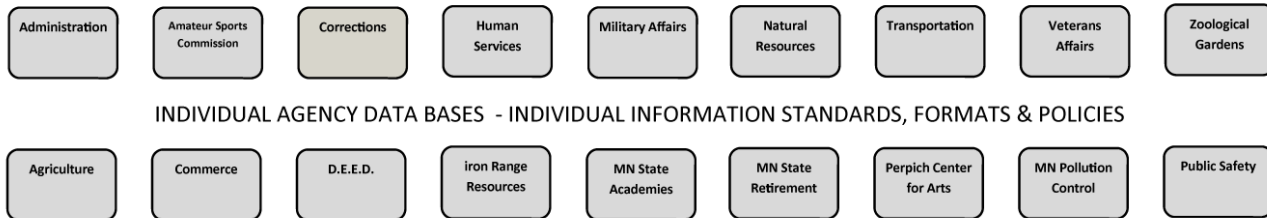
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- Web-based, shared enterprise facilities management information system
- Goal: Enterprise view of state real property
- Objectives
  - Data-driven decision-making
  - More effective space utilization
  - Streamlined capital planning and budgeting
  - Shift to planned, cost-effective maintenance
  - Capture, retain intellectual knowledge

# ARCHIBUS ENTERPRISE REAL PROPERTY SYSTEM



## CURRENT PROCESS



# System Status

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- Six modules
- Agencies entering drawings, cataloging space
- Compliance with security standards
- Recovery strategies
- Some agencies entering equipment assets
- Some agencies assigning work

# Return on Investment

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- Increases efficiency
- Reduces errors
- Reduces risk
- Reduces replication
- Saves time
- Improves management and operations

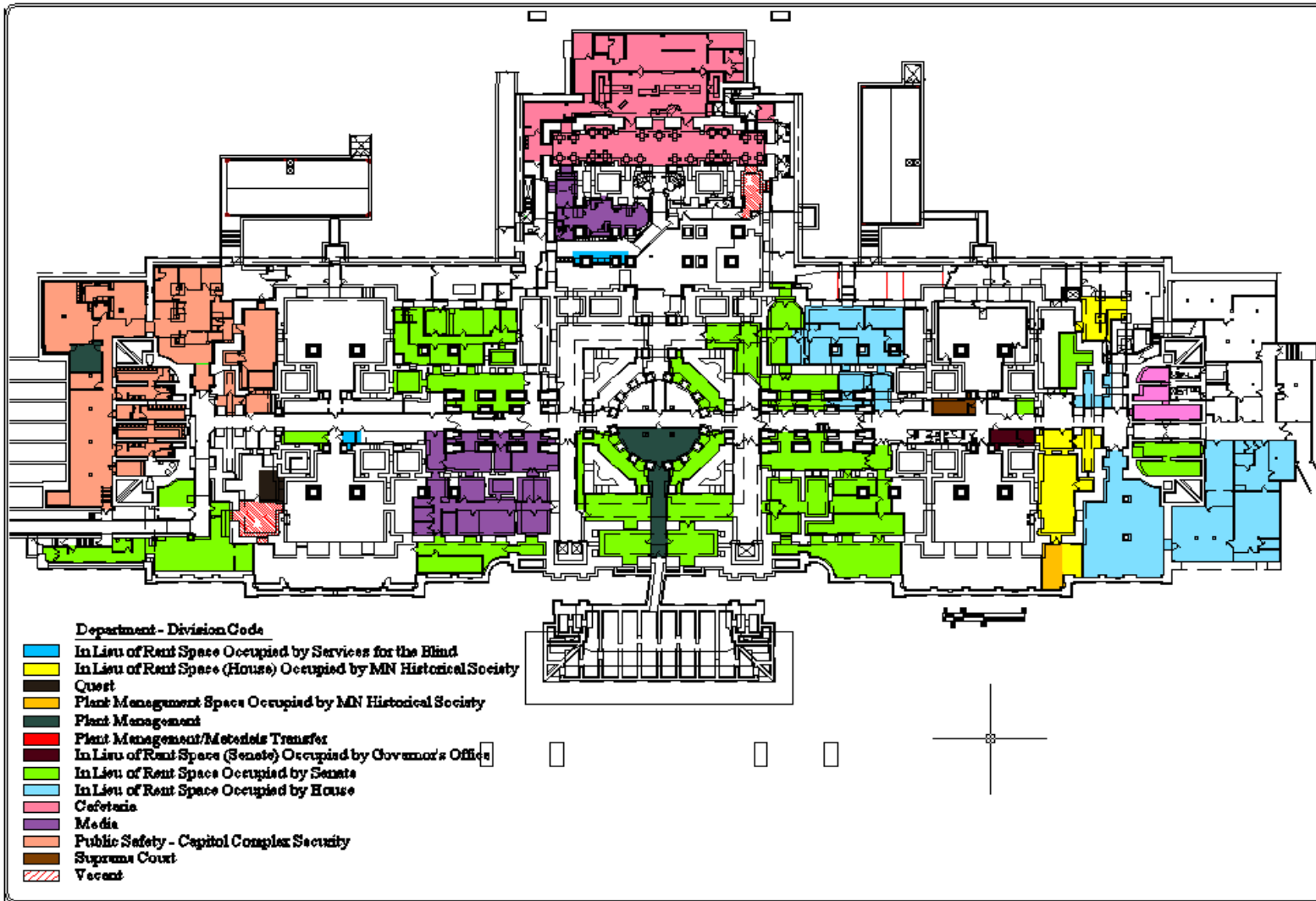


# Operational Benefits

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- One location for all data
- Data > Analysis > Forecasts
- Objective, intelligent communication
- Cost efficiency
- Enterprise Facilities Condition Audit
- CAD drawings
- Right-sizing space

# CAD drawing - Capitol



State  
of  
Minnesota  
Department  
of  
Administration  
Real Estate  
and Construction  
Services

State Capitol  
Building  
310100

Room Number	
Room Name	
Room Code	
Room Type	
Room Area	
Room Volume	
Room Height	
Room Length	
Room Width	
Room Depth	
Room Perimeter	
Room Circumference	
Room Diagonal	
Room Slope	
Room Angle	
Room Orientation	
Room Elevation	
Room Projection	
Room Section	
Room Detail	
Room Annotation	
Room Reference	
Room Index	
Room Schedule	
Room Legend	
Room Key	
Room Map	
Room Diagram	
Room Drawing	
Room Plan	
Room Section	
Room Elevation	
Room Projection	
Room Section	
Room Elevation	
Room Projection	
Room Section	
Room Elevation	
Room Projection	
Room Section	
Room Elevation	
Room Projection	

Basement  
Q.L. 31010000

Drawn By: C. Stevens  
Checked By: N. Peterson  
Approved By:

# Budget Change Item

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- No new funding
- FY11 funding extended to FY12-13
- Continues development with available funds
- Completion of CAD drawings for all agencies
- Complete, accurate records for improving facilities management

# Maximizing Utilization of State-Owned Space

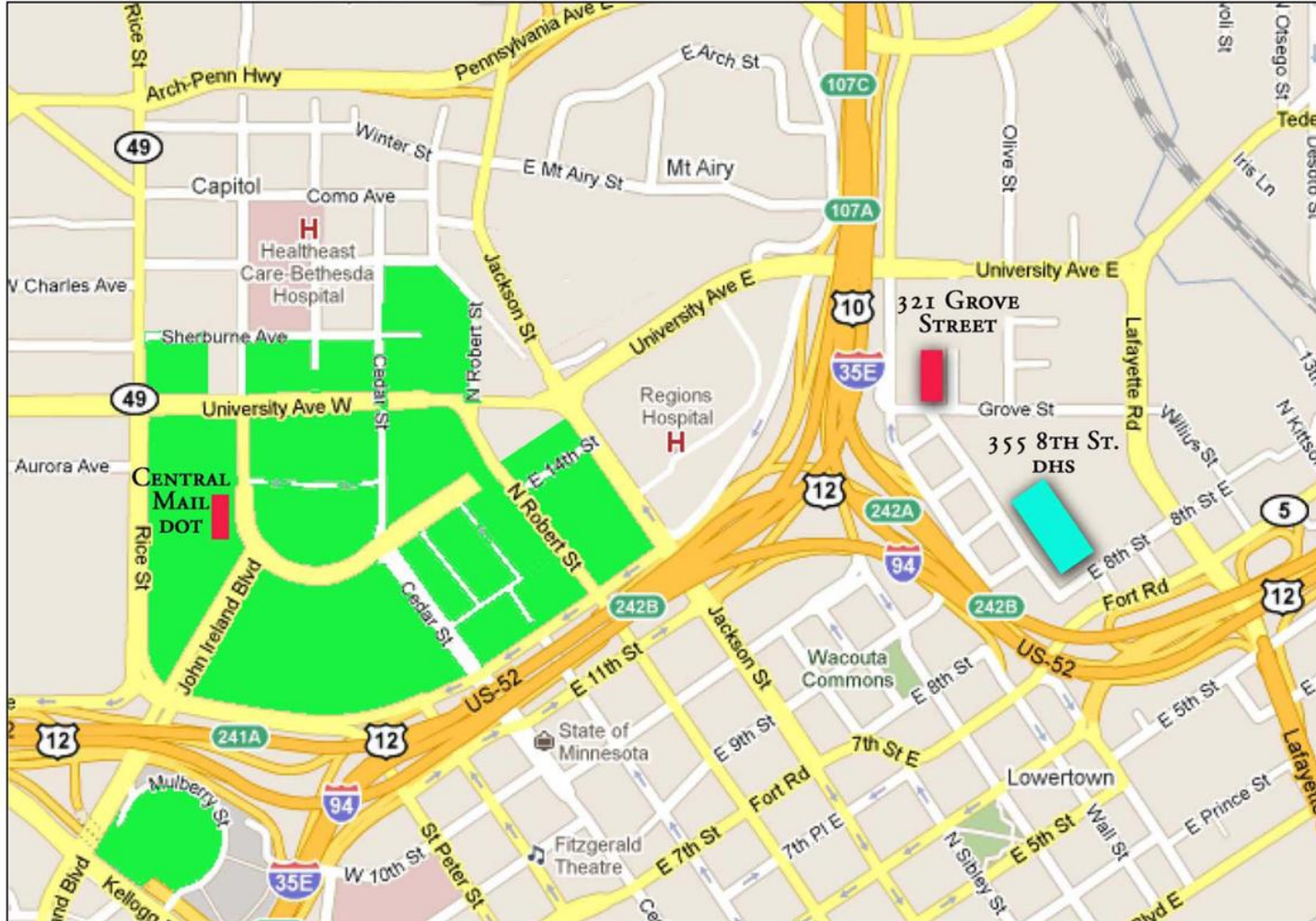
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*Dave Fielding*

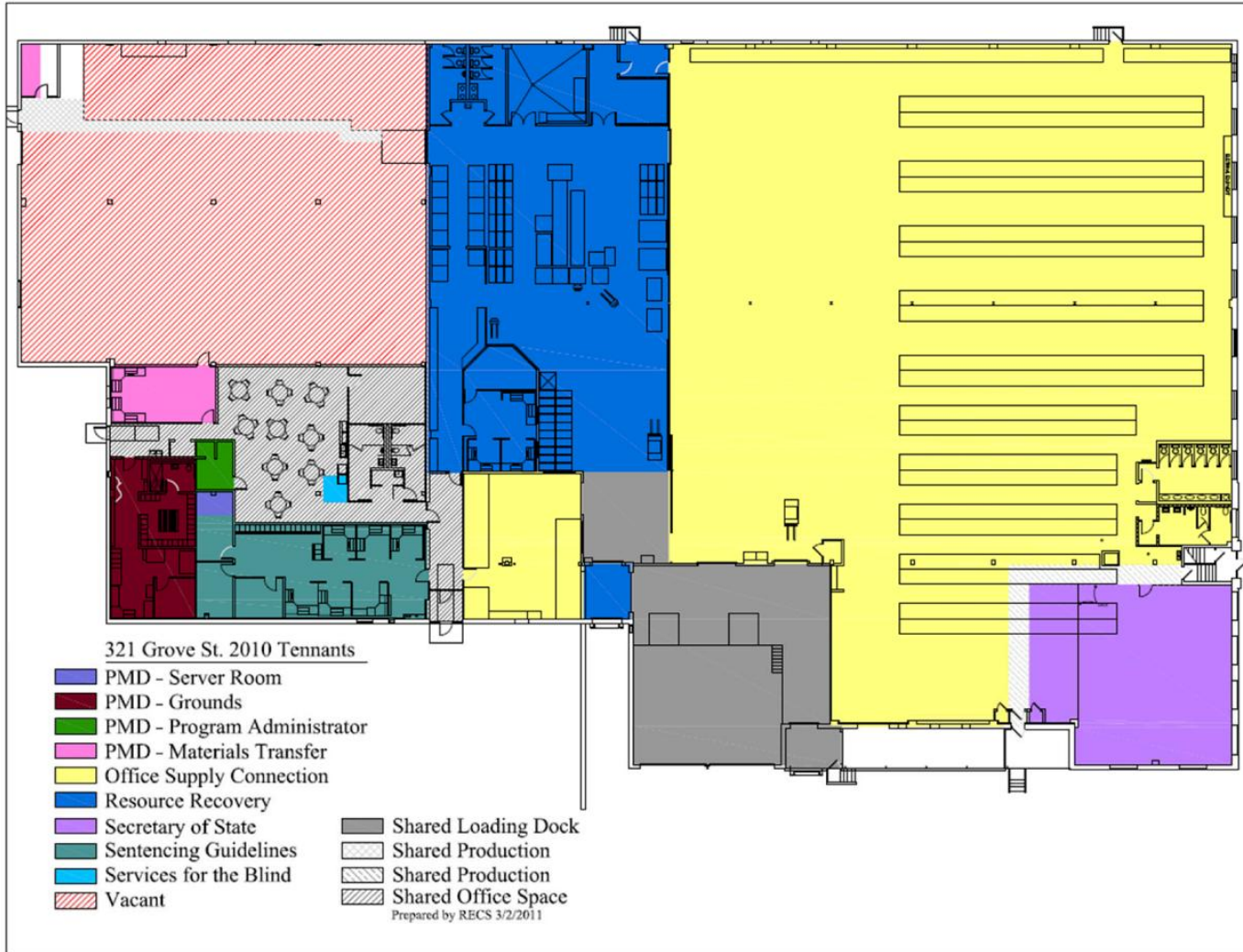
*Director, Plant Management Division*



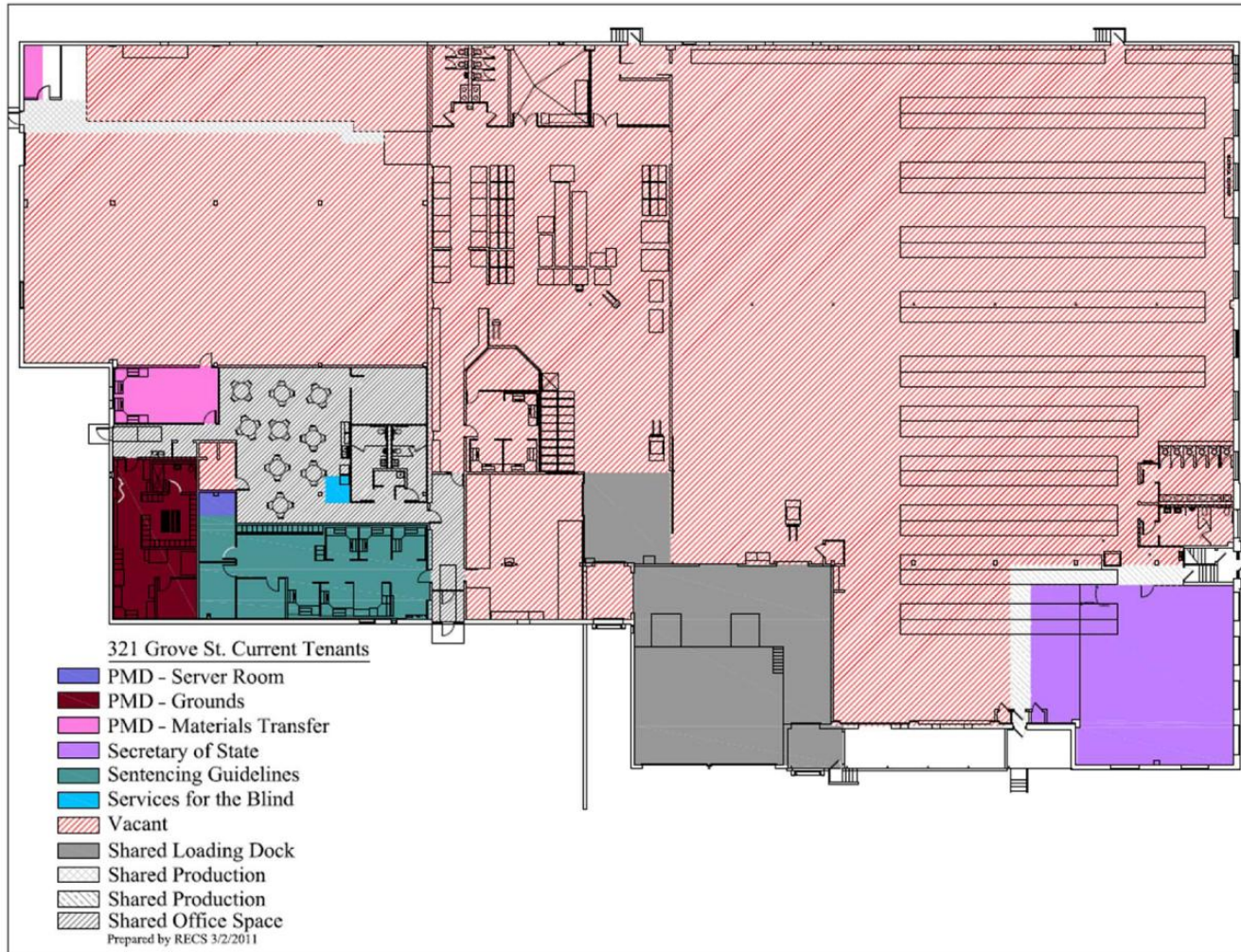
# Repurposing Initiative



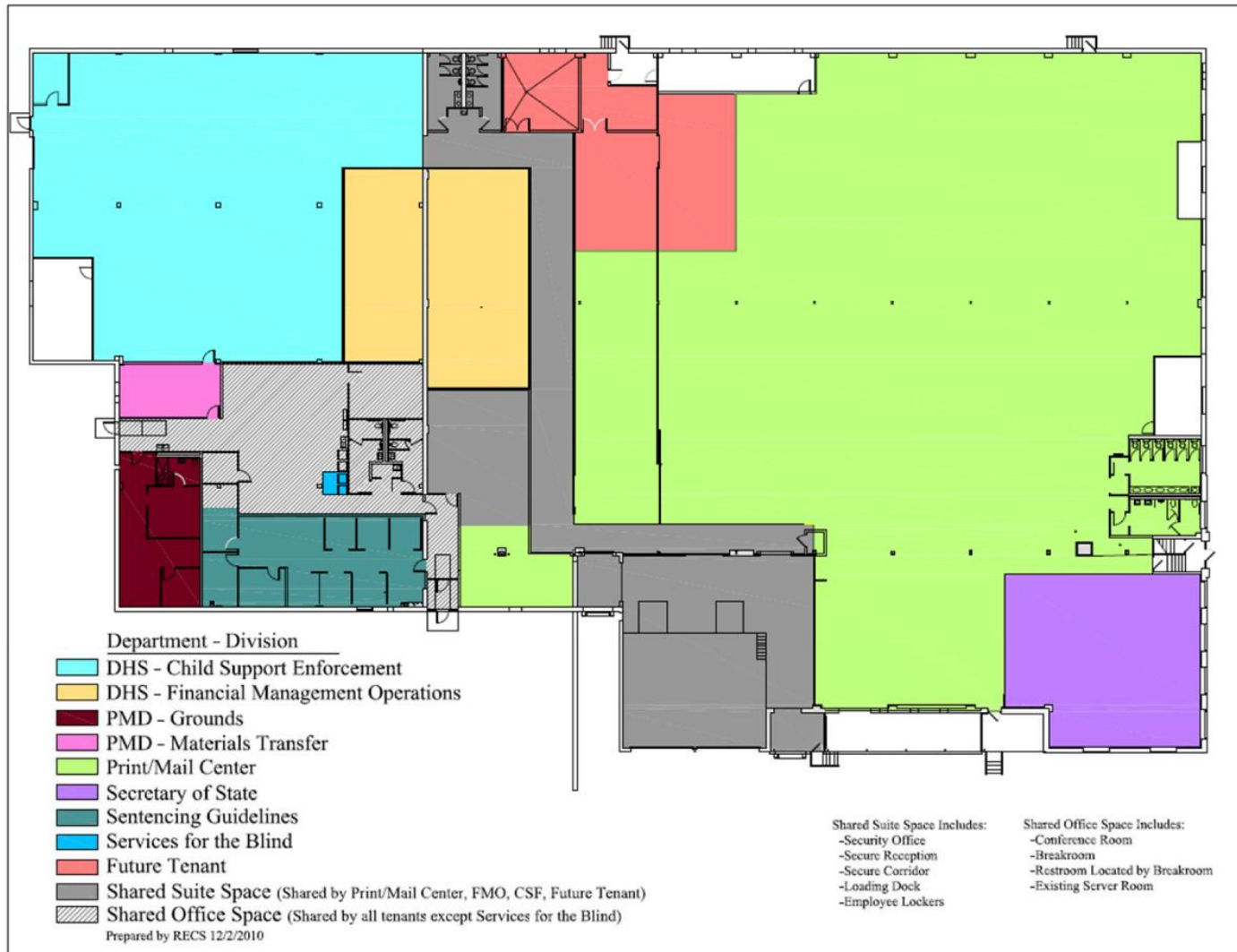
# Occupancy – June 2009



# Current Occupancy



# Projected Occupancy





# Leased Space Summary



Operation	Current s.f.	Proposed s.f.
Admin – Plant Management Grounds	869	874
Admin – Plant Mgmt. Materials Transfer	388	390
Sentencing Guidelines	1,436	1,436
Admin – Central Mail	7,420	7,441
DHS – Information Operations Center	21,100	16,794
DHS – Child Support Enforcement	14,154	7,978
DHS – Financial Management Operations	3,804	3,080
Secretary of State	2,091	2,091
<b>Total</b>	<b>51,262</b>	<b>40,084</b>

**Reduces total space by 11,178 square feet (22%)**

# Lease Cost Summary

	Current locations	Remodeled 321 Grove Street	Lease Costs Avoided
Year 1	\$888,063	\$359,450	\$528,613
Year 2	\$929,970	\$429,733	\$500,237
Year 3	\$972,657	\$537,769	\$434,888

**Three-year projected cost avoidance: \$1,463,738**

# Enterprise Lean

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*Tom Baumann*

*Manager, Enterprise Continuous Improvement*



# Enterprise *Lean*

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- Began in late 2007
- Goal is continuous process improvement program throughout state government
- Core approach uses Lean tools, methods

# The Lean Approach

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- Laser focus on process improvement
- Eliminate/reduce non-value added activities (waste)
- Engage the people who do the work to identify and eliminate waste

# The Seven Wastes + 1

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- Defects
- Extra processing
- Waiting
- Storage
- Overproduction
- Transportation
- Motion

# Can you see the waste?

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# Defects

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- Fixing defects requires extra time and extra work and increases worker stress
- Example: Department of Revenue – Return Mail Process



# Extra Processing

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- Doing things in the process that have no value to the customer, or the organization
- Example: Department of Health – Health Facility Complaint Intake process

# Waiting

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- Waiting for a decision, signature, meeting, or action that delays completion of the process
- Example: Minnesota National Guard – Enlisted Personnel Promotion Process

# Storage

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- Saving, storing, archiving and tracking materials
- Examples: DOT – Contract Process, DHS – Adoption Records Process, DPS – Vehicle Titling Process

# Seven Wastes + 1

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- Overproduction
- Transportation
- Motion
  
- Under-utilized knowledge, experience and creativity of the people who work in the process

# Results

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- 66% average reduction in elapsed/lead time
- 45% reduction in task time
- \$90,000 average cost avoidance
- 80% implementation/sustainment level
- One of three states nationwide
- Lean is a journey, not a destination

